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# EDITED TRANSCRIPT

MDRX - Q4 2016 Allscripts Healthcare Solutions Inc Earnings Call

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## OVERVIEW:

Co. reported 4Q16 GAAP revenue of \$425m, non-GAAP net income of \$26m or \$0.14 per share. Expects 2017 non-GAAP revenue to be \$1.71-1.74b.



## CORPORATE PARTICIPANTS

**Seth Frank** *Allscripts Healthcare Solutions, Inc. - VP of IR*

**Rick Poulton** *Allscripts Healthcare Solutions, Inc. - President*

**Melinda Whittington** *Allscripts Healthcare Solutions, Inc. - CFO*

**Paul Black** *Allscripts Healthcare Solutions, Inc. - CEO*

## CONFERENCE CALL PARTICIPANTS

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**Eric Percher** *Barclays Capital - Analyst*

**Michael Cherny** *UBS - Analyst*

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**Matthew Gillmor** *Robert W. Baird & Company, Inc. - Analyst*

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## PRESENTATION

### Operator

Greetings and welcome to the fourth-quarter and full-year 2016 earnings conference call.

(Operator Instructions)

The duration of the conference today will be one full hour.

(Operator Instructions)

As a reminder, this conference is being recorded. I would like to turn the conference over to your host, Mr. Seth Frank, VP of Investor Relations. Thank you, Mr. Frank, you may begin.

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### Seth Frank - *Allscripts Healthcare Solutions, Inc. - VP of IR*

Thank you, Tim. Thanks and good afternoon, everyone. Welcome to Allscripts fourth-quarter call. Our speakers today are Paul Black, Allscripts Chief Executive Officer; Rick Poulton, President; and Melinda Whittington, our Chief Financial Officer.



We will be making a number of forward-looking statements today during the presentation and the Q&A part of the call. These statements are based on current expectations, and involve a number of risks and uncertainties that could cause our actual results to differ materially. We undertake no obligation to revise these forward-looking statements in light of new information or future events. Please refer to our earnings release and SEC filings for more detailed descriptions of the risk factors that may affect our results.

Also, as management reviews the fourth-quarter details, please reference the GAAP and non-GAAP financial statements, as well as non-GAAP tables in our earnings release and the supplemental data materials available on our website at [www.allscripts.com](http://www.allscripts.com). With that, I'd like to turn call over to Rick.

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**Rick Poulton** - *Allscripts Healthcare Solutions, Inc. - President*

Okay. Thanks, Seth, and good afternoon, everybody. Thanks for joining us today as we officially put a bow on 2016. While we had previewed our fourth-quarter results back in January, I think you will find today's discussion helpful to give you a much fuller appreciation of Allscripts market position and our momentum as we go into 2017.

But before we get into a lot of details on the fourth quarter, I want to start with some perspective on 2016. When we look at our financial results for 2016 and then look across our direct competitor set of public companies, we are proud to see that we are the only ones in the industry who grew double digits in each of bookings, revenue, and earnings, as well as expanded margins and generated a free-cash-flow yield of more than 5% of our equity value. So nobody other than Allscripts has posted such a report card, and nobody other than Allscripts has delivered such balanced performance, and we've done this all while investing more than ever in our solutions.

We are proud of the progress we've made, and we're confident in the strategic approach that we are leveraging to take advantage of a multitude of natural growth opportunities. So with that backdrop, as now is customary, I will cover some business highlights for the quarter, Melinda will discuss the financials, and Paul will close with some additional perspective on 2016, as well as the current market environment.

As an overview, bookings totaled \$406 million, or 18% growth on a consolidated basis. This was an all-time quarterly record. Excluding Netsmart, standalone Allscripts bookings totaled \$349 million, which is also above our previous record performance in 2015.

The quality of our bookings remains strong and well represented across almost all of our portfolio. We had additional new Sunrise agreements, including three international wins, and we also saw significant momentum in our suite of value-based care tools, as well as recurring managed services, and in the post-acute market, as bookings at Netsmart more than doubled from our Q3 levels.

Now let's discuss the key markets, starting with ambulatory. We had a strong quarter both inside and outside the Allscripts client base. Some notable agreements include the following.

We expanded our relationship with Concentra, the leader in occupational medicine, urgent care, physical therapy, and wellness services, with more than 300 medical centers in 40 states. Concentra is moving beyond our TouchWorks EHR to integrate Allscripts Practice Management solution to meet the unique needs of the workers' compensation and occupational medicine markets.

Additionally, we signed our second-largest ambulatory market agreement ever with a multi-state, multi-group system with thousands of both employed and affiliated physicians. This organization was seeking a solution that would allow it to aggregate and share clinical data across its network, as well as disparate systems.

In addition, Allscripts Revenue Cycle Management Services will be rolled out at this organization's own facilities and providers. This deal builds on momentum we saw throughout 2016 for Revenue Cycle Management Services. Physician groups of all sizes are looking for turnkey solutions built on a percentage of collections model to help them address changing reimbursement models and ever-increasing regulatory demands.



A third deal worth noting is an existing Allscripts TouchWorks client, one of the largest specialty and medical group organizations nationally. It is expanding with us to include our CareInMotion platform. This organization will also utilize our connectivity tools to enhance interoperability and care coordination across their network and in the communities they serve.

Finally, in the employer on-site clinic segment of the market, we added a major national property and casualty insurance carrier who will implement the Allscripts Professional EHR platform at their facilities in multiple locations. This corporation also plans to expand to remote site-based delivery on a practice was a primary driver to choose Allscripts. The organization wanted a scalable solution that was clinically robust for use by both physicians, as well as mid-level practitioners.

So in summary, for the ambulatory segment, we had a very good year in 2016. Combined with the Optum deal that we signed earlier this year, we executed the two largest footprint expansions in our history during the year.

In addition, we see great momentum with expansions to our relationships through revenue cycle services and value-based care tools. And finally, we saw a new sub-market emerge in employer health, as we cracked into retailing, financial services, IT services and now insurance verticals.

Moving to the domestic health systems and hospital market, we had a terrific quarter on all fronts. We added four new Sunrise hospitals, including both new logos, as well as new facilities with existing clients, and we also had several clients expand new modules to their current Sunrise platform or expand into other Allscripts solutions.

One notable new win was a teaching hospital with approximately 250 beds and several specialty facilities in the South Texas area, which selected Allscripts after evaluating several other competitive options.

Looking at Sunrise solution add-ons, we are seeing growing momentum in new and existing clients for Sunrise Financial Manager [SFM]. This is Allscripts-integrated enterprise revenue cycle platform. Currently, we have five clients live on SFM and another 15 in various stages of implementation or under contract.

For example, Atlantic General Hospital in coastal Maryland has been an Allscripts Sunrise partner for the past five years. In its third expansion since implementing Sunrise, Atlantic General will be consolidating multiple disparate clinical and financial systems to achieve a single patient record across their enterprise. Portfolio additions include Sunrise Financial Manager, anesthesia systems, medical records and care coordination platforms.

Another significant client expansion in Q4 was with Coastal Community Health, a community system consisting of three health systems running from Georgia to Saint Augustine, Florida. Baptist Health in Jacksonville, one of Coastal's three health systems, selected TouchWorks EHR as the single ambulatory solution to connect physician offices across its network.

Part of this expansion includes moving several hundred physicians currently on multiple EHRs onto the Allscripts platform. They will also expand dbMotion as the connectivity backbone between Baptist and Coastal Community Health.

Interoperability remains top of mind for our health system clients, and dbMotion remains the market-leading solution for connecting disparate source systems. During the quarter, we drove approximately 85% growth year over year in dbMotion bookings in the domestic market.

Looking out to the international markets, Allscripts grew bookings strong double digits in the fourth quarter. In late December, we announced that Dudley Group NHS Foundation Trust selected Sunrise and dbMotion to help it achieve its objectives to become a fully digital hospital.

This trust has been a long-term user of the Allscripts Patient Administration System. By adding Sunrise and dbMotion, the trust will create a community-aware EHR that can share harmonized patient information across care providers and to enable better informed, safer and more efficient care to its 450,000 patient population.



Also in the fourth quarter, another trust, this one in the south of England, selected Sunrise to enable the delivery of high-quality care to its patient population of almost 800,000. This trust is also implementing Allscripts Patient Administration System to support all aspects of patient management and care. This is a significant win for us, as this new client is one of the largest hospital trusts in all of the United Kingdom.

We also had success in Q4 outside the UK with a new Sunrise agreement at Mount Alvernia Hospital in Singapore. This is a 335-bed general acute-care institution, with tertiary medical capabilities and two multidisciplinary medical specialty centers. The addition of Mount Alvernia to the Allscripts family further solidifies our significant presence throughout Singapore as the leading healthcare IT provider in the country.

The international business is hitting on multiple cylinders, thanks to our strong client execution abroad. We see growth opportunities in these countries, plus Canada, Australia and others. We are excited to welcome Alan Fowles, a seasoned healthcare IT executive, who recently joined us to lead our Allscripts efforts globally.

Finally, looking at the post-acute market, Netsmart had a great quarter, and we remain very excited about the growth opportunity and positioning across the continuum of post-acute medical and behavioral care. Bookings quality was strong, and demand for Netsmart solutions and service offerings continue to be driven by the need from automation, care coordination, integration with health systems, and ambulatory providers and new value-based payment models.

As an example, a new government-funded initiative called Certified Community Behavioral Health Centers, similar to what are better known as Federally Qualified Health Centers, makes the need for Netsmart solutions a must-have versus a nice-to-have. Netsmart is the only provider that can meet all of the requirements of these CCBHCs with solutions that they own directly. As of January 1, pilot funding has been rolled out in eight states for the CCBHC initiative, and one of Netsmart's key wins in the fourth quarter was in one of those states.

With the leading position in the behavioral health and human services market, plus entry in 2016 into the home care and long-term care markets, Netsmart is optimally positioned to be the leading platform that exclusivity serves these community-based providers. As we shared in our investor deck in early January, collectively, this group of caregivers represents the second-largest spend in health care after the hospital systems market.

So our momentum is broad-based and well positioned as we move into 2017. And now, I'll turn the call over to Melinda to review the financials.

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**Melinda Whittington** - *Allscripts Healthcare Solutions, Inc. - CFO*

Thanks, Rick. Good afternoon, everyone. I will now go through Q4 2016 financial highlights and cover our outlook for 2017. For reference, please consult the tables in the back of the press release and the supplemental data workbook, which is available on the investor relations section of our website.

As a reminder, we closed the Netsmart transaction on April 19, 2016, and began consolidating the results as of that date. As such, Q4 includes a full quarter contribution from Netsmart, while the year includes approximately 8.5 months' contribution.

As promised since the acquisition, we are providing detailed perspective on Allscripts and the incremental Netsmart contribution through the end of 2016. Heading into 2017, we'll focus on the results of the consolidated Company and will provide perspective on relative contribution from Netsmart where appropriate.

Moving to results, Rick covered the strong bookings. I would just point out that at 18% bookings growth, including 7% from Allscripts standalone, we had a very strong performance, especially in light of 20% bookings growth in 2015. Consolidated bookings mix was consistent with an annual basis -- on an annual basis between 2016 and 2015 with just over 50% software versus services.

Total backlog has now increased to over \$4 billion for the first time in Allscripts history. Backlog, on the heels of record bookings, increased by nearly \$130 million over Q3.

Turning to the income statement, fourth-quarter non-GAAP revenue increased \$24 million -- 24% to \$429 million, while GAAP revenue was \$425 million. Fourth-quarter revenue was within the guidance range we provided.

Netsmart contributed \$56 million in GAAP revenue and \$60 million in non-GAAP revenue for the period. Thus, Allscripts Q4 revenue, excluding incremental Netsmart, increased 7% year over year. Consistent with previous quarters, non-GAAP revenue excludes a \$4 million acquisition-related deferred revenue adjustment, and my comments will now focus on non-GAAP metrics unless stated otherwise.

Looking at the consolidated results, software revenue in Q4 increased 25%, totaling \$284 million. Excluding Netsmart, software revenue increased 8% versus year ago. Strong growth.

We also saw solid acceleration sequentially for software revenue, both in Netsmart and Allscripts standalone. The recurring portion of software revenue, consisting of subscriptions, recurring transactions, support and maintenance increased 20%, and nonrecurring software revenue increased a very strong 53% for the quarter.

Turning to client services, consolidated revenue grew 24% to \$146 million in Q4. Excluding Netsmart, client services revenue increased 5% year over year. Recurring services revenue increased 32% year over year, and excluding Netsmart, recurring services grew in the mid-teens.

As we've discussed previously, growth in recurring service revenue, including private cloud-based hosting and RCM services, continues to be strong. Nonrecurring services revenue increased 10%, and excluding Netsmart, nonrecurring services revenue experienced a high single-digit decline versus year ago, but was flat with Q3. We believe the bulk of the year-over-year declines in nonrecurring services are now behind us.

And in total, recurring revenue grew 23% and nonrecurring revenue grew 28%. As a result, we are at a consolidated recurring revenue mix now of 76% in Q4. For the year, we're at 77% recurring revenue mix, and we continue to expect this percentage to migrate higher over time as the majority of our new bookings are derived from multi-year contracts.

Turning to gross margin, non-GAAP gross margin increased to 48.1%, an 80-basis point year-over-year increase, also a very strong result. As noted previously, the addition of Netsmart did not materially impact gross margin percentages, as margins are similar to Allscripts.

Software revenue margin for Q4 was 65.2%, consistent with the fourth quarter a year ago, and up quarter to quarter on a stronger Q4 software mix. Client services margins increased year over year by over 200 basis points to 14.8% on a non-GAAP basis, but declined sequentially versus Q3 based largely on mix of a lower margin project-based services in Q4, consistent with normal variances we would have in revenue mix quarter to quarter.

We noted in Q3 we had been performing at the high end of our gross margin expectations for the year, so a slight pullback in Q4 was not unexpected. But stepping back and looking at the consolidated gross margin for the full year, we exceeded the 150- to 200-basis-point expansion we expected in 2016.

Looking at expenses, non-GAAP SG&A totaled \$99 million, a 32% increase year over year. The majority of the year-over-year increase is due to the addition of Netsmart, as well as several smaller acquisitions completed in Q4 of 2016, including HealthMEDX purchased by Netsmart, as well as Careport and Core Medical Systems in Australia on the Allscripts side. Quarter to quarter, non-GAAP operating expense increased \$12 million on a consolidated basis due to the acquisitions noted previously, as well as investments to support business growth.

Looking to 2017, we expect consolidated operating results to remain at fourth-quarter levels in early 2017 and to increase slightly later in the year to support business growth. Our outlook for 2017 incorporates the impact of this expense pattern for the year, with revenue growing meaningfully ahead of any expense growth on the year.

Gross R&D was \$70 million, up 12% year over last year's fourth quarter, due primarily to increased investments in innovation for core Allscripts, as well as the addition of Netsmart and other small acquisitions. The consolidated software capitalization rate was 32%, an increase from 26% last



year. As discussed in prior quarters, we expect to continue to see capitalization rates in the low 30% going forward, and as a result, R&D expense was \$48 million, up slightly compared to prior periods.

Looking at consolidated adjusted EBITDA, which includes 100% of all consolidated entities, we delivered \$84 million, a 29% year-over-year increase, and equivalent to a 20% adjusted EBITDA margin. Adjusted net EBITDA, which was Allscripts basis for EBITDA guidance in 2016 was \$72 million, an 11% increase year over year and within our guidance range for Q4.

Turning to interest expense, total cash interest expense on a consolidated basis increased to \$16 million, comparable to \$4 million a year ago, due mostly to the addition of Netsmart's non-recourse debt. Also note we had a one-time \$5 million bump in non-cash interest expense this quarter from the write-off of unamortized debt acquisition costs in Netsmart for Q4.

Total consolidated debt on the balance sheet, including non-recourse debt for Netsmart was \$1.3 billion. Excluding the Netsmart debt component, Allscripts debt increased \$54 million sequentially in Q4 due to share repurchase and the tuck-in acquisitions.

Non-GAAP net income, excluding certain non-cash items, nonrecurring expenses and net of non-controlling interests, totaled \$26 million, and non-GAAP EPS equaled \$0.14 for the quarter. Within our guidance range.

Turning to cash. On a full-year basis, operating cash flow totaled \$269 million compared to \$212 million in 2015, a 27% increase. The majority of the year-over-year improvement in operating cash flow was driven by Allscripts operation. Free cash flow for 2016 totaled \$131 million, which is equivalent to a strong free-cash-flow yield of approximately 6% at our current market cap.

Allscripts continues to have a keen focus on maximizing cash flow, while also investing for the future growth. We expect both operating and free cash flow to continue to grow double digits in 2017. This growth will be more heavily skewed toward the back half of 2017 due to sequential business growth pacing, particularly in Netsmart, and the timing of cash outflows.

In terms of share repurchase, in total, we invested \$121 million in share repurchases during 2016, buying back about 10 million shares, or about 5% of Allscripts shares outstanding, at an average price of \$11.81. And under our new authorization implemented in November, we have approximately \$176 million worth authorized for repurchase over the next three years. Our fully-diluted average shares outstanding were 186 million for the fourth quarter.

And finally, turning to 2017, we are affirming our financial guidance for this year per our preliminary outlook provided in January. This includes non-GAAP revenue of between \$1.71 billion and \$1.74 billion; adjusted EBITDA of between \$345 million and \$360 million [sic - see press release "\$365 million"], consisting of Netsmart adjusted EBITDA between \$90 million and \$100 million, including home care, and Allscripts, excluding Netsmart, adjusted EBITDA of between \$255 million and \$265 million. And finally, we expect non-GAAP earnings per share growth of between 10% to 15%

Looking more closely at 2017, we expect the typical seasonal pattern for Q1 revenue will be down somewhat compared to Q4. Specifically, we expect to see nonrecurring revenue for Q1 moving back to the \$80 million to \$90 million range, offset partially by continued growth in recurring revenue. We then expect revenue to strengthen each quarter, consistent with historical trends, and result in the 8% to 10% non-GAAP revenue growth we anticipate for the full fiscal year. And now I'll turn it over to Paul.

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**Paul Black** - Allscripts Healthcare Solutions, Inc. - CEO

Thanks, Melinda. Reflecting on 2016, I'd like to highlight many successes. Allscripts all-time record bookings performance was the second year in a row that we have surpassed the \$1 billion mark in sales. As a reminder, when this team joined Allscripts, the Company finished 2012 with bookings of just \$731 million; we're almost two times that today.





We have increased our win rate for new clients and are growing share. For 2016, approximately 25% of sales came from new clients. The dollar bookings value of these new relationships almost tripled between 2014 and 2016. Driving this progress has been a major acceleration of investment in technology, continuing to strengthen our world-class leadership and competitive position.

Total R&D investment has increased every single year over the past four. We've invested heavily to drive future growth, and will continue to do so in 2017.

We enhanced Sunrise to become a highly compelling alternative to other suppliers. In 2016, we enjoyed the largest expansion of Sunrise facilities in our history, doubling the 2015 attainment, half of those coming from our global marketplace.

In the ambulatory market, we partnered with large national organizations who will implement TouchWorks and Professional in physician groups across the country. All in, we are getting more "at bats" than any time in the history of the Company.

We have significantly expanded four additional platforms for growth beyond the EHR, that today, are well aligned with the marketplace opportunities around the globe. We've made major investments in key areas like interoperability and population health, establishing platforms to position Allscripts for these growth markets.

We are leveraging Allscripts unique position at the nexus of care delivery by forming partnerships with payers, pharmaceutical companies, and others to build highly-profitable, new, recurring revenue streams. We invested to accelerate and overtake the competition with platforms like EPSi, and maximized the value of critical post-acute community assets like home care through Allscripts stake in Netsmart.

We accelerated progress in highly strategic areas like precision medicine, specifically through the launch of 2bPrecise as a platform to bring genomic insights to the point of care. This initiative has gained traction with early adopter agreements at the National Institutes of Health and the Holston Medical Clinic. Allscripts rankings by industry analysts and research firms continue to improve, with four years running of the number-one ranking for acute EHR from Black Book, and number-one ranking for population health management solutions.

With respect to the current US market, there has been speculation about buying patterns due to the election and related concerns about the fate of the Affordable Care Act. On this point, I can provide Allscripts perspective.

As of Q4, no pause was experienced. Thus far, we have not seen a discernible change in client buying patterns. While clients are dealing with uncertainty, this is an industry that saves lives. Executives have businesses to run, waiting rooms full of patients to see and a bed census that needs attention.

We support mission-critical solutions. Allscripts solutions are designed to deliver a high return on investment. We can apply scale to capabilities such as IT hosting, IT staffing and revenue cycle management. They become more impactful as organizations are looking to become more efficient.

Finally, we partner with clients and prospects for the long term, with SaaS-based pricing, allowing clients to preserve capital. Our SaaS-based pricing model aligns well with organizations who don't want to raise debt capital or tap into capital budgets to advance their strategic IT agenda. Our strategy is to help clients prepare for the inevitable decline of fee-for-service medicine, replacing it with MACRA, value-based purchasing, alternative payment models, consumer engagement and precision medicine.

I am confident that Allscripts is in the best position it has ever been in its history, given the quality of the team, the excellence of our solutions, and the breadth of offerings to maximize the opportunities we see in front of us as we begin 2017. We will now take your questions.





## QUESTIONS AND ANSWERS

### Operator

Thank you.

(Operator Instructions)

Robert Jones, Goldman Sachs.

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### Robert Jones - Goldman Sachs - Analyst

Great, thanks for the question. You guys highlighted the strength in the nonrecurring software revenue in 4Q, big sequential jump in the quarter. Could you talk about a little bit more specifically what drove the nonrecurring software revenue, assuming it was in hardware, just given that the margins were actually pretty good there too?

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### Melinda Whittington - Allscripts Healthcare Solutions, Inc. - CFO

Yes, so by definition, the software revenue is pure software, and it overlaps with some of the overall strength we've seen across our solutions. The margins do tend to be good and Q4 does tend to be a pretty strong quarter for software overall.

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### Rick Poulton - Allscripts Healthcare Solutions, Inc. - President

Bob, some of it's coming off of some of the trends I talked about too. We've seen Sunrise clients who are expanding some of their modules with them. So, it's not unusual to see a little spike in Q4 buying patterns. There's a little seasonality that comes with it, but we were, I think, fortunate to get some action around some of these, again, modules and things like that.

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### Robert Jones - Goldman Sachs - Analyst

Okay. Got it. And just to follow up. I was curious if you guys would be willing to share how much Optum contributed to the quarter from a revenue and booking standpoint, and just a general update on the Optum progress would be helpful.

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### Rick Poulton - Allscripts Healthcare Solutions, Inc. - President

The relationship is great. We have a good cadence to meetings at the executive level, as well as down at implementation levels. So, we remain very happy with that relationship and very bullish that over the long term it will be a material contributor to Allscripts.

But it is a long-term agreement, and so the short answer to what was the impact for Q4? It's modest. This is going to be an operationalizing that will happen over years as we convert their physicians. So, it was a very modest impact in the quarter.

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### Robert Jones - Goldman Sachs - Analyst

Great, thanks, Rick.

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### Operator

George Hill, Deutsche Bank.

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**George Hill** - *Deutsche Bank - Analyst*

Good afternoon, guys, and thanks for taking the question. Paul and Rick, you highlighted broad-based strength in the product set in the quarter. So I'm thinking about 2017 and the bookings growth guidance and the revenue growth guidance.

And I'd say Paul, against your comments on the backdrop of spend uncertainty, what are the buckets that we should be looking at that are going to be key to hitting the numbers in 2017? Is it the financial product? Is it ambulatory rev cycle? Is it core EMR? Help us think about that.

And then my follow-up, I can just go right in with that, is how does the competitive environment change in those products versus the traditional EMR space?

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**Paul Black** - *Allscripts Healthcare Solutions, Inc. - CEO*

I will take the first part and if somebody else wants to answer a bit of it. I think, George, the pillars that we outlined in the discussions we had at JPMorgan are really the same things that we're going to be talking about throughout the year: growth in global, growth in population health, growth in post-acute through the Netsmart bookings and that business.

Our recurring services, outsourcing, posting, optimization services will be a big thing when you think about folks who've installed a lot of software over the course of the last three to four years. They're going to come back in before they expand additional things. They might want to optimize, in some cases, that which they already have deployed.

And then there's a fair amount of replacement markets that's still out there, George, for folks that have raised their hand and suppliers that have raised their hand and said, we're no longer going to be in this business. So there's a number of growth markets for us, and, quite frankly, all of those seem to be playing to our strength today.

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**Rick Poulton** - *Allscripts Healthcare Solutions, Inc. - President*

All I would add to that, George is that again, the momentum coming in to 2017, the message we'd like you to take away from this call is that it's broad-based. It's across multiple segments we serve and the multiple client types we serve, both here in the US and abroad. And that strength is happening in all the areas Paul just categorized.

So, on top of that, all I would add to you is as we think -- thought about our guidance for 2017, I point you back to our backlog that is at an all-time record. And so, more than ever before, at least in our tenure, the guidance is driven by backlog, as opposed to big assumptions of new sales activity.

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**George Hill** - *Deutsche Bank - Analyst*

Good stuff. I'll see you guys next week. Thanks.

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**Paul Black** - *Allscripts Healthcare Solutions, Inc. - CEO*

Thanks, George.

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**Operator**

Ross Muken, Evercore ISI.

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**Ross Muken** - *Evercore ISI - Analyst*

Good afternoon, guys. You've done a lot on the new product side; you've been innovative, you've done some tuck-ins. Talk a bit about where you're directing the R&D dollars and where you're most excited in terms of maybe some of the nascent product launches or some of the newer market segments you've moved into.

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**Paul Black** - *Allscripts Healthcare Solutions, Inc. - CEO*

All these different solutions that we have require a fair amount of R&D just to stay, not only competitive but also to add new features and functions. When you think about mobility, you think about tele-medicine, you think about area in that regard based on the core, if you will, the chassis that we have operating each and every day.

But I think we've also demonstrated an entrepreneurial spirit here with regard to where we think healthcare is going, and that's why we've made the investments in the rest of the pop health platforms, as well as the consumer platform, as well as the population health. So those are all areas that I would say we'll continue to feed, and we'll continue to grow and expect that we get more and more pop side of that in 2017 and beyond.

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**Ross Muken** - *Evercore ISI - Analyst*

Great. Thanks, Paul.

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**Paul Black** - *Allscripts Healthcare Solutions, Inc. - CEO*

You're welcome. Thanks.

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**Operator**

Eric Percher, Barclays.

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**Eric Percher** - *Barclays Capital - Analyst*

Thanks. I'd like to go back to the four pillars, or I think you spoke to four new platforms for growth, Paul. I recall you also talked about 25% of sales from new clients. Could you take each of those pillars and give us a feel for how much of the opportunity comes from selling to the existing base versus net new customer opportunities?

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**Paul Black** - *Allscripts Healthcare Solutions, Inc. - CEO*

I think on the EMR side specifically, when we talk about recurring services, those two combined have a codependence on one another. So when you think about revenue cycle, you don't have to have your EMR install. As a matter fact, the deal that Rick talked about wasn't our electronic medical record as the core when we did that deal down in Arizona.

But when you think about outsourcing, hosting, and optimization, those recurring services would be something that would be tied to our installed base. But what we have been talking about, and this is not our 10th year of proclaiming where the open connected community health supplier, and we have open APIs, our population health, our post-acute, those are all predicated -- and or precision medicine, are all predicated on not having an Allscripts electronic medical record as a prerequisite for us being able to go layer those platforms in, in a large IDN or large physician practice group. And certainly outside the United States, that's an area of growth for us as well.



**Eric Percher** - *Barclays Capital - Analyst*

That's helpful. And as follow up, Melinda, I think on the earlier question around the nonrecurring revenue, I know during your commentary, you said that the bulk of the decline is behind us. But then we talked a bit about the spike that can occur in Q4. Could you define bulk and how we should think about modeling that in the forward year?

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**Melinda Whittington** - *Allscripts Healthcare Solutions, Inc. - CFO*

Sure. Within recurring, nonrecurring revenue, you've got both the software piece and then the services piece. The software has tended to be strong, but it will vary a lot by quarter, and Q4 tends to be a very strong quarter. This was a particularly strong Q4. And so we'll see that, and I would expect to see that drop off in Q1, but over the year, I would expect to see the nonrecurring software still be a strong growth number.

On the services side of nonrecurring, that's the piece that we've been challenged on a bit over time, where that number has dropped off a bit as our business model has changed. We believe that has pretty much bottomed out, and so we'll be back to certainly a flat, if not a growth pattern, as we go into 2017. So the net of all of that together, we had a quite strong Q4, but as I think about going into Q1, we will be more into that 80%, 90% a quarter again.

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**Eric Percher** - *Barclays Capital - Analyst*

That's perfect. Thank you.

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**Operator**

Michael Cherny, UBS.

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**Michael Cherny** - *UBS - Analyst*

Good afternoon, guys. I wanted to take a big picture question, tying in a lot of things that you've mentioned together. Paul, you did reference --

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**Paul Black** - *Allscripts Healthcare Solutions, Inc. - CEO*

Did we lose Mike?

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**Operator**

I believe so.

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**Seth Frank** - *Allscripts Healthcare Solutions, Inc. - VP of IR*

Maybe we could take the next question.

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**Operator**

Jamie Stockton, Wells Fargo.

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**Jamie Stockton** - Wells Fargo Securities, LLC - Analyst

Thanks for taking my questions. Maybe the first one, Paul, your commentary about how you really haven't seen an impact from the election or anything stemming from that as far as the environment is concerned, is that equally applicable to hospital CapEx spending trends, as well as interest in moving forward with value-based care? Or is that comment a little more geared toward hospital CapEx?

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**Paul Black** - Allscripts Healthcare Solutions, Inc. - CEO

My comments were specifically attributed to Q4, okay? Nobody knows yet what's going to happen with the Affordable Care Act, and there's a lot of folks that are trying to get a read of the tea leaves, which unfortunately, people don't seem to have a very good grasp.

The current thinking, from what I'm gathering, is that it's something that's going to happen late this year or the beginning of 2018, if it happens at all. So, from what I'm seeing for folks thus far this year and the channel checks I've had with some of my large clients is that they are saying we actually have a lot of work to get done.

For those that have capital, for those who are -- have historically done well, this is not something that's causing them to make any adjustments so far in 2017. So, the people that have been struggling with making money, those folks might have a different perspective on life, but the ones I've been talking to have been saying so far, they're not making any change.

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**Jamie Stockton** - Wells Fargo Securities, LLC - Analyst

Okay. And maybe just a quick one, Melinda. If I'm adjusting things correctly, the SG&A number looks like it ticked up a fair amount sequentially. And you may have commented on it and I just missed it. But could you give us some color on what drove that? Obviously, there was a strong software quarter, but was there anything else?

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**Melinda Whittington** - Allscripts Healthcare Solutions, Inc. - CFO

Yes, sure. On SG&A, you're right, we had an uptick Q3 to Q4. The biggest driver on that was the tack-on acquisitions that we've made in the year, so that's just a step-change and those were obviously investments to continue to drive growth going forward. And so we would expect that to stay.

And then beyond that was just the small investments in continuing to grow the business, small uptick on development R&D expense, and just smaller business investments overall. And we do expect to see that continue into 2017 based on the nature of those investments.

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**Jamie Stockton** - Wells Fargo Securities, LLC - Analyst

Okay. Thank you.

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**Operator**

Richard Close, Canaccord Genuity.

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**Richard Close** - *Canaccord Genuity - Analyst*

Great. Thank you. Congratulations on 2016. Just to hit, Melinda, on the margin side, I think you said relatively flat in the early part of the year, but expand in the back half. I think the guidance implies 100 basis points. Do you think 100-basis-point improvement is a good target if we look out over the next several years on an annual basis?

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**Melinda Whittington** - *Allscripts Healthcare Solutions, Inc. - CFO*

Yes. Right now, we're obviously focused on 2017 from a guidance range, and we had terrific margin expansion on gross margin in 2016. And we expect that will continue this expansion, but it will be at a slower pace going forward.

And then relative to, and we talked a little bit about where we are on OpEx, and as we grow that type top line, you will see that expansion it's referring to on the bottom line.

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**Paul Black** - *Allscripts Healthcare Solutions, Inc. - CEO*

Richard, are you starting at EBITDA margins? Are you thinking about EBITDA margins?

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**Richard Close** - *Canaccord Genuity - Analyst*

Yes. EBITDA margins. Go ahead?

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**Paul Black** - *Allscripts Healthcare Solutions, Inc. - CEO*

I think your lift that you're commenting on is right. We expect to continue to get leverage off of the operating expense base that we have. So we would expect EBITDA margins to continue to expand.

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**Richard Close** - *Canaccord Genuity - Analyst*

Okay, and then my follow up is just a clarification. Did you guys actually state that you're expecting bookings growth in 2017 year over year?

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**Melinda Whittington** - *Allscripts Healthcare Solutions, Inc. - CFO*

No. We don't guide bookings specifically.

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**Richard Close** - *Canaccord Genuity - Analyst*

Okay. Thank you.

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**Paul Black** - *Allscripts Healthcare Solutions, Inc. - CEO*

Thanks for the question.

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**Operator**

Matthew Gillmor, Robert W Baird.

**Matthew Gillmor** - *Robert W. Baird & Company, Inc. - Analyst*

Thanks for taking the question. I will just keep it to one. You've talked in the past about taking a portfolio approach to managing the business, and you've taken some actions on home health with the Netsmart JV and also with EPSi by bringing back some of the former management team. Are there other priorities, as you think about a portfolio search, are there other assets within the Company where you think you can unlock that value?

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**Paul Black** - *Allscripts Healthcare Solutions, Inc. - CEO*

I appreciate the way you framed that, Matt, because that is very much the way we're thinking about the business and behave in that way. I would add on to your list, in addition to what we did with the home care business, what we did with EPSi, some of the tuck-in acquisitions we did were also meant to fuel the opportunity for other sub businesses that we have inside the Company. Careport, for instance, really pairs up very well, very nicely with our care management solution.

So, we've continued to invest and we'll continue to think about that going forward. There are other assets that we think could work well as part of larger platforms. And then, we'll think about doing that both with organic activity, as well as non-organic activity.

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**Matthew Gillmor** - *Robert W. Baird & Company, Inc. - Analyst*

Great. Thanks very much.

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**Paul Black** - *Allscripts Healthcare Solutions, Inc. - CEO*

Sure.

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**Operator**

Garen Sarafian, Citigroup.

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**Garen Sarafian** - *Citigroup - Analyst*

Good afternoon, Paul, Rick, Melinda. Rick, maybe I'll ask my follow-up question first which was just related to your last response. On cash flows, as you highlighted, it's fairly strong and it's expected to grow for the next year. So, how does that change your capital deployment strategy? Does it start to weigh things a little bit differently versus inorganic growth or more share buybacks? And of course, this is for Melinda as well.

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**Rick Poulton** - *Allscripts Healthcare Solutions, Inc. - President*

I will start and then Melinda can finish. Nothing has changed about our capital deployment strategy. I think we demonstrated a very good balance in our approach throughout 2016, and we've done that both with the actual cash we've generated and we've used our balance sheet as well.

So we've been an opportunistic buyer of our shares, and we've also invested for the long term. And I think you should expect that behavior to continue as we look ahead.

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**Garen Sarafian** - Citigroup - Analyst

Okay, no material change then, that's great. And then on the revenue cycle side, you guys highlighted very nice growth and some nice wins on the financial side of the product portfolio. But in the Q&A, the buckets of growth, it didn't get repeated. I think that you just amplified the broad portfolio approach.

But could you maybe elaborate a little bit more on the displacement opportunities on the revenue cycle side? And how does the next 12 months look like, and the prior 12 months, and the baseball innings approach as to where you think you are or the market is at?

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**Rick Poulton** - Allscripts Healthcare Solutions, Inc. - President

Yes. Sure, Garen, so let's make sure you have the right context for it. Paul spoke about how we think about growth going forward and along five pillars, and these are the same five pillars that we illustrated in our investor deck back in January.

Recurring services is one of those pillars, so continuing to bring services as a wrapper to some of the technology offerings that we bring to our clients is an area that we have experienced growth and we continue to experience growth. One example of that is Revenue Cycle Management Services, and we're seeing a lot of traction in that, particularly with our ambulatory client base.

We saw that throughout 2016. I mentioned a couple deals in the fourth quarter, so the momentum continued throughout the year, and we expect it to continue to be an area that will bring us more success. We [have filled] a lot of white space with our client space.

What's driving that is the complexity of the reimbursement model, and there's a big value add, pretty short-term ROI for clients when they elect us to do that. It's a good win-win.

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**Garen Sarafian** - Citigroup - Analyst

Got it. Great. Thank you and see you next week.

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**Rick Poulton** - Allscripts Healthcare Solutions, Inc. - President

Great, thanks.

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**Operator**

Michael Cherny, UBS.

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**Michael Cherny** - UBS - Analyst

Okay. I'm going to try this again. Can you hear me?

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**Paul Black** - Allscripts Healthcare Solutions, Inc. - CEO

Yes. Welcome back, Mike.

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**Rick Poulton** - Allscripts Healthcare Solutions, Inc. - President

Pay your bill.

**Michael Cherny** - UBS - Analyst

Thank you, must be the end of earnings season that I think my phone is crapping out on me. Paul, you mentioned before the data point about when you joined, bookings were half of what they are now. As you think about the evolution of the conversations you're having, I know in the early days, you were spending a ton of time on the road, probably more than you liked, in terms of in front of customers and talking with them. And back then, it was much more of a defensive sales pitch.

Now as you go on the offensive, how has that evolution of the sales process changed? How has that changed the energy that your sales force has? And what are the toolkits as you think about all the various different products portfolio approach you take that they have in their play book now that they didn't really have four years ago, in terms of the drastic differences they're seeing?

**Paul Black** - Allscripts Healthcare Solutions, Inc. - CEO

Well, I always like speaking to clients, Michael, as you know, and I still spent a fair amount of my time doing that. I think it's important to stay close to the folks that are paying the bills to understand what they're thinking about, and also to make sure that our messaging is resonating well with them. And in some cases, obviously, they're working on stuff that are important to us that we should be thinking about as well.

When I think about being where we were back in 2012, I think we find ourselves sitting here in 2017 in a completely different position. Back then, we had a bunch of different electronic medical record systems that were out there that were great, that we are installing and that we were optimizing and that we were, if you will, enhancing. So that's were a bunch of the money went.

Since that time, we offered to our clients and to shareholders as a result of that, this platform approach around population health management, around consumer, and around precision medicine. And I think all of those have been very important and strategic platforms for us, not only to distinguish ourselves in the marketplace, but also gives the sales reps more stuff to go sell.

We also, as a result of the open approach with our APIs, we have a lot of organizations that may have been incubated in that arena that we've either partnered with, purchased, or have resold some of their capabilities in addition to ours to be able to give -- to answer question about what's a sales guy do today that he couldn't do back then? We give them a lot more solutions to go out and sell to an existing client.

It also makes us more competitive when you're competing head-to-head against somebody else, whereas in 2012, we may have had a shortage of some solutions that were very important in order to round out a complete 10-year look if you were a client. Where we were back then versus today, and if they're making a new 10-year decision, what all are they looking for?

And so, that's part of my, if you will, comment toward the end of, I feel great about where we are in 2017. We're never perfect, we're never completely finished, but had we not made those investments during that period of time, during the course of the last four years, we would be being left in the dust today, which I think a lot of people who've not made those investments will be by us and by others as we look forward.

**Rick Poulton** - Allscripts Healthcare Solutions, Inc. - President

I'd like to just add to that too, Mike, just because I think our sales force is one of the greatest assets we have at the company. Though, selling environment's gotten a lot tougher. It's not just about -- you're not just selling regulatory compliance anymore; you're selling return on investment and you got to bring value to these clients.

And so, our guys have had to evolve. I think they've done that in a magnificent way. We've equipped them with some education. We've equipped them with, I think, a better financial profile for the company. That was tough to fight against four years ago. I think there were a lot of question marks about the company, so that's made it easier. And we've equipped them, I think, with much better solution set, as Paul just referred to. But, the team has had to really reinvent themselves and they've done it in a wonderful job.

**Michael Cherny** - UBS - Analyst

Thanks for the color, guys. Appreciate it.

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**Paul Black** - Allscripts Healthcare Solutions, Inc. - CEO

Thanks, Mike.

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**Operator**

Ricky Goldwasser, Morgan Stanley.

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**Mark Rosenblum** - Morgan Stanley - Analyst

This is Mark Rosenblum on for Ricky. In the quarter for your bookings number, what percentage was from international versus US? And then following up on that, I know you've seen pretty strong growth in that market. When we think about international, is the opportunity replacement or is there additional penetration to take advantage of there?

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**Rick Poulton** - Allscripts Healthcare Solutions, Inc. - President

So, look, we don't give specific breakout of US versus international, and we're not going to start now. But I think I would point back to my comments earlier; international is still a small piece of the overall puzzle of Allscripts, but it's a piece that's growing quite rapidly.

And as I said earlier, we had double-digit growth year over year in the quarter in our international bookings. So, we feel pretty strongly about its contribution. What was the second part of your question? I'm sorry. Could you repeat that?

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**Mark Rosenblum** - Morgan Stanley - Analyst

Sure. And then in terms of the opportunity, is it mostly replacement market or is the penetration lower than in the US?

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**Paul Black** - Allscripts Healthcare Solutions, Inc. - CEO

This is largely about initial adoption. I think, generally speaking, this is a general statement, outside the US is certainly behind the US in terms of adoption of digital tools to manage clinical care. So, a lot of times, we are replacing paper in many of the new things that we're doing. So it's much more of a greenfield opportunity that we see here in the US.

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**Mark Rosenblum** - Morgan Stanley - Analyst

Great. Thank you.

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**Operator**

David Larsen, Leerink Swann

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**David Larsen** - *Leerink Partners - Analyst*

Hi, guys. Congratulations on a very good quarter. I think Netsmart was described as being a "must-have" solution. Did you say that there were -- I'm sorry, new government mandates that would require some post-acute facilities to deploy a Netsmart type of solution? Can you just repeat that please or expand on that?

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**Rick Poulton** - *Allscripts Healthcare Solutions, Inc. - President*

Yes, sorry. I don't want any confusion there. What I was describing, David, there is new government-funded initiative, it's called Certified Community Behavioral Health Centers. There is an acronym for that, CCBHC. And as of January, there is actually pilot funding that's been rolled out for that.

As part of that initiative, you have to have access to digital tools, like what Netsmart is offering. We described that, the phrase I used there, that with that new program, these solutions become really a must-have rather than a nice to have.

Outside of that program, Netsmart is enjoying -- turning a lot of non-digital solutions, paper, et cetera, into digital solutions. But it's not based on a requirement; it's based on more of an ROI. Under this program, it really becomes a must-have. So that was the distinction we were trying to draw.

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**David Larsen** - *Leerink Partners - Analyst*

Great, and then in terms of the number of hospital wins, did you disclose how many hospitals you actually won in 2016? And would you expect that number to increase in 2017? Thanks.

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**Rick Poulton** - *Allscripts Healthcare Solutions, Inc. - President*

We didn't do a total for the full-year, Dave, but it was our best year, certainly in the last five years and maybe the best year ever. We're still trying to go through some of the history books on that. But it was our best year ever in terms of new hospital footprints sold. And, yes, as we go into 2017, we are expecting that to be a bit higher.

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**David Larsen** - *Leerink Partners - Analyst*

And just one last, I think your projected growth rate for 2017 for revenue was around 9%. So would that be 9% for base Allscripts and also 9% for Netsmart, roughly speaking?

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**Rick Poulton** - *Allscripts Healthcare Solutions, Inc. - President*

Consolidated.

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**Melinda Whittington** - *Allscripts Healthcare Solutions, Inc. - CFO*

9% of the consolidated.

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**David Larsen** - *Leerink Partners - Analyst*

That makes sense, but how much do you expect legacy Allscripts to grow organically on its own?

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**Melinda Whittington** - *Allscripts Healthcare Solutions, Inc. - CFO*

We're not breaking out the pieces individually, but I can tell you that we've talked for a long time about seeing Allscripts core business get up to that mid-single-digit growth rate, which we did in Q4 and we expect to see that next year -- or 2017, now this year.

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**David Larsen** - *Leerink Partners - Analyst*

Great, thanks and congratulations on a good quarter.

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**Paul Black** - *Allscripts Healthcare Solutions, Inc. - CEO*

Thanks, Dave.

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**Operator**

Gene Mannheimer, Dougherty and Company.

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**Gene Mannheimer** - *Dougherty and Company - Analyst*

Thanks. Good afternoon and congratulations on a good finish to 2016. I recall that there were some Netsmart bookings last quarter that flipped. So I presume that they landed in the fourth quarter. Is it possible for you to quantify that for us?

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**Rick Poulton** - *Allscripts Healthcare Solutions, Inc. - President*

I just acknowledged, we did talk about that in the context of Q3 on our Q3 call. We had what we felt were somewhat weak numbers at Netsmart, and we did talk about that partially as being deals that slipped.

We definitely picked up some of those deals in Q4, but I would stop short of saying with think Q4 was an artificially high quarter for Netsmart. It was a solid quarter. You will always have deals that slip; that will always be a story, particularly when you talk to sales forces.

But, we definitely think part of why you saw such a massive change in Q3 to Q4 with respect to the Netsmart contribution was, in part, because they picked up that. And don't forget, seasonality is always going to drive some of this too. Buying patterns still tend to be stronger in Q4 than they do the rest of the year.

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**Gene Mannheimer** - *Dougherty and Company - Analyst*

Got you, understood. Thanks, Rick. And then, Paul, you called out the replacement market opportunity earlier is pretty active still. Can you give us some more color around whether that's skewed toward ambulatory or acute care or both? And within acute care, would it be geared toward small and mid-sized customers or academics as well? Thank you.

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**Paul Black** - *Allscripts Healthcare Solutions, Inc. - CEO*

I think it's -- from where we're seeing and talking to some of the pundits that are out there or both, so I just look at the backlog, or if you will, the pipeline. We've gone through our Q1 planning, and what's out there for that as well as talking to some of the folks that we talk to on a regular basis as to what they're being asked for regarding the consulting work that they do for organizations that are thinking about doing a new system selection. It's probably 50/50 between large hospitals, medium-size hospitals on the acute-care side.



And then on the ambulatory side, there's an interestingly robust set of activities in that regard as well. In some cases, as I said earlier, it's because people are saying I'm not going to be as aggressive on my R&D spend, and in other cases, they're raising their hand and said I'm not going to really be accountable for ongoing government regulations, whether it's MACRA or some of these other things that are out there that are requirements in 2017 and 2018.

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**Gene Mannheimer** - *Dougherty and Company - Analyst*

Thank you.

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**Paul Black** - *Allscripts Healthcare Solutions, Inc. - CEO*

Thanks, Gene.

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**Operator**

Jeff Garro, William Blair.

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**Jeff Garro** - *William Blair & Company - Analyst*

Thanks for squeezing me in.

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**Operator**

Jeff?

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**Paul Black** - *Allscripts Healthcare Solutions, Inc. - CEO*

We're here. Go ahead, Jeff. Did we lose him?

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**Rick Poulton** - *Allscripts Healthcare Solutions, Inc. - President*

Yes. Tim, anyone?

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**Operator**

Yes, I'm here.

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**Seth Frank** - *Allscripts Healthcare Solutions, Inc. - VP of IR*

If we've lost him, then actually we'll need to conclude.

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**Paul Black** - *Allscripts Healthcare Solutions, Inc. - CEO*

Do you have anyone else, Tim, in queue, or no? Is that it?



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**Operator**

Yes, we have one more question from the line of Sean Weiland of Piper Jaffrey.

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**Sean Wieland - Piper Jaffray & Co. - Analyst**

Thanks for squeezing me in. I hope my phone is working. Just a quick one for you. What do you anticipate these acquisitions contributing in 2017? How is that baked into your guidance?

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**Melinda Whittington - Allscripts Healthcare Solutions, Inc. - CFO**

They are baked in, but they're minimal relative to the overall growth. Importantly, as we said, even with that core Allscripts business, it's going to produce in the mid-single digits.

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**Sean Wieland - Piper Jaffray & Co. - Analyst**

Okay.

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**Rick Poulton - Allscripts Healthcare Solutions, Inc. - President**

Sean, just to be clear, you're talking about the ones we did in Q4 as opposed to Netsmart, right?

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**Sean Wieland - Piper Jaffray & Co. - Analyst**

I'm talking about HealthMEDX, Core Medical Solutions, the trio there. Am I in the ballpark in thinking it's about a \$30 million run rate on those businesses?

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**Rick Poulton - Allscripts Healthcare Solutions, Inc. - President**

Top line?

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**Sean Wieland - Piper Jaffray & Co. - Analyst**

Yes.

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**Rick Poulton - Allscripts Healthcare Solutions, Inc. - President**

You are not far. Yes, you're in the ZIP code.

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**Sean Wieland - Piper Jaffray & Co. - Analyst**

Okay. Thanks so much.

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**Rick Poulton** - *Allscripts Healthcare Solutions, Inc. - President*

You're welcome.

**Paul Black** - *Allscripts Healthcare Solutions, Inc. - CEO*

Great. Thanks everybody for joining us today. To sum up, we had an excellent 2016. Financial results continue to improve with accelerating revenue growth, excellent bookings, improving margins and sustainable cash flow. Strategically, we've made multi-year investments in solutions, repositioned Allscripts with a strong fundamental core with multiple growth platforms for global expansion.

I want to thank Allscripts associates for their hard work and dedication. They are driven by a solid vision and a culture of accountability and a passion for our clients' success. We are dedicated to rewarding the confidence that clients and shareholders have placed in us with strong performance.

We will be holding an investor event in New York on March 21. Look for invitations and webcast details shortly. We will see many of you in Orlando next week. Have a great evening.

**Operator**

This concludes today's conference. Thank you for your participation. You may disconnect your lines at this time, and have a wonderful rest of your day.

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