



Upland Software, Inc.

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Earnings Call

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Call Participants

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Founder, President, CEO & Chairman

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CFO & Treasurer

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Presentation

Operator

Thank you for standing by, and welcome to the Upland Software Fourth Quarter 2022 Earnings Call. [Operator Instructions] The conference call will be recorded and simultaneously webcast at investor.uplandsoftware.com, and a replay will be available there for 12 months.

By now, everyone should have access to the fourth quarter 2022 earnings release, which was distributed today at 4 p.m. Eastern Time. If you've not received the release, it's available on Upland's website.

I'd now like to turn the call over to Jack McDonald, Chairman and CEO of Upland Software. Please go ahead, sir.

John T. McDonald

Founder, President, CEO & Chairman

All right. Thank you, and welcome to our Q4 2022 earnings call. I'm joined today by Mike Hill, our CFO. On today's call, I will start with our Q4 review, and then we will be discussing our new comprehensive growth plan. Following that, Mike will provide some insights on the Q4 numbers and our guidance, and then we'll open it up for questions.

But before we get started, Mike, could you read the safe harbor statement.

Michael D. Hill

CFO & Treasurer

Yes. Thank you, Jack.

So during today's call, we will include statements that are considered forward-looking within the meanings of securities laws. These statements are subject to risks, assumptions and uncertainties that could cause our actual results to differ materially. A detailed discussion of these risks and uncertainties are contained in our annual report on Form 10-K as periodically updated in our quarterly reports on Form 10-Q filed with the SEC. The forward-looking statements made today are based on our views and assumptions and on information currently available to Upland management as of today. We do not intend or undertake any duty to release publicly any updates or revisions to any forward-looking statements.

On this call, Upland will refer to non-GAAP financial measures that when used in combination with GAAP results provide Upland management with additional analytical tools to understand its operations. Upland has provided reconciliations of non-GAAP measures to the most comparable GAAP measures in our press release announcing our fourth quarter and year-to-date results, which are available on the Investor Relations section of our website. Please note that we are unable to reconcile any forward-looking non-GAAP financial measures to their directly comparable GAAP financial measures because the information which is needed to complete a reconciliation is unavailable at this time, without unreasonable effort.

And with that, I'll turn the call back over to Jack.

John T. McDonald

Founder, President, CEO & Chairman

All right. Thanks, Mike. So here are the headlines. We beat our Q4 revenue guidance, midpoint; EBITDA came in, in line; and our net dollar retention rate as of December 31, 2022, was 95%. Cash on hand as of December 31 was roughly \$249 million, and that's after generating \$6 million of free cash flow in Q4. And we anticipate generating between \$30 million and \$40 million of free cash flow in 2023.

In the fourth quarter, we expanded relationships with 310 existing customers, 38 of which were major expansions. We also welcomed 204 new customers to Upland in Q4, including 21 new major customers. New customer deals were distributed across our products and industry verticals.

On the product front, in Q4, I'll note that we had a new RightAnswers release, a browser extension that powers the connected knowledge experience, seamlessly unlocking the possibility to deliver knowledge to every corner of the enterprise through AI-powered centralized search.

We are also announcing today our comprehensive growth plan, and I want to take a few minutes to walk through that plan and the process that we went through to put it together and our goals for the business over the next several years.

As you'll recall, in August of 2022, we received a \$115 million investment from HGGC, a leading private equity firm. Over the past 6 months, we have done a thorough review of our business and have built a comprehensive plan to increase organic growth and enhance value creation for shareholders. In designing this plan, we looked at our business on a fundamental basis and made the decisions needed to build real long-term value. This plan is the next logical step in the evolution of our business.

We founded Upland 12 years ago. When you look at our history to date, it can be grouped into 3 chapters or phases, which I'll review for a moment now.

Phase 1 was M&A, acquisitions for critical mass. With a series of acquisitions, we scaled the business from a start-up in 2010 to \$65 million in revenue in 2014, at the time of our IPO, to \$300-plus million today. We plan to continue to grow through M&A and opportunistically capitalize on accretive acquisitions of orphaned venture-backed companies over the next several years. We still see a great opportunity there.

Phase 2 was about building a standardized operating platform, which we call UplandOne, that enabled us to expand our EBITDA margins from roughly 6% at IPO to mid-20s today and expanding from here to target EBITDA margins at scale of between 30% and 35%.

Phase 3 is about making smart go-to-market investments for faster growth, building an efficient, scalable go-to-market motion that will drive higher organic growth, without sacrificing strong margins, and will also permit Upland to capture revenue synergies from new acquisitions. And the goal with the new go-to-market plan we're going to talk about today is to achieve a long-term target of 5% to 10% core organic growth.

So again, Phase 1 was about M&A for critical mass, Phase 2 standardized operating platform, Phase 3 is about go-to-market. Now we successfully executed Phase 1 and Phase 2, and we began the Phase 3 go-to-market investment in 2020. But now with our new partner, HGGC, and with fresh capital, we are building on what we learned from that effort.

The plan that we're announcing today is based on a thorough portfolio review of our current business, an analysis of what we do well and where we have significant opportunities to improve, and a focus on the key levers for profitable growth. HGGC and their team of operating advisers provided valuable assistance and feedback to the Upland management team as we put our plan together.

There is a significant opportunity to drive our next phase of profitable growth. To achieve that growth, we're going to make targeted incremental investments of \$15 million per year incremental investments in marketing, in sales and product. And as we do that, we're going to lean into those parts of our portfolio that present the best opportunities for growth.

We are building this growth plan around: first, a highly efficient digital marketing capability; second, a scalable, cost-effective inside sales force; and three, our India Center of Excellence, which is a scalable and cost-effective offshore development platform.

Because we're building this plan around those highly efficient capabilities, we're not only going to be able to drive more growth -- and again, we're targeting a 5% to 10% core organic growth rate long term -- but we're going to be able to do it without sacrificing profitability. And this should enable us to increase EBITDA margins from the mid-20s in 2023 to between 30% and 35% at scale.

There are 4 core elements to the plan: first is focusing our product groupings around common points of leverage to enable our teams to go deeper and to be more effective in serving customers and driving growth in our competitively strongest products; second, revamping our marketing function to digitize

marketing motions and drive more high-quality sales leads; third, adding an efficient and scalable inside sales force and, of course, this will complement our field sales force, which will still play an important role in our go-to-market; and then leveraging our efficient India COE, Center of Excellence, our R&D center in India, to increase product investment to stay competitive and to expand our market opportunity. So again, to repeat, better focus for our key product groupings, a modern digital marketing capability, digitally enabled inside sales and increased product investment through our India COE development platform.

When we step back and look at the core elements of this plan, these moves are highly complementary and mutually reinforcing. After 31 acquisitions over 11 years, focusing our product lines around common points of leverage, marks an important evolutionary step and it enables the achievement of a higher level of ROI from the investments we're making in go-to-market and in product. Moreover, focusing our investments around higher-growth areas is a reflection of our commitment to effective internal capital allocation given differentiated opportunities for growth within our portfolio.

It's critical to understand that this plan is about making a meaningful investment today for a higher-growth, higher-value business in the next several years and enabling us to fully capture the organic and acquisition growth opportunities that are in front of us.

While a lot of tech companies today are having to retrench, we are financially strong and we can invest in attractive growth opportunities. As I mentioned a moment ago, our organic free cash flow guidance for 2023 is \$30 million to \$40 million of free cash flow, and that's after funding the investments I'm describing today. And of course, we have \$249 million in cash on the balance sheet. So we will make these smart, meaningful investments to transform our business, and we'll do it while still generating \$30 million to \$40 million of free cash flow.

As part of the thorough review of our business we did to build this comprehensive growth plan, we identified certain unprofitable customer contracts and products that don't fit our business strategy going forward. We have made the decision to sunset those assets. This decision removes distraction and enables us to focus on organic growth and accretive inorganic acquisitive growth in our core markets. This is the kind of decision we would have made if we were a private company to clear the decks for future growth. And so we are making that decision here.

The sunset assets represent an estimated 10% of our 2023 revenue and will represent a smaller percentage of our revenue each year thereafter. Upon execution of this plan, what we're going to end up with is a company that can grow both organically and through acquisitions, with that growth supporting margin expansion and increased shareholder value. We've already begun to implement this plan, and we're making management changes to drive the new plan.

In January, Upland welcomed a new Chief Sales Officer, Oliver Yates. With over 20 years of SaaS sales experience, Oliver most recently transformed and led the digital sales team at Infor, a global leader in business cloud software products. Additionally, Upland welcomed Michael Frannea as our new Head of Marketing and Demand Generation. Michael joins from TIBCO where he led the company's global demand generation and digital marketing efforts across a set of complex and diverse solutions and products. Finally, we promoted Karen Cummings to EVP and Senior GM based on her demonstrated exceptional leadership and product performance at Upland. We have also already made changes to product management and have begun increasing capacity at our efficient Center of Excellence development operation in Bangalore, India.

We realize that the economy may experience a recession in 2023, and we're planning accordingly. But I would note that the investments we are making today are about building key muscles and motions that will make us a stronger and a higher-growth business as we emerge from any recession into 2024 and beyond. If anything, a near-term downturn in the economy will make it easier for us to make key hires, build out our teams and acquire accretive companies. So we're incredibly excited about our business and the plan, and we intend to share appropriate updates with investors as we go.

So with that, let me turn the call over to Mike.

Michael D. Hill

CFO & Treasurer

All right. Thank you, Jack. So I'll cover the financial highlights of the fourth quarter and our outlook for the first quarter and full year 2023. Total revenue for the fourth quarter was \$78.8 million, representing an increase of 4% year-over-year. And without the FX impact, growth would have been 7%. Recurring revenue from subscription and support increased 3% year-over-year to \$74.1 million. And without the FX impact, subscription and support revenue would have -- growth would have been 5%. Perpetual license revenue increased to \$1.6 million in the fourth quarter, up from \$0.7 million in the fourth quarter of 2021. Professional services revenue was \$3 million for the quarter, an 11% year-over-year increase.

Overall gross margin was 66% during the fourth quarter. And our product gross margin remained strong at 68% or 72% when adding back depreciation and amortization, which we refer to as cash gross margin.

Operating expenses, excluding acquisition-related expenses, depreciation, amortization, stock compensation and impairment of goodwill, were \$32.2 million for the quarter or 41% of total revenue, all generally as expected, but I should note that we did incur a \$12.5 million noncash goodwill impairment charge triggered by the dip in our stock price at the end of the quarter. Had our stock price not dipped, we would not have had an impairment. Also, acquisition-related expenses were approximately \$2.6 million in the fourth quarter, which were in line with plan. We expect acquisition-related expenses to further decline here in Q1 and should be insignificant after Q1 until our acquisition activity picks back up in the future.

Our fourth quarter 2022 adjusted EBITDA was \$24.3 million or 31% of total revenue, down from \$25.1 million or 33% of total revenue for the fourth quarter of 2021.

For the fourth quarter of 2022, GAAP operating cash flow was \$5.8 million. And free cash flow was \$5.7 million, bringing our year-to-date free cash flow to \$29.1 million. We did have temporary timing differences in working capital accounts of approximately \$6.3 million, including several million dollars of negative FX impact, which temporarily lowered our free cash flow generation in Q4. But we do not expect these negative temporary timing differences or an FX impact to repeat in Q1, and therefore, we should see strong free cash flow generation in Q1. As Jack mentioned, we anticipate \$30 million to \$40 million of free cash flow generation for the full year 2023 after absorbing the remaining tail of acquisition-related expenses in Q1.

Our ongoing free cash flow generation is in addition to our existing liquidity of approximately \$309 million comprised of the approximate \$249 million of cash on our balance sheet as of December 31, 2022, plus our \$60 million undrawn revolver. As of December 31, 2022, we had outstanding net debt of approximately \$274 million after factoring in the cash on our balance sheet. I will note that the principal payments on our term debt are 1% per year or about \$5.4 million, with the remaining balance maturing in August of 2026. The interest rate on our outstanding term debt is locked at 5.4%, making our annual cash interest payments approximately \$30 million at our current debt level. Additionally, I will point out that our term debt has no financial covenants on current borrowings.

With regard to income taxes, Upland currently has approximately \$358 million of total tax NOL carryforwards. And of these, we estimate that approximately \$203 million will be available for utilization prior to exploration. I will note that we still expect around \$5 million of cash taxes per year.

Now for guidance for Q1 and full year 2023. This guidance reflects the significant incremental sales, marketing and product investments that we are making as part of our new growth plan totaling \$15-plus million per year.

So for the first quarter ending March 31, 2023, we expect reported total revenue to be between \$72 million and \$78 million, including subscription and support revenue between \$67.5 million and \$72.5 million, for a decline in total revenue of 5% at the midpoint over the quarter ended March 31, 2022. First quarter 2023 adjusted EBITDA is expected to be between \$15.5 million and \$18.5 million for an adjusted EBITDA margin of 23% at the midpoint. This adjusted EBITDA guide at the midpoint is a decrease of 27% from the quarter ended March 31, 2022.

For the full year ended December 31, 2023, we expect reported total revenue to be between \$288 million and \$312 million, including subscription and support revenue between \$269 million and \$289 million, for

a decline in total revenue of 5% at the midpoint over the year ended December 31, 2022. Full year 2023 adjusted EBITDA is expected to be between \$63 million and \$75 million for an adjusted EBITDA margin of 23% at the midpoint. This adjusted EBITDA guide at the midpoint is a decrease of 29% over the year ended December 31, 2022.

And with that, I'll pass the call back to Jack.

John T. McDonald

Founder, President, CEO & Chairman

All right. Thanks, Mike. We are ready to open the call up for questions.

Question and Answer

Operator

[Operator Instructions] And your first question comes from the line of Scott Berg from Needham.

Michael Ethan Rackers

Needham & Company, LLC, Research Division

This is Michael Rackers on for Scott. Appreciate all the color on the new growth plan. Kind of digging in on the new growth plan that you outlined, I guess, what's the #1 thing that gives you the confidence that the elevated level of spend will drive growth acceleration? And then why do you feel the timing is right?

John T. McDonald

Founder, President, CEO & Chairman

Yes, we're building the growth plan around 3 efficient motions: creating a modern digital marketing capability, building an inside sales motion and then leveraging our India development platform to make additional investment in product, to remain competitive and also to increase our market opportunity. And we're doing all that while also providing new focus to our product groupings and organizing them around common points of leverage and then indexing on those highest-potential growth products in terms of where we're directing this \$15 million a year incremental investment.

I think this is the logical evolution of our business. Again, we had Phase 1 around M&A for critical mass, Phase 2 around that common operating platform. We've known that this is Phase 3, this building of a more effective go-to-market motion that will yield higher organic growth. We learned some things in the first phase of this process. Now we're going at it with a comprehensive growth plan. We have done it in a meaningful way. We are doing it in a targeted way, in a focused way. And we are bringing in talent to execute against this plan, including go-to-market executives that have had success in large, multi-product, matrix enterprise software organizations. So we feel great about the plan, and we're funded and we're all about executing right now.

Michael Ethan Rackers

Needham & Company, LLC, Research Division

Great. And then net dollar retention has trended nicely up year-over-year. Is there anything specific you can point to driving this improvement? And then is it more weighted towards stronger expansion or just general reduced churn?

Michael D. Hill

CFO & Treasurer

Well, Michael, so I would say that, yes, in the last 2 years, prior 2 years, the end of 2020 and the end of 2021, we were at 94% net dollar retention rate. And this 95% here at the end of '22 does illustrate an improvement. Now keep in mind, this excludes the sunset assets. But yes, in terms of bookings, we have continued to see decent expansion from our customers. The churn is still there. Of course, we think we can do a lot better. Our goal on net dollar retention is to get to 100% target goal ultimately, and that has been our goal since we've had the metric. And so yes, it's a mix of both expansion and churn. But it's again one of those things that's moved a little bit in our direction. But we've got a long way to go, and we think we can improve it significantly from here.

Operator

Your next question comes from the line of Terry Tillman from Truist.

Robert William Dee

Truist Securities, Inc., Research Division

It's actually Bobby Dee on for Terry. I'm curious, given the focus on digital and digitally enabled go-to-market with the new plan, I'm wondering if that reflects any major change in sales head count? And separately, how should we think about a rough time line of bridging the gap from a 20% EBITDA margin up to that 30% to 35% target?

John T. McDonald

Founder, President, CEO & Chairman

So as a part of this investment, we are going to be adding significant head count both in marketing and demand generation and in sales. The sales head count that we're adding will be inside sales head count. There'll also be additional outbound SCRs. And again, our existing field sales force continues to play an important role, and it's going to be directed at larger opportunities in the market. So that's the picture, and you can obviously get an idea of the scale of this from the fact that we'll be investing roughly \$15 million a year in growth.

Michael D. Hill

CFO & Treasurer

And then, yes, the second part of the question was the adjusted EBITDA guide that we just put out that's a 23% margin, and we talked about our long-term goal at scale at 30% to 35% margin and how long that's going to take. Of course, it's going to take a while for these growth investments to take effect. So we'll be waiting on that as well as, when we mention at scale, that's going to require some further inorganic growth, some acquisitive growth as well. So this is a multiyear plan, as Jack described, and it's going to take us a while to get to those goals. I would say probably scale, ultimately, is going to be sort of double the size of the company now, call it, \$500 million to \$600 million of revenue. But again, we're focused on increasing margins, focused on the organic growth piece first and then adding additive inorganic growth on top of that.

John T. McDonald

Founder, President, CEO & Chairman

Yes, I think that's a great way to put it, Mike. Because as we drive organic growth, that marginal dollar of revenue is going to be disproportionately more profitable than the dollar before it. And again, a key part of this growth plan is obviously that core organic growth, but this is also about enabling us to capture revenue synergies from acquisitions. And so we've got that engine as well, and those 2 things together driving a substantial growth rate, profitable growth, that will increase margins through time.

Operator

Your next question comes from the line of Jeff Van Rhee from Craig-Hallum.

Jeffrey Lee Van Rhee

Craig-Hallum Capital Group LLC, Research Division

I got several. So maybe just quickly on the \$15 million, can you break that down by the OpEx lines? Just give me a better sense of how that \$15 million is going to be spent. And then on the sunset of the 10% of revenues, how quickly does that come out?

John T. McDonald

Founder, President, CEO & Chairman

So on the \$15 million, it is a mix between digital marketing and inside sales and additional investment in development. I'd say the go-to-market piece of it is roughly 2/3 and the product piece is roughly 1/3. In terms of the sunset assets, I think a good working assumption is roughly 24 to 36 months.

Jeffrey Lee Van Rhee

Craig-Hallum Capital Group LLC, Research Division

Okay. That's helpful. And then I guess, as you look back, sort of stepping back to very high level and kind of reflect on the progression of the company, like I think you started the call doing that. In 2018, you had

\$150 million in revenues, 35% EBITDA margins. And you're resetting here to get to similar margins but at like \$500 million, \$550 million in revenues. And at that time, you were growing, growing modestly, targeting low single digits. And obviously, you're targeting a bit higher growth. But nonetheless, you were showing some modest growth and really good margins. When you reflect back, what's changed since then to make it that much more difficult to get the growth and get the margin?

John T. McDonald

Founder, President, CEO & Chairman

I think the business, as you rightly point out, has gone through phases. I think when we look at the business in balance, we've built a strong portfolio of products. We've got a cohort of those products that we think have great growth potential. We've got a great customer base. And we need to do a better job on the go-to-market piece of it. We probably ran margins a touch too high. And we're going to make a bigger investment right now in growth. Again, we're going to take those margins down to the mid-20s. But our goal at scale is to bring them back up into that 30% to 35% range. Again, the core goal here is to get that core organic growth up to 5% to 10%. And again, we think it's a scale that supports 30% to 35% EBITDA.

Jeffrey Lee Van Rhee

Craig-Hallum Capital Group LLC, Research Division

Okay. If I could sneak one last in, I know you don't want to get into product-by-product analysis, but if you look at the portfolio of products and you look at those that are showing the most churn/the least growth, is there any commonality to that group, namely in target markets, verticals, geographies, age of the acquisition, other characteristics?

John T. McDonald

Founder, President, CEO & Chairman

Yes, so we did a pretty thorough review of the portfolio as we were putting this plan together and really looked at common points of leverage amongst the products, everything from customer support leverage to tech stack leverage, to go-to-market leverage, to competitive characteristics in the marketplace, to the growth of those markets that those products are serving. And based on that analysis, we really liked what we saw for 90% of the portfolio. We need to do a more effective job of bringing those products to market and getting at that for our sales team.

We did identify some areas where we could make some targeted product investments to be more competitive. And as I say, roughly 1/3 of this comprehensive growth plan is directed toward that. But what we really saw is the need to focus our product groupings and, again, to invest in a more modern digital marketing capability and that inside sales capability. And those are all efficient motions that will enable growth with expanding margins. It was really just that one piece of the business, the sunset assets, that did not fit our business strategy going forward, as I say, roughly 10% of the revenue. And that's the part that we are taking off the field.

Operator

Your next question comes from the line of Jake Roberge from William Blair.

Jacob Roberge

William Blair & Company L.L.C., Research Division

Appreciate all the color on this new growth plan. But just focusing more on the quarter and guide, so really strong quarterly results with even better growth on a constant currency basis. But then the guide is obviously calling for a decline in total revenue. Could you kind of parse out how much of that decel is related to the macro versus the sunseting of these product suites that you'll be sunseting in 2023 and 2024?

Michael D. Hill

CFO & Treasurer

Yes. Jake, it's Mike. You can really attribute it to the sunset, as Jack just described, a sort of defocus on that 10% of our '23 revenue group and just kind of the refocus where we have the leverage point. So I would attribute it to that.

Jacob Roberge

William Blair & Company L.L.C., Research Division

Okay. Awesome. And then I understand the margin scale and how \$500 million or \$600 million revenue, that's when we start to get to that long-term target margins, but could you put any more time lines or milestones around those targets you laid out in terms of how many years we should expect the incremental \$15 million of expenses? And how long until we could expect that core organic growth rate?

John T. McDonald

Founder, President, CEO & Chairman

Well, look, we think this is a multiyear plan. It's a comprehensive plan. But look, we're getting at it right now in terms of adding outbound SDR capacity, in terms of adding additional marketing program costs, additional demand generation head count, additional inside sellers and better equipping our field sellers. So we are at it today, hammer and tong here to get this business growing faster. Obviously, there's going to be a little bit of lag time. But it's quarter-by-quarter, and we're taking a long-term view on value creation. I love the team we've got in place right now. This is a growth plan that makes sense for this business and is well-thought-through, and we're just going to go execute against it.

Operator

And our last question for today comes from the line of Alex Sklar from Raymond James.

Alexander James Sklar

Raymond James & Associates, Inc., Research Division

Jack or Mike, just following up on the growth outlook. It sounds like most of it is tied to the sunseting of assets. The new motion seem to be much more additive than disruptive. So besides the sunseting, though, is there any other changes occurring to the prior direct team or to your customer support motions?

John T. McDonald

Founder, President, CEO & Chairman

No. I mean we talked about our new Head of Sales, our new Head of Demand Gen, the promotion of Karen Cummings into the EVP and Senior GM role where she's got operating responsibility for the various product groups. I love the team that we have in place here. I love the new adds to the team. And of course, we're investing and we're growing. And I think, look, if the economy slows down a bit, we're already seeing a different tenor to the labor market today than we saw, frankly, even 60 days ago. So it's just going to make that hiring process, that investment process that we want to do, that much easier. So we feel good about it. We feel good about the team. As you say, I think this is additive. And we're adding, on top of everything else, a little bit more of a sales culture and go-to-market culture at the business. So we're excited and appreciate the questions.

Alexander James Sklar

Raymond James & Associates, Inc., Research Division

Got it. And just a quick follow-up on that, so we're more than halfway through the quarter, how fast are you all thinking you can deploy that \$15 million of increased investments? Has that started in earnest already? I know the leadership hires are in place, but when do you think you'll be fully staffed from a hiring perspective?

John T. McDonald

Founder, President, CEO & Chairman

Yes. So it has started already. And our goal is to be fully staffed over the course of the next 3 quarters or so, obviously, with an index action here, particularly around the demand gen and inside sales team. So I mean I would hope to have those folks in place even sooner than that. But we're on it aggressively as we speak.

Alexander James Sklar

Raymond James & Associates, Inc., Research Division

Got it. And maybe I'd just sneak one more in for Mike. Just given you've identified the products already, is there any opportunity to move some of the sunset products to like discontinued operations in as far as kind of showing the rest of the core business results?

Michael D. Hill

CFO & Treasurer

Yes. There's a lot of accounting rules around that classification. And frankly, the sunset assets that we have don't amount to a big-enough materiality to be able to do that based on the reg, so based on what I understand.

John T. McDonald

Founder, President, CEO & Chairman

But in that core organic growth number that we're citing, that excludes the sunset assets.

Operator

And I will now turn the call back over to you, Jack, for some final closing remarks.

John T. McDonald

Founder, President, CEO & Chairman

Okay. Great. Well, thank you, everyone, for joining today, and we will see you on our next earnings call.

Operator

This concludes today's conference call. Thank you for your participation. You may now disconnect.

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