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PRESENTATION

Operator

Greetings, and welcome to Allscripts' Fourth quarter and Full Year 2020 Earnings Call. (Operator Instructions) As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Stephen Shulstein, Vice President of Investor Relations. Thank you. You may begin.

Stephen M. Shulstein - *Allscripts Healthcare Solutions, Inc. - VP of IR*

Thank you very much, and welcome to the Allscripts' Fourth Quarter 2020 Earnings Conference Call. Our speakers today are Paul Black, Allscripts' Chief Executive Officer; and Rick Poulton, our President and Chief Financial Officer.

We'll be making a number of forward-looking statements 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 can 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 earnings release and SEC filings for more information regarding the risk factors that may affect our results. Please also reference the GAAP and non-GAAP financial statements as well as the non-GAAP tables in our earnings release and the supplemental workbook that are both available on our Investor Relations website.

And with that, I'm going to hand the call over to Paul Black to begin.

Paul M. Black - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

Thanks, Stephen, and thanks to everyone joining the call. We appreciate your interest in Allscripts.

This past year has been a year without precedent for Allscripts, our clients nor the entire world. Allscripts' associates were surprised, shocked and heartened by the initial challenge of the collective outpour of our clients' needs. The pandemic stiffened their resolve to respond to and lean into the crisis, both domestically and internationally.

The success that we saw in 2020 was driven by an infectious enthusiasm to serve our clients and our shareholders. I continue to extend my most sincere thanks to the Allscripts' family, and I'm very proud of the way we rapidly adapted to help our clients on the front line of this pandemic.

I'm also very proud of our fourth quarter results, which were above our expectations. These results were enabled by the focus and the velocity of decisions that we have made and implemented over the past year.

To summarize, last year, it was a year of resilience and a reset for Allscripts. We made significant strategic changes to align with our client priorities, impacting our solutions portfolio, our balance sheet and cost base in order to strengthen the long-term fundamentals of the company. I'm confident that we will be able to leverage the work we have concluded over the past year to generate significant value for our clients, associates and shareholders as we look to 2021.

Interestingly, 35 years ago, we were founded as a company in 1986. Here are some of the details on the progress we have made across the strategic platforms of the company.

On data. The COVID-19 pandemic made clear the mission and critical nature of our solutions and the importance of using data to both manage patients individually on their care journey and to manage populations to ensure optimum health outcomes. We made enhancements to our solutions to help our clients address the surge in patients from the pandemic. And data captured in our electronic health records helped to manage care across the continuum.

Because of our open platform, clients had rapid access to their data, enabling them to gain insights on their patients to deliver quicker, more effective care. Simultaneously, they made smart financial decisions for their organizations.

Our Veradigm business unit led the design and prototype of a monthly reporting system to track COVID-19 retesting on a national scale, using our EHR data to answer the critical question about whether COVID infection confers immunity. All major EHRs now contribute to this report, and it is one of the earliest and leading U.S. indicators that reinfection is rare.

On research. Using our data, researchers at Stanford, John Hopkins, Harvard, University of Texas and the Urban Institute are working on emerging treatments, understanding service utilization and telehealth trends, evaluating the interplay between COVID-19 and maternal health and developing machine learning approaches to combat COVID-19. Our EHR data is being used by vaccine manufacturers to surveil the vaccinated population in near real-time to help identify potential safety issues immediately should they arise.

On care venues. Our consumer engagement strategy has at its core an EMR-agnostic patient consumer record. FollowMyHealth help physicians reach their patients through telehealth care delivery. This EMR contains all patient medical information, not just data from one EMR company.

This record needs to be easily connected to the consumers' care team, that is why we architected a platform approach to our telemedicine solution. This strategy contracts favorably to a bunch of cool apps that further perpetuate isolated silos of inoperable data. Telehealth, the new venue of care created as the necessity of the pandemic, has permanently changed the way patients will access and engage with health providers.

Our other platforms. In the fourth quarter, in line with our vision of providing a platform of health, we announced the general availability of Sunrise 20.0, a milestone release. It includes the client choice to move to hosting in the Microsoft Azure cloud and more than 150 new enhancements, user experience updates and more than 35 new performance improvements.

The enhancement made to this version of Sunrise will streamline workflows, introduce efficiencies and overall reduce the burden on clinicians during a time when they need it most. In my opinion, a pandemic provided a perfect display of why a vision of open connected communities of health matters.

Community-based, individually coordinated care is precisely what will cause the pandemic to subside. To quote a colleague, "Community-wide data and referral networks ease patient transitions and facilitate provider resourcing, which contributes to broad unified patient care, easing the clinical and financial burden in any particular system."

While telehealth has received much applause for the swift and effective response during the crisis, it is important to note that contribution's core technologies have provided to the success and rapid response, including EHR platforms, analytics, post-acute networks and patient engagement. All of these platforms were utilized to orchestrate the necessary actions to successfully treat and contain this deadly pandemic.

On Microsoft. Internally, we have aligned Allscripts to ensure that our development, professional services, upgrade center, client support teams and associated methodologies are hardened to migrate current on-premise clients to Azure. Moving to the cloud will allow our clients to lower total cost of ownership, improve the EHR experience for providers, allow for innovation with new impactful solutions and help to engage with clients and consumers more effectively. Our platform of health is designed to deliver on all these imperatives as we believe this is where the market is headed.

On HCA. In the fourth quarter, we continued to make progress on this front. We signed a contract with HCA Healthcare for a 7-year commitment to upgrade and migrate their existing on-premise deployment of Sunrise Oncology at 8 facilities, which is utilized by HCA's Sarah Cannon Cancer Institute into Allscripts' cloud hosting built on Microsoft Azure. This is just one example of the many benefits we are seeing with our partnership with Microsoft.

Internationally, we are seeing parallel trends. A strong example of the Microsoft partnership is a recent expansion of Sunrise across the Victoria, Australia region of Gippsland. In October last year, we completed the rollout of Sunrise EHR platform at the Latrobe Regional Hospital. This was one of the first EHRs in Australia to use Microsoft Azure. The speed, efficiency, flexibility and resilience associated with the cloud-based system was a driving force behind the decision to extend Sunrise EHR platform across Gippsland to 4 additional hospitals.

In our ambulatory enterprise, we are continuing to see increasing momentum as we benefit from the leading outpatient market share across TouchWorks Professional and Practice Fusion Electronic Health Records. Last year, we added 35 new logos in the TouchWorks and Professional solutions as clients have seen the benefits from our long-term investments. We are winning in this market as clients are looking for an end-to-end answer for clinical, financial payment and RCMS solutions and a client pivot to consider and consolidate applications through fewer vendors.

One new client that I'd like to highlight was our agreement with United States Orthopedic Alliance. The partnership will bring to market leading infrastructure designed to help orthopedic practices scale with agility to improve the HR implementation time lines, to provide evidence-based guidelines and to support evolving clinical protocols creating community-wide connectivity. This opportunity will allow us to scale and grow our combined software and USOA service offerings across the country.

On data analytics and care coordination. We saw strong momentum in the fourth quarter as Veradigm returned to growth. The investments we've made in our integrated data and analytics platforms have led to significant new bookings and larger deals, particularly around clinical research, our national data exchange platform and risk-adjusted analytics.

We have the largest-linked EHR claims patient database available for research, source from and directly connected to clinical platforms. Our data and platform-enabled research services are allowing us to capture a larger share of the value chain and will drive growth across the life sciences business.

On Veradigm payer. Our solutions are designed to simplify and ease provider and payer collaboration through analytics and better point-of-care workflows that improve practice profitability and clinical outcomes. The ability to connect data, protocols and insights generated by the companies we work with will allow closed-loop precision medicine to occur at the bedside, clinic, research lab and the home.

This is the distinct competitive advantage and value that Veradigm brings. All these enhancements are the manifestation of our vision and substantial R&D investments over the last several years as we have expanded our robust care and data platforms.

Now I'd like to discuss the work we did to unlock value from solutions portfolio and a -- excuse me, simplify our business at the same time. We completed the sale of both EPSi and CarePort Health in the fourth quarter. It's clear from the sale of multiples that these businesses were not receiving the appropriate valuation under Allscripts' ownership, and thus, we made the decision to monetize these assets and deploy the proceeds to reducing leverage, returning capital to shareholders and to continue investing in our solutions to drive growth.

Regarding our cost base, at the beginning of last year, we were not optimized for the uncertain end market environments we were seeing in our core solutions. This, combined with the onset of pandemic, resulted in us taking decisive and rapid action to reduce costs beginning in the second quarter of 2020, with the focus on driving improved and sustainable EBITDA margins.

While these actions are never easy, we made systemic and lasting changes. We are confident and optimistic, and we will continue to leverage the changes we made to drive improved margins and free cash flow going forward. We have made significant progress across all of these critical areas. And while 2020 was challenging, I am confident that Allscripts is even better positioned to win for our clients, associates and shareholders.

Before I hand the call over to Rick, I wanted to highlight some external recognition that we have recently received. SOLVE Research has named us #1 under the category Most Trusted Partner in community hospitals after surveying our clients, beating all of our competitors. For the report, the firm surveyed nearly 100 community hospitals. Allscripts ranked highest in these 4 categories: being committed to our clients' success; aligning our solution development with the needs of our clients; accommodating special requests to tailor our solutions; collaborating with clients to resolve issues. This testament -- this is a testament to our teams. We are pleased to be recognized by independent third parties.

And finally, we published our first corporate responsibility report this past month, which is available on our website. I'm very proud of the positive impact we have on our communities, particularly in a year as difficult as 2020. We are passionate about changing lives for the better. This is core to who Allscripts is. We expect to annually update this report and share our progress across all facets of corporate social responsibility. The pandemic has stirred the company and has aligned our collective spirit to serve our clients and communities around the world.

With that, let me turn the call over to Rick Poulton, Allscripts' President and Chief Financial Officer.

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - President & CFO*

Okay. Thanks, Paul, and thanks, everybody, for joining us today. I'm going to structure my comments today really around 2 areas: first, I want to give you a more detailed review of our fourth quarter and full year financial and operating performance; and secondly, I'll talk about our 2021 outlook.

So as a reminder, additional financial details are available in the Supplemental Financial Data Workbook that's posted on our Investor Relations website. Given our asset divestitures, the Supplemental Financial Data Workbook has details on Allscripts' financial performance, both including and excluding the results from the EPSi and CarePort Health businesses that we divested last year. This will allow you to compare our results to our original models and the prior guidance from the company as well as assist you in building your new models and compare our 2021 outlook with 2020 results on a like-for-like basis.

So let's begin with fourth quarter results. In my comments, I'll primarily be focused on non-GAAP results for the fourth quarter, which include EPSi and CarePort Health for the period that we own these businesses.

In summary, the fourth quarter was by far our best quarterly performance in years, and it continued a steady drumbeat of improved performance throughout 2020. Our continued cost management, along with the traditional seasonal strength that we experienced in Q4 for both sales and revenue, resulted in significant operating leverage and very strong sequential improvement in margin performance, earnings per share and free cash flow.

So with that overview, let me provide some more detailed color. The sales environment followed traditional seasonal patterns and was the strongest quarter of the year. We generated \$220 million of new business bookings and had significant success selling additional products and services to our existing base of hospital clients. We also had continued strength in competitive wins of new ambulatory clients, and we also benefited from a strong sales quarter at Veradigm, particularly around life science research and clinical data exchange.

While bookings were down in 2020 on an absolute basis compared to 2019, our backlog actually increased over this period to \$4.1 billion at year-end. This reflects the considerable level of client renewals we secured during the year, which, as you'll recall, we do not include in our reported bookings. So while the selling environment for new business was softer in 2020, we actually ended the year in a stronger position than we entered it with regards to booked future revenue.

Now to the P&L. Total non-GAAP revenue for the quarter was \$415 million and was up from \$402 million in the third quarter, as stronger software revenue and seasonal strength from Veradigm more than offset the \$9 million headwind related to the sale of our EPSi business, which, you'll recall, closed on October 15.

Looking at it on a year-over-year basis, after you normalize for the EPSi disposition, the year-over-year decline in revenue in Q4 narrowed significantly compared to Q2 and Q3. This is indicative of a steady return of patient volumes as well as having digested the impact of the client attrition that we highlighted earlier in the year.

Turning to our margin performance in the quarter. Our consolidated adjusted EBITDA margin was 23.4% and was above our expectations as we benefited from better-than-expected seasonally driven software revenue and a continued decline in operating expenses across all areas of the P&L.

The margin results in the quarter reflected a nearly 1,000 basis point improvement from the first quarter of 2020 and a 700 basis point improvement on a year-over-year basis. This margin improvement came despite an 800 basis point reduction in capitalized software relative to Q3 and a 600 basis point reduction on a year-over-year basis.

As we had previewed on our last earnings call, we made progress during the fourth quarter on reducing the amount of R&D that is capitalized, and we are now actually working down our deferred cost downs on the balance sheet as we amortize more than we capitalize. We expect this trend to continue throughout 2021, and details of capitalized software can be found in Table 1 of the supplemental data workbook.

In our GAAP operating expenses, we recorded restructuring charges in the quarter of \$17 million, which brought our full year total to \$66 million. These primarily related to severance costs and other expenses resulting from our margin improvement plan. And as we look ahead, we expect this number to be significantly lower in 2021, and thus, be less of a drain on free cash flow performance for the year.

Free cash flow is a major focus area for us in 2021. And if you look through the fourth quarter's results, you can really see the opportunity for strength and free cash flow generation from our continuing operations. During the quarter, if you exclude the \$58 million in our final cash payment to the DOJ, we generated \$56 million of operating cash flow from continuing operations and \$30 million of free cash flow from continuing operations during the quarter.

So now I'd like to turn to the balance sheet. We ended the year with a significantly stronger financial position compared to where we started the year. We ended the year with \$208 million in principal of debt outstanding, and our cash balance stood at \$537 million at the end of the year.

We also have a \$300 million tax obligation on the year-end balance sheet that we expect to pay next month. After we make that payment, we will have removed more than \$1 billion in obligations from our balance sheet since the end of 2019, while simultaneously repurchasing \$335 million of outstanding common stock.

We also significantly reduced our average accounts receivable days outstanding from 93 to 82 days and wrote-off \$75 million in assets, whose value we felt have diminished. So we worked all aspects of our balance sheet hard, and both our tangible and total net worth have never been stronger. I'm very proud of my team who helped drive this outcome, and enabled Allscripts to start 2021 in a very powerful position.

So now I want to shift gears and talk about our outlook for 2021. As our visibility into future trends has somewhat improved, we have returned to our normal practice of providing an annual outlook. I want to reiterate, when making comparisons between our 2021 outlook and our performance in 2020, please refer to the Supplemental Financial Workbook Tables 1b, 2b and 3b, respectively, which provides non-GAAP financial details for our continuing operations.

Our revenue outlook for 2021 is \$1.5 billion. In essence, we expect recent trends to continue, and this factors in COVID uncertainties as well as continued growth in our Veradigm business.

In terms of quarter-to-quarter results, we expect seasonal fluctuations to continue, and we expect quarterly revenue to fall in a range of \$365 million to \$385 million of revenue per quarter, with the first quarter closer at the bottom end of the range and the fourth quarter towards the top end of that range. Our adjusted EBITDA outlook for 2021 is a range of \$240 million to \$260 million, and reflects our confidence in our ability to manage our costs and drive year-over-year margin improvement.

And finally, our free cash flow expectations for 2021 are a range of \$90 million to \$100 million, consistent with our prior guidance and reflecting an improvement in free cash flow conversion compared with 2020. This expected free cash flow, along with our derisked balance sheet with zero net debt, provides us with significant opportunity to continue to return additional capital to shareholders via share repurchases, while also investing in our business to drive profitable growth.

So to wrap up, our progress in 2020 on multiple strategic and financial initiatives has been gratifying in what was otherwise a very challenging year. Our breadth of relevant solutions, our strong balance sheet and sustainable cost structure position provides Allscripts with a very clear path to long-term value creation.

And so with that, I'd like to open up the call for any questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from the line of Sean Dodge with RBC Capital Markets.

Thomas Keller

This is Thomas Keller on for Sean. So one on the recent launching of this new kind of Truvada organization with Northwell being involved there, how should we think about the potential impact on Veradigm? Does this change anything about the competitive landscape or dynamics for Veradigm?

Paul M. Black - Allscripts Healthcare Solutions, Inc. - CEO & Director

No, we don't see that as having any direct impact on our Veradigm outlook.

Thomas Keller

Okay. And then maybe another one kind of going back to the migration of Sunrise to the cloud. How long do you expect this kind of overall process to take? And kind of the pandemic disrupted or delayed any elements of this?

Paul M. Black - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

It has not delayed it. It's actually given us some room to work on some things that perhaps we would not normally have, meaning we've got some additional focus on this that perhaps might not have had as a result of a lot of other client activities that were going on simultaneously.

We think, depending upon what pieces we're going to move and how we're going to move it and the time frame for that, there's a lot of architectural considerations as we put the plan together. But we've been working very closely with the Microsoft technical architects and solution architects to ensure that we have something that's very tight.

We'll have capabilities in the cloud already. And some of those, as we saw on -- depending upon what solutions you're talking about, we've had things that have been in the marketplace for a long period of time. But Sunrise, specifically, as I mentioned, we have clients who are actually using Azure on the low end of the marketplace. I want to talk about 100 [vendors] and below as well as clients in other parts of the world that are using it and similarly sized organizations.

Operator

Our next question comes from the line of Charles Rhyee with Cowen.

James Auh - *Cowen and Company, LLC, Research Division - Associate*

It's James Auh on for Charles. Can you talk more about the drivers of performance in the life sciences business in Veradigm? You noted the strength of the business, which has been consistent with what others in the space have also noted. And more broadly, how should we think about the growth profile of Veradigm in the near to long term?

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - President & CFO*

So our outlook for revenue, we've already shared, what do we expect out of Veradigm in the near-term is reflected in that. You, of course, will be able to monitor that with our quarterly reporting tax and our disclosures that separate Veradigm from the other parts of the business. So you'll be able to watch that going forward.

Why do we see -- I think the first part of your question is why do we see strength still? Paul made a lot of comments and at the risk of being repetitive. I mean we have a -- collectively across all of our ambulatory EHRs, one of the largest footprints of market share that are in the industry, we have extensive data rights across that footprint.

And we have worked hard for years. It's not just a conversation we've started recently, which is, I think, in vogue with some of our competitors right now. We've actually been doing this for years, working on compiling that data in a very usable way, linking it to claims data and other data registries.

And we've built very extensive relationships with -- across all of the life science community. So people are increasingly recognizing the value that we have, and that's what's leading to our growth.

James Auh - *Cowen and Company, LLC, Research Division - Associate*

And also the adjusted EBITDA margins were well ahead of guidance this quarter. Was all the upside in the margins driven by better-than-expected, seasonally driven software revenue? Or did OpEx reductions also come in better than expected?

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - President & CFO*

Yes, both. Both. I mean it's a combination of a better mix and higher revenue, along with continued cost improvement. Costs have been going in the right direction for us for several quarters now.

Operator

Our next question comes from the line of Michael Cherny with Bank of America.

Michael Aaron Cherny - *BofA Securities, Research Division - Director*

Paul, you gave some nice updates on, in particular, some of your upsell opportunities. As you think about that next leg of the rollout with the cloud-based platform, with everything integrated with Microsoft Azure, when does the next step in terms of those upgrade upsell, cross-sell potential opportunities really start to take hold in terms of when does your sales force feel like they have the tools and the toolkit to go out and continue to penetrate those customers they've serviced for so long?

Paul M. Black - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

The announcement of that parallels the internal work that we're doing, obviously, on the engineering side, but it also parallels the work we did with our sales kickoff this spring or 2 weeks ago. And so those folks have been, if you will, tooled up with the appropriate presentation and the appropriate capability to go out and start having discussions about that.

My expectation this year is that we'll see a number of our clients who want to jump in and make the full commitment to move from, especially on-premise, to do something in the cloud with us. There's a lot of pressure on on-premise organizations to get to something that has these capabilities, but one of the larger drivers around all of it is around fiber.

And so we expect that this will play nicely into not only our plans to pay people to the cloud for AI, TCO, faster capabilities and delivery around upgrades and a lot of the continuous availability options that are there natively for the cloud. And that, combined with a bit of increased sense of urgency to do something different than have computers in your closet, is driving a lot of that demand.

Michael Aaron Cherny - *BofA Securities, Research Division - Director*

Got it. And then a question for Rick. I had to do a double take when I saw where your debt go on the balance sheet. Really nice job on that front, alongside, obviously, all the divestitures. As you think about heading into '21, you mentioned the use of cash on that one outstanding liability. But how should we think about the rest of the use of cash? And just from a cleanup perspective, where do you stand currently on your share buyback authorization?

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - President & CFO*

Thanks, Mike. So let me take those in reverse order. Our current authorization, we got a new authorization last November for \$300 million. Shortly after that, we announced an accelerated stock repurchase program for \$200 million. So think about 2/3 of that is kind of used up by that program. And that program is happening as we speak, and we'll probably wrap up sometime in the April time frame.

So that will leave us some capacity under our current authorization. And then, of course, we can always go back to the Board and seek up that should we so choose. So those are just the facts around our authorization and use of it.

I think the first part of your question, Mike, we've talked publicly about -- we're sitting here right now. Again, if you think about the payoff of the tax obligation that I referred to, we're kind of, in essence, at a zero net debt, a little bit slightly cash positive -- net cash positive position at the end of the year. We've talked about expecting to generate pretty good free cash flow off the business during the year. And I think we've made public comments about, longer term, we see our target at somewhere around 1.5 turns of debt on the company as a place that we'd be very comfortable settling into.

So that gives you some sense of what we have in terms of thinking about deployment of capital in the near term. And we'll look to continue to invest first in what we have as necessary. And perhaps there'll be some small bolt-on type acquisitions that might make sense. Nothing on the radar right now, but there might be something. And then we'll continue to buy back what we believe is undervalued stock.

Operator

Our next question comes from the line of Robert Jones with Goldman Sachs.

Robert Patrick Jones - Goldman Sachs Group, Inc., Research Division - VP

I guess, maybe just taking a step back, looking at the growth -- the organic growth expectations for '21, it looks like it's kind of flat year-over-year. I guess, if you think about the future, and you guys touched on some of this, but I'd be curious, Paul or Rick, where do you see future growth coming from? Like if you had to think about kind of accelerating the top line again, like, you mentioned Veradigm, I know there's some other obvious opportunities. But where would you say you're most excited or you see the most opportunity to kind of reaccelerate the top line?

Richard J. Poulton - Allscripts Healthcare Solutions, Inc. - President & CFO

Well, Bob, I mean, our answer to that is not tremendously different than what you might have heard from us in the past. But I mean, I'll just repeat it. Look, the U.S. EHR market is largely a replacement market. I think everybody understands that. Hopefully, everyone understands that. But there will be replacement. It's still a fragmented market.

The requirements to stay regulatory compliant keep going up, and we continue to believe we'll see the industry naturally consolidate a bit. As that happens, there's opportunities for replacement wins, and we expect to be a winner in the replacement market on a net basis. So that's one place.

Outside the U.S. is still a lot of greenfield. And the amount of digital tool -- the penetration of digital tools into most of the health care outside the U.S. is way behind the U.S. So that's an opportunity that we're excited about. They tend to be public sector deals. So they're a little more difficult to predict timing, but they're nevertheless out there, and we expect to be successful there.

We think there'll continue to be new use cases in the U.S. that will drive some incremental opportunities, too. So whether it's around value-based care, or whether it's around reimbursement opportunities, or whether it's around standards of care changing, such as the incorporation of personalized medicine into care, these are areas that will create new use cases that we think we can also benefit from.

So that's, collectively, I think the outlook around the clinical and maybe financial areas of the business. It's continued its -- one other financial area that we've seen nice growth in and will continue to expand is revenue cycle services for, in particular, our ambulatory clients. We had a nice steady drumbeat of growth there, and we'll expect that to continue.

And then, of course, there's Veradigm, which we talked about. And that's, in essence, bringing our assets that we have to the payer and life science end markets. And that's something we've been working at for a couple of years. So we have some very real infrastructure and very real commercial relationships, and we expect those to grow nicely as we look ahead. So that's our outlook for the growth [income].

Robert Patrick Jones - Goldman Sachs Group, Inc., Research Division - VP

No, no, that's super helpful. And I guess maybe just a follow-up to build off of the comments around getting the balance sheet in much better shape, the debt leverage in much better shape. You obviously have access to a lot of primary care docs out there. There's a huge focus these days on focusing on them and giving them tools and partnering with them to do more in the value-based world, whether that be with MA or even in the commercial side. Any thoughts just around deploying capital to maybe acquire an asset or maybe even, I guess, invest internally to approach that market a little bit differently as far as trying to get them in a better place to take advantage of some of these capitated models that are out there and that are coming out there?

Richard J. Poulton - Allscripts Healthcare Solutions, Inc. - President & CFO

Yes. Short answer is yes, Bob. We spend a lot of time thinking about that, whether it makes sense to build out capabilities organically or acquire some, and you should certainly expect to see us more active in that area.

Operator

Our next question comes from the line of Donald Hooker with KeyBanc Capital Markets.

Donald Houghton Hooker - KeyBanc Capital Markets Inc., Research Division - VP and Equity Research Analyst

So just -- I hope I didn't miss this, but I mean, obviously, the -- if I look at the segments, I mean, it looks like your core clinical and financial solutions segment is sort of kind of at in the fourth quarter at the long -- I think it was that -- is that your targeted level kind of long term? You mentioned there are a number of different puts and takes there, but is that -- for that particular segment, is that kind of a starting point, albeit a seasonally strong starting point, as we think about ahead?

And are you mostly now done with a lot of the efficiency initiatives? And you've had tremendous EBITDA margin expansion in that particular segment over the course of the year, do you feel like you're kind of moving on to something else now? Or is that going to keep going higher?

Richard J. Poulton - Allscripts Healthcare Solutions, Inc. - President & CFO

Yes. I think -- it's a good question, Don. I think, look, we -- what you see in the fourth quarter, very real, but it is definitely assisted by some of the seasonality that I talked about. So I wouldn't think that as -- you shouldn't expect to see a higher number than that every quarter going forward, okay?

I think when you look at it holistically across the year, what we're signaling is that the core clinical should go up, and we'll continue to see improvement as you look at it across the full year. And that is absolutely a function of continuing on some of the margin improvement initiatives that we've been talking about for several quarters now.

Donald Houghton Hooker - KeyBanc Capital Markets Inc., Research Division - VP and Equity Research Analyst

Super. And you did kind of -- just to remind me here, the long-term goal for that segment, I think, is 18% to 20% for an EBITDA margin, right?

Richard J. Poulton - Allscripts Healthcare Solutions, Inc. - President & CFO

That's correct. That's correct.

Donald Houghton Hooker - *KeyBanc Capital Markets Inc., Research Division - VP and Equity Research Analyst*

And then maybe if I could kind of -- I'm trying to understand the different segments here. The data analytics and care coordination segment, obviously, you sold 2 very profitable businesses for a substantial gain, which is great. But obviously, the margin of that segment will [change] substantially. What is the -- in the past, you kind of were targeting kind of a 30%-plus margin for that segment. Just to help us understand kind of the visibility to expansion over time there, was there a new target there?

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - President & CFO*

Yes. There will be a new target. We haven't published one yet. But your observation is right. We had -- so if you look at our supplemental data workbook, Don, I'm not sure if you've got a chance to do that yet, but you'll see a lot of details on kind of where you're going with, what does that segment look like with the businesses that we divested in it, and what does it look like with those businesses out of it.

And so yes, there's a pretty clear need to reset expectations of what will happen there. We do think we'll see some nice margin expansion in 2021 there, but we haven't specifically. And that's part of my overall margin guidance, but I'm not giving specific segment guidance right now.

Operator

Our next question comes from the line of Eric Percher with Nephron Research.

Eric R. Percher - *Nephron Research LLC - Research Analyst*

A question on internal investment. I think you helped us last year, at this time, understand where internal investment was focused and, obviously, telehealth became a -- or virtual became a larger piece of that, and I appreciate the detail on the platform approach. Can you give us a bit of a feel of how those investments have trended over the course of 2020, and whether there's significant changes as we look into '21?

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - President & CFO*

It's not significant changes, Eric, in terms of where our internal-focused investments are. I mean to recount -- to replay, I mean, we're investing in Veradigm and the infrastructure required to help grow that business. We are investing around our core EHR solutions in terms of modernizing some of the tech around it, bringing some new feature functionalities to it as well. Paul talked about that vis-à-vis Sunrise earlier, but we're doing that with some of our other platforms as well.

And we continue to invest in some areas that -- a couple of the questions before you kind of touched on. So some of the new use cases that we believe will be coming and helping ambulatory practices participate in capitated care. And as people are taking on more risk, have tools to manage that risk, tools to help them position themselves for maximum reimbursement, things like that, there's areas like that, that we're continuing to invest in as well.

Eric R. Percher - *Nephron Research LLC - Research Analyst*

Got it. And given the investment ongoing in Veradigm and the comment on the last question, you're not quite ready to provide guidance. But when we see where Veradigm has landed without the other assets in the additional data you gave us here, is it fair to assume growth over the course of the year -- margin growth expansion over the course of the year from this new base?

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - President & CFO*

It is. It is fair to assume that for 2 reasons. One is I expect them to absolutely grow their top line, and they'll get very nice operating leverage off of that. But secondly, the numbers you're seeing is a full burdened allocation with corporate overhead going against the segments as well. And that is, of course, is part of the target area for margin improvement. So as we improve there, that will find its way into the segments as well.

Operator

Our next question comes from the line of Jeff Garro with Piper Sandler.

Jeffrey Robert Garro - *Piper Sandler & Co., Research Division - Senior Research Analyst*

First one for me, I wanted to see if there was any early feedback from beta users, other clients or prospects on Sunrise 20.0?

Paul M. Black - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

Yes. The response, thus far, has been universally positive. They are very excited about the look and feel, the "experience" that we have. That is a manifestation of our user-centered design construct that we go into the buildup with. The other thing is that this is one of the first releases that we have had that will really take fuller advantage of what's going on in the cloud, things around voice-to-text, AI capabilities that you can utilize through Microsoft.

As I mentioned earlier, a substantial amount of work and effort around how people back systems up and how they have duplicate data centers. All that can be substantially streamlined by having different cloud experiences as well as a different contract than what they currently have, which is quite important to them as they're going through their checkbox on security as well as uptime as well as just the capability for them to have a system that runs like a utility, basically, always on. So those are all important and well received, if you will, but they're eager to participate in that, and we get a number of clients that have raised their hand enthusiastically.

Interestingly, it's also been incredibly important for us as we're out selling new business in the marketplace, not a lot of people have a robust set of capabilities around inpatient EMR, outpatient EMR, inpatient billing, outpatient billing all in one platform in the cloud. And that's also been pretty well-liked and received. And my expectation there is that we're going to post more scoreboard, as they say, in that part of our overall business on the new logo side, if you will, for Sunrise.

Jeffrey Robert Garro - *Piper Sandler & Co., Research Division - Senior Research Analyst*

Great. Very helpful. Second one for me, more on the financial side. You have discussed general revenue trends. I was hoping you could comment further on retention performance in the core segment over the past year in 2020 and how you think that might trend in 2021?

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - President & CFO*

Well, if you recall, we started the year in 2020, talking about a bolus of attrition that we expect to be absorbed in 2020. And remember, that was a bolus that really came from decisions made several years previous. So we talked about that, and that clearly impacted our numbers and, in absolute dollar terms, accounts for a lot of the year-over-year decline in revenue.

And so with that backdrop, our experience in 2020 in terms of how many people notified us, perhaps, if you will, of their intent to leave and sometime in the future, that number was very low in 2020, and we feel good about that. So to me, that's the best leading indicator about where attrition is going.

And we're doing our best to continue to drive our value proposition across and make retention as high as we can make it. So that's why, I guess, I can tell you about it. And then otherwise, the number -- our expectation for attrition is reflected -- or the impact of attrition is reflected in the revenue outlook that we've given.

Jeffrey Robert Garro - *Piper Sandler & Co., Research Division - Senior Research Analyst*

So when I think about the fourth quarter performance in that core segment or the full year kind of a similar rate of decline, and again -- so is that the right trend to think about in 2021? Or is there impact from the pandemic and any kind of rebound in utilization that we should think about there or maybe continued conservatism around that?

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - President & CFO*

Well, again, what I said was -- I said we expected about \$1.5 billion. And what that represented is, in essence, we're expecting current kind of trends of revenue to continue. So that's a different message than we delivered last year. So last year, at this time, we talked about a net decline in revenue because of attrition. You're not hearing us say that this year, but we're saying there is an outlook that's kind of consistent with current trends.

Operator

Our next question comes from the line of Steve Halper with Cantor Fitzgerald.

Steven Paul Halper - *Cantor Fitzgerald & Co., Research Division - Analyst*

One question and one follow-up. So Sunrise version 20, is that considered a normal upgrade for existing customers? Or is there a revenue opportunity there?

Paul M. Black - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

They are included in our charges or for the monthly license support fees based on historical relationships, Steve. In many cases, that's included. Typically, though, the client asks us, or we have sold our upgrade center to help them move from where they are to this new upgrade. And then we also, at this time, really encourage the clients to not only take the update, but make sure that they're taking full advantage of the features that they're looking at, as well as to look at the rest of their portfolio to see if there's other things that they really should be looking at.

It's time to put in surgery. It's time to put in ED. It's time to put in Sunrise financial managers. But it's time to round out the portfolio, if you will, and place all the chips in the center of the table. We have a lot of clients that have gone all in as a result of an upgrade discussion. And I think that's helping us as we have spent -- the dollars that we spent over the course of the last 8-plus years to really bolster that Sunrise family of solutions and have a single patient record for all of the venues that most clients are operating in.

Steven Paul Halper - *Cantor Fitzgerald & Co., Research Division - Analyst*

Yes, that makes sense. And one housekeeping question, given the strength of your balance sheet, what should we assume for interest expense for the year?

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - President & CFO*

Well, so Steve, the only debt we have outstanding are convertible bonds. And the cash interest rate on that is under 1%. So it's 7/8 of a point, I think. So that's your cash interest. What also goes into the interest expense line item is some amortization from some of the renewal costs when we put the facility in place. So some of the costs incurred to put the facility in place to get amortized. So there's some noncash there.

And then if you look at our GAAP financials, there's also a noncash charge the way accounting rules work for those convertible bonds. They, in effect, impute an interest cost that's closer to your straight debt rate for like a high-yield offering. So that's in GAAP, but we adjust that piece out for non-GAAP. So if you use the non-GAAP financials, it's just a combination of the cash number and some amortization of deferred costs.

Operator

(Operator Instructions) Our next question comes from the line of Benjamin Flox with Jefferies.

Benjamin Jeffrey Scott Flox - *Jefferies LLC, Research Division - Equity Associate*

My first one is just kind of around the client environment and the selling environment. How are you thinking about the stimulus package talks that we're hearing about and the potential impact on clients' financial positions? I mean what's kind of the discussions you're hearing in the marketplace?

Paul M. Black - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

The clients benefited from that last year in a relatively material way. They're interested this year in knowing what the payback for that is and when that will be. But I also believe that this administration is going to be pretty keen to ensure that people have access to health care, and it will be difficult for individual citizens to have access to health care if the health care organizations are not healthy financially.

So my expectation will be that, whether there's a stimulus package or not, but these organizations will continue to do a bit better than they did last year, mostly because the environment is more predictable. This time last year, the pandemic was just starting to hit. By March, it was full on by April and May. Those were 2 of the worst U.S. health care months that had ever been experienced because of all the fundamental shutdowns, including elective surgeries. That then moved into June and July, which were some 2 of the best months that some of our organizations that we are very close to had ever experienced.

So with the extent -- to the extent that we now have much more predictability around that, and we don't have, at least, knock on wood, currently, anybody shutting down elective surgeries. That makes the core clinical component of what we do very important from an overall client health perspective.

They're all doing everything that they can to consolidate costs. They're moving people around. They're doing the appropriate furloughs, et cetera. So they've all become extraordinarily attuned to being able to manage their costs, probably perhaps better than what they had historically. And every single line item that they have is receiving a substantial amount of scrutiny.

Benjamin Jeffrey Scott Flox - *Jefferies LLC, Research Division - Equity Associate*

Got it. Got it. That's helpful. I guess going back to -- sorry, can you hear me?

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - President & CFO*

Yes, sure.

Benjamin Jeffrey Scott Flox - *Jefferies LLC, Research Division - Equity Associate*

Sorry. Okay. Jumping back to Veradigm. I just want to better understand like what differentiates the data assets? I mean is it more -- I believe it's like wholly ambulatory focused. Is that the distinction kind of relative to larger data sets in the market?

I mean there's some peers out there who claim to have like 1 billion covered lives. Are you targeting life science subsegments, therapeutic -- specific therapeutic areas? Can you just help understand -- help me understand kind of the differentiation of the data set?

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - President & CFO*

Well, listen, it's a longitudinal clinical data set, which is very beneficial for as life science companies or research companies are looking at why conditions seem to manifest itself. So that's number one.

Number two, it is largely -- it's not exclusively coming from our ambulatory client base, but it's largely coming from there. Most prescribing behavior happens in that setting as opposed to the inpatient setting. So that is also valuable, certainly, to our life science company -- life science companies.

Thirdly, it's about how -- what level of ubiquity do you have with the information and what can you do with it? And how can you link it to claims information? I mean data in isolation has limited value. It's when it's linked to other information is where it starts to pick up its value significantly.

And so it's kind of a combination of all of that plus the infrastructure we've built around it, the commercial relationships we have collectively add to what it is. And so I'm not sure how much more to tell you than that right now. But from one of the exclamation points, I guess, I always put on that is when you know you have something when your competitors turn to you to ask them to help them get value out of their information.

Benjamin Jeffrey Scott Flox - *Jefferies LLC, Research Division - Equity Associate*

Got it. If I could just sneak one in real quick. On the move -- on Microsoft Azure in the cloud, you talked about the potential for clients to save some money on that. Are there internal cost synergies from that at all?

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - President & CFO*

Yes. Well, as we get a critical mass of folks moving into an Azure environment, the answer is yes. There will be cost synergies. In the transition stage, not a lot, but there's no duplicative burden either. So the real synergies will come, and we get more of a critical mass there.

Operator

Our next question comes from the line of Gene Mannheimer with Colliers Securities.

Eugene Mark Mannheimer - *Colliers Securities LLC, Research Division - Senior Research Analyst of Healthcare*

Congrats on a strong finish to 2020. I appreciate the color around the margin profile earlier, can you give us a long-term top line growth outlook post the divestitures of the 2 businesses in the fourth quarter? And then my follow-up would be, if you could share how many Sunrise clients do you count as customers today, if that's both domestic and globally?

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - President & CFO*

Well, thanks for the warm thoughts, Gene. We appreciate that. I guess we are just reestablishing an outlook for revenue now. I don't think we want to be in the business of long-term growth rate projections. There's a lot of variables that obviously you have to take into account there.

And we've talked about directionally the areas that should allow us to grow. We've talked about the topic of attrition, which is shrinking, and that gives you a better base than obviously to try to grow off of. And so I think I'd just leave our comments on -- at that point or there for now on that question, Gene.

The -- I'm sorry, the second part of your question was...

Eugene Mark Mannheimer - *Colliers Securities LLC, Research Division - Senior Research Analyst of Healthcare*

Related to the comment on Sunrise client base.

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - President & CFO*

Yes. So let's just say this, Gene, I mean, it's in the hundreds, okay? And I don't really think we want to be any more specific than that.

Eugene Mark Mannheimer - *Colliers Securities LLC, Research Division - Senior Research Analyst of Healthcare*

Is that balanced across the U.S. and overseas, including Canada?

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - President & CFO*

It includes all, yes. But the split on international versus U.S. certainly skews heavily to the U.S. still.

Operator

That's all the time we have for questions. I'd like to hand it back to Mr. Paul Black for closing remarks.

Paul M. Black - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

Thank you very much. Thanks, everybody, for joining us today. To wrap up, our progress in 2020 on multiple strategic and financial initiatives has been quite gratifying in what's an otherwise very challenging year. Our breadth of relevant solutions, strong balance sheet and sustainable cost structure position us -- position and provide Allscripts with a significant competitive advantage and a path to long-term value creation. Thank you very much for your time and interest today.

Operator

Ladies and gentlemen, this does conclude today's teleconference. Thank you for your participation. You may disconnect your lines at this time, and have a wonderful day.

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