

Fiscal First Quarter 2022 Earnings Conference Call

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CORPORATE PARTICIPANTS

Michael Farlekas, *President and Chief Executive Officer*

Jarett Janik, *Chief Financial Officer*

Adam Rogers, *Senior Director, Investor Relations*

CONFERENCE CALL PARTICIPANTS

Chris Merwin, *Goldman Sachs*

Taylor McGinnis, *UBS*

Mark Schappel, *Benchmark*

Yun Kim, *Loop Capital*

PRESENTATION

Adam Rogers

Good afternoon, everyone. At this time, I would like to welcome everyone to the E2open Fiscal First Quarter 2022 Earnings Conference Call.

I'm Adam Rogers, Senior Director of Investor Relations here at E2open. Today's call will include comments from our President and Chief Executive Officer, Michael Farlekas, followed by our Chief Financial Officer, Jarett Janik, and then, we'll open the call for a live Q&A session.

A replay of this webinar will also be available on our website. Information to access the replay is listed in today's press release, which is available at e2open.com in the Investor Relations section.

Before we begin, I'd like to remind everyone that during today's call, we will be making forward-looking statements regarding future events and financial performance, including the pending acquisition of BluJay Solutions and guidance for our full Fiscal Year 2022. These forward-looking statements are subject to known and unknown risks and uncertainties. E2open cautions that these statements are not guarantees of future performance. We encourage you to review our most recent reports, including our S-1, 10-K, and our 10-Q, or any applicable amendments for a complete discussion of these factors and other risks that may affect our future results or the market price of our stock, and finally, we're not obligating ourselves to revise our results or these forward-looking statements in light of new information or future events.

Also, during today's call, we'll refer to certain non-GAAP financial measures. Reconciliations of non-GAAP to GAAP measures and certain additional information are included in today's earnings press release, which can be viewed and downloaded from our Investor Relations website.

With that, we'll begin by turning the call over to our CEO, Michael Farlekas.

Michael Farlekas

Thank you, Adam.

And thank you for taking time today to join us for our First Quarter Earnings Call for Fiscal Year ‘22.

We had an extremely strong start to our year. In fact, this was the best Q1 the Company has had since I joined the business in 2015. Here are some highlights.

Our team in India organized vaccine campaigns where we vaccinated over 900 team members and their families.

Revenue, gross margin, and EBITDA are all above target to our FY '22 plan.

We had a very strong Q1 bookings quarter. Q1 bookings was well above our FY ‘22 plan on both a gross and net basis. In fact, Q1 FY ‘22 gross and net bookings represent an 80% increase versus Q1 of the previous year.

We're having great success with new logos, highlighted by our recent announcement of a large win with Tesco. This is interesting because it was a very competitive win of a new logo in the retail sector, which is a newer market for us.

We signed two strategic partnerships: one with Dun and Bradstreet to build new products related to our network, and a second with a leader in healthcare procurement and supply chain services to help digitize the medical supply chain.

We're on track to sign three to five strategic partnerships per year for the foreseeable future. As we have discussed, strategic partnerships is one of the four growth levers we are pursuing this year to generate increasing growth rates in FY ‘23. In the case of partnerships, each one becomes its own individual growth engine for E2open.

We signed two platform contracts where we doubled the subscription revenue for each of those clients. A platform relationship is where we have strategic alignment to roll out significant portions of the platform across a multi-year strategic plan. We are seeing great momentum in this category. Simply put, we have 300-plus enterprise clients, all of which have the potential to become platform clients. And, of course, we announced the combination of BluJay Solutions and have begun the permissible integration planning work.

As a reminder, the four growth levers we are executing to increase our growth rate beyond 10% are build a new logo sales team - we discussed that on the last call; create new strategic partnerships - we announced three since becoming a public company; re-vamp our pricing and packaging models - this program is in place and ramping; build new products and revenue streams from our network - we announced the partnership with Dun and Bradstreet that is well underway. All four are on track and the tangible results are evident. Since we are a 100% subscription-based company, these initiatives, while being executed this year, will mostly show up as incremental revenue in FY ‘23.

One note on our reference to bookings: we are adding this color to provide information of the progression the business is making as we migrate from challenges of the global pandemic in FY '21. We will not be providing bookings information as part of our normal financial disclosures in the future.

Based on these highlights and what we see in the business, we expect to meet or exceed our 10% growth target for FY ‘22. The 10%-plus growth we see in the back half of ‘22 is underpinned by very strong Q1 bookings, pipeline growth, and the yield on pipeline returning back to pre-COVID performance. Our FY ‘22 plan calls for revenue ramping to an excess of 10% in the back half of the year as the COVID-related drag on revenue dissipates. We have increasing conviction to organic growth rate beyond 10% in the future, not including the additional growth rate improvement we expect to gain with our pending BluJay combination.

As we did on our last quarterly earnings, I'd like to start our conversation by sharing information about who we are, what we do, why we do what we do, and how we go about our business. While this may be repetitive for some on the call, as a newly public company, we are attracting new audience members, so please bear with me for just a few moments.

Let me start with our central purpose which is to improve quality of life by enabling the most efficient and the environmentally sound production and distribution of goods. Our business serves a greater good by helping brand owners reduce their cost of goods, lowering the daily living expense for millions while improving the ecology of our planet. This is why we exist as an organization.

Moving to our mission which is to build the most comprehensive and capable end-to-end global supply chain ecosystem, combining networks, data, and AI-enabled applications. This is our mission as we strive to deliver enduring value for our clients.

Everything we do, every partnership we make, every combination we consider is grounded by our purpose and our mission. As we have a firm foundation of why we do what we do, what it is we strive to do, we also want to be direct and transparent in terms of how we accomplish these important goals. That is embodied in our operating principles: be prepared; build relationships on trust and respect; be direct and transparent; learn and operate with intensity; make and meet with commitments reliably; always add value; and own the results. We publish our operating principles so we can more closely live up to them. I am certain there will be times when we do not do that, but I'm just as certain that being public and transparent with these principles will allow us to better achieve them and do service to us where we have not.

With that, we are very pleased to share the results of our fiscal first quarter. We're very proud of our execution during the quarter. We're pleased to report that we ended the first quarter with strong results that position us well for the balance of Fiscal Year ‘22. In short, we are solidly above target to our FY ‘22 plan on every operating metric.

In fiscal quarter 2022, we generated $89 million in total non-GAAP revenue.

In addition, we generated strong Adjusted EBITDA results for the quarter of over $29 million.

In May, we announced the combination of BluJay Solutions. BluJay is transformative for us. It is strategically and financially accretive. As we begin our planning to integrate the two companies, we are confident that the combination will create a company that grows faster as a combined unit while incrementing the combined gross margin and EBITDA and free cash flow, as compared to each company operating independently. I am thrilled to welcome to E2open the exceptional team and great customers of BluJay Solutions. Combining E2open's end-to-end platform and large training partner network with BluJay's leading logistics execution platform, we will provide a more robust capability and value to our clients, unlocking greater opportunity to further accelerate our long-term growth rate. This transformative acquisition advances our strategy and is consistent with the 11 other M&A transactions we executed over the past five years.

In summary, our first quarter was strong. We are excited about the multiple growth opportunities in front of us, and we remain focused on executing on our initiatives.

With that, I'll turn it over to Jarett to provide more detail regarding our financial results.

Jarett.

Jarett Janik

Thank you, Michael.

As Michael mentioned, we're very happy with our results for the first quarter, and we continue to see positive momentum in the market.

Today, I'll begin by giving an update on the BluJay combination, then review our fiscal first quarter results, and finally, I'll comment on our outlook for the full Fiscal Year 2022. Thereafter, we'll open the call to your questions.

We'll start with an update on the BluJay combination.

The integration planning work is progressing as scheduled, and we are fully on track with our initial synergy views, as well as revenue, gross margin, and EBITDA of the combined business. In addition, one aspect of this transaction I'd like to highlight is that our core investors that were subject to a lock-up that was set to expire on August 4 of this year, as part of this transaction, have agreed to extend their lock-up for an additional six months from the closing of the combination.

This afternoon, I'll talk about our results on a non-GAAP basis. We show a reconciliation of GAAP measures in the press release, which is available in the Investor Relations section of our website at E2open.

We generated total revenue in the fiscal first quarter of $88.8 million, representing an increase of 6.9% from the fiscal first quarter of 2021. One area I'd like to discuss is how the 6.9% growth rate in Q1 contributes to our 10% growth rate for the full year.

Due to the effects of COVID-19 and Fiscal '21 subscription bookings, we expect our quarterly revenue growth rate to increase sequentially each quarter of this year to yield a 10% organic growth rate for the full year of Fiscal 2022 and exceeding 10% in our fiscal third quarter. Since 83% of our revenue is from annual subscriptions, an increase or decrease in run rate bookings in any series of quarters generally appears in the following year's revenue growth rate. Our run rate of Fiscal Year '21 bookings was severely impacted by the pandemic, and despite that impact, we grew our revenue at nearly 7% in the first quarter of Fiscal '22. As we progress through each quarter, the COVID-related drag on revenue growth dissipates as bookings ramp through the year in excess of pre-pandemic levels.

Broken down by reporting segment, subscription revenue was $73.5 million, up 5.6% over the prior-year period.

Professional services revenue was $15.3 million, a 13.3% increase from the fiscal first quarter in 2021.

The principal non-GAAP adjustments to revenue in the period are related to the amortization of the fair value adjustment to deferred revenue associated with the purchase price allocation in the CCNB1 combination. As noted in the press release, we are adding this adjustment back to better compare our financial performance and demonstrate our organic growth rate.

The increase in subscription revenue quarter-over-quarter was mainly due to new organic sales in prior periods across our customer portfolio.

The increase in our services revenue reflects a return to normal for our business, as the prior-year quarter was impacted by delayed delivery of services due to the COVID-19 pandemic.

As a reminder, our fiscal first quarter starts on March 1, and thus, the prior year was 100% impacted by the global pandemic.

I'd like to turn for a minute to discuss our quarterly bookings performance. As Michael noted, this is the only time we're providing certain booking and quarterly revenue projections in order to help you understand the

impact of COVID-19 on our recent financial statements and when we expect the comparable periods to be normalized, which will happen in the last half of our current fiscal year.

Our gross profit was $65.4 million in the fiscal first quarter, up 10.2% from the prior-year period. The increase in adjusted gross profit was primarily related to new subscription sales from the prior year, coupled with the return to normal of our services business. Furthermore, overall costs were generally flat year-over-year, with some services efforts being redirected into strategic product development in our R&D expense line.

Gross margin improved to 74% for the first quarter of Fiscal ‘22 from 71% for the first quarter of Fiscal 2021.

Our Adjusted EBITDA was $29.2 million compared to $27 million in the prior year's fiscal first quarter. Adjusted EBITDA margin improved to 33% for the first quarter of Fiscal ‘22 compared to 32% for the first quarter of Fiscal '21, and as a direct result of strong operating results related to organic revenue growth, followed by relatively flat scaling of costs as we are just beginning the return to normal as it relates to travel, marketing, and certain office-related expenses.

We ended the quarter with over $220 million in cash on the balance sheet, a net debt of $296 million, resulting in a net leverage ratio, using current year EBITDA projection, of about 2.4 times.

Now, I'd like to finish by reiterating our guidance for the remainder of Fiscal Year 2022 on a non-GAAP basis.

For the full Fiscal Year 2022, we expect total non-GAAP revenue to range from $369 million to $371 million, still representing an organic growth rate of approximately 10%. We expect our non-GAAP gross profit to be in the range of $268 million to $270 million, or 72% of non-GAAP revenue, and approximately 10% higher than 2021. And finally, we expect Adjusted EBITDA to be in the range of $120 million to $122 million, or 32% of non-GAAP revenue.

As we began the call, we had a very good first quarter, delivering the results we predicted, reaffirming our full-year guidance, and accomplishing several of the strategic initiatives that we have previously communicated, culminating with the announcement of the acquisition of BluJay Solutions.

In summary, E2open had a solid first quarter from both a financial and an operational perspective, and we remain focused on executing our growth strategies to capitalize on our multi-billion dollar market opportunity.

Now, with that, we would like to take your questions.

Adam, we’re ready to begin the Q&A session after a brief pause.

Adam Rogers

Thank you, Jarett.

Everyone, please give us a moment so we can turn our cameras on and get situated.

Our first question will come from Mark Schappel from Benchmark. Go ahead, Mark.

Mark Schappel

Hi. Can you hear me okay?

Michael Farlekas

Yes. Hi, Mark.

Jarett Janik

How you doing, Mark?

Mark Schappel

Hi. Hi, guys. Thank you for taking my question.

I guess my first question is around the bookings, and I was wondering, Michael, if you could provide some additional color around bookings in the quarter, specifically how is it being defined since it isn't a metric that you typically talk about. And then also, why not discuss bookings each quarter?

Michael Farlekas

Yes. Thanks for the question, Mark.

We kind of measure, obviously, bookings on a gross and net basis. Bookings definition internally is one year of subscription revenue, and it has to meet certain criteria in terms of fixed contracts of a certain duration, so we measure them specifically, and have been doing that for some time. And the reason we don't give bookings guidance in the future is that it's a number that can change pretty dramatically from one quarter to the next based on if a deal is signed on the twenty-ninth of the month or the first of the following month, and that doesn't really—it has really no meaning in terms of our financial performance because of the subscription nature of our business.

We feel it best to give projections on an annual basis, and to give guidance on that basis.

Mark Schappel

Great. Thank you. That's helpful.

Then, Michael, from a product perspective, I was wondering if you could just discuss the parts of the supply chain space where you saw particular strength in the quarter within your product line.

Michael Farlekas

Yes. It's a great question, not just in the quarter, but also our pipeline, and I think it's consistent and has been for the last couple of quarters in really, three areas. One is logistics and visibility, and that's really been an area that's been growing consistently over the past three or four quarters, the one new logo we talked about in our press release yesterday specifically in that area. Global trade has been very good in terms of people wanting to understand global trade, and then demand sensing is one thing that has been really strong throughout.

One thing of note, however, is the supplier collaboration part of our platform, which was the original E2open, is getting more and more momentum. It's a longer sales cycle, and you think about the complexity of that type of solution where you're connecting multiple suppliers to one platform, but that is resurging in a really big way and across multiple industries. We see that in CPG. We're seeing that in certain industrial categories, as well as traditionally the high tech, so those would be the areas I'd say our platform has performed. It's not one area or the other, and I think it's one of the reasons we're so confident about our performance growing to a 10%-plus company and more beyond is that we see strength in all areas.

Mark Schappel

Okay, great.

Then just one last question with respect to your global trade products and business. Now, how much of this business is being helped by the new customs and compliance rules from Brexit this year?

Michael Farlekas

I'd say some, but I don't think it's driven by that one initiative. I think it's more companies really have to really understand what the different trade regulations are, and we see more companies trying to take advantage of trade regulations, which really speak to landed costs. I think it's more companies are really just getting more sophisticated overall about global trade. And the second piece of that is compliance. There are a lot of regulations and rules around who you can ship to, under what circumstances from country-to-country.

I think, for those two reasons, we see that as a strong area. I don't think it's just Brexit, although that obviously helps.

Mark Schappel

Okay, great. Thank you. That's all for me.

Michael Farlekas

Thank you, Mark.

Adam Rogers

All right. Our next question comes from Yun Kim with Loop Capital.

Michael Farlekas

Hi, Yun.

Yun Kim

Hello. All right. Okay. I can't figure out the video part of it, but… Hi, congrats on a solid quarter, especially on the strong bookings.

Michael, obviously, as you pointed out, subscription revenue is really a lagging indicator, or a metric of your bookings, so we're going to focus on the bookings part of your business, so in terms of the strong bookings that you saw, obviously, you did face easy comp year-over-year basis. But what was the driver behind that 80% bookings growth? Was that a couple of those two platform deals you mentioned or one new customer win that you mentioned, or is it really a combination a lot of different growth drivers?

Michael Farlekas

Yes, I think we measure our pipeline growth very specifically every quarter, and we also measure the yield that we get on the pipeline that we think we can close within the quarter. And what we saw with the pandemic is that the pipeline continued to grow, but as companies really started focusing on their own specific needs in the here and now, the yield on pipeline had dropped, as you would expect. I think it's because all those opportunities that have been pending, really, our yield on pipeline is returning to not quite than what we expect—had before the pandemic, but inching closer. But the bigger reason is that the pipeline is growing, and even though we had a very strong Q1, our pipeline growth exceeded what we closed and lost. And

that's, really, the key metrics I focus on: is the pipeline growing faster than what you close or don't win? And in our case, it has been, and has been for the last several quarters, so it's more of the demand receding, and then our ability to execute on that demand.

Yun Kim

Okay, great, so that kind of leads to my next question.

Can you share with us what has been the initial feedback that you're getting from your customers regarding the BluJay acquisition? And I think you mentioned it, but since the announcement of the acquisition, have you seen your pipeline grow as a result, not just BluJay product, but just really your core product as well from existing customers? And then also, any feedback that you're getting from your partners regarding the BluJay acquisition, and whether or not the acquisition may potentially change your current partnering strategy?

Michael Farlekas

Overall, very positive. Some of our customers are their customers, and those we obviously talk to. We can't talk to their customers for obvious reasons, as we're not closed yet. But where our customers reach out to us has been overwhelmingly positive, and they can see that the solutions are completely complementary, and they can see how we can associate a very robust logistics and transportation capability to our platform, and I think that's been really very well received.

In terms of the partner ecosystem: yes, in fact, we've had a lot of interest in the partner ecosystem, and I think we've talked about a growth lever of strategic partnerships. We've talked about that. One of the things that we're very focused on is building a more robust integrator partner ecosystem, and we see that as very strategic to us over the next year to 18 months.

Having more capabilities and having more clients means that we have more opportunity for those integrators, and I think that's attracting a lot of attention, so that's something that we'll be talking about more as the quarters go on, but that's a key initiative that we are working on now that will help us create incremental capabilities for ourselves down the road.

Yun Kim

Okay, great.

I have one last question for Jarett. Capex came in a little bit high. I am assuming that there's a one-time event item that's in there. Can you just explain that, Jarett?

Jarett Janik

Yes, absolutely, and good point, Yun.

We had some payments related to accruals at year end that flowed through the first quarter, making the first quarter, from a cash flow statement, higher than our model would be, and those were mainly related to some enhancements in our security infrastructure for our data centers, which we're always enhancing, but this was a fairly significant upgrade that we did at the very tail end of last year where the invoices got settled in the first quarter of this year, so not a run rate, more of a timing issue as well as a significant kind of one-off upgrade.

Yun Kim

Got it. Okay, great. Thank you so much.

Jarett Janik

Absolutely.

Adam Rogers

All right. Our next question comes from Taylor McGinnis with UBS.

Jarett Janik

Hi, Taylor.

Adam Rogers

Taylor, you might need to unmute your phone. There you go.

Taylor McGinnis

Okay. There you go. Can you guys hear me?

Adam Rogers

Yes. Hi.

Jarett Janik

Yes. How are you doing?

Taylor McGinnis

Hi. Hi. Good. Yes. Thanks for taking the question.

One, to what everyone was talking about earlier, you talked about really strong bookings growth, a couple of platform deals, and I know last quarter you guys mentioned that you had 95% visibility to the full-year revenue guide. So I guess why the reaffirm? Maybe you can talk about some of the assumptions embedded in that guide. And what might be some of the areas of caution?

Michael Farlekas

Yes. Jarett, you want to take that one?

Jarett Janik

Yes, absolutely.

We had a good first quarter. We still have great visibility, even better than the 95% now. The professional services is kind of an area that's the biggest piece of that last 5%, Taylor, and that's an area that has been, initially in the year, somewhat impacted by the sicknesses in India where we provide a lot of those professional services, so we're inching towards higher in the 90s in terms of visibility. I'd say services is really kind of the one area that still has some variability into it as we are working through completing our second quarter.

Taylor McGinnis

Got it.

Then, my second question is just, I know you guys have talked in the past about organic growth being around 7% pre-pandemic, so anything you can provide on why you believe that 10%-plus organic growth is more durable longer term? Curious if you're able to give any update, maybe, on how dollar-based net expansion rate has trended more recently versus the 107% you guys had given out prior?

Jarett Janik

Yes, yes.

I think one of the biggest keys, Taylor, is that 7% historic was a number that was influenced and impacted, and it was a pro-forma number for several of the significant acquisitions we did where we layered in their growth rates for periods before we had owned those businesses when they didn't have the cross-sell/upsell opportunity that we have once we bring them into the platform.

We saw our ARR growth in excess of 10% as we exited Fiscal '20, and then we had the pause from a financial performance perspective from COVID where the, as Michael noted, pipeline continued to grow, but the conversion of that into contracts had slowed down, and so as we work through this year, we have great visibility, obviously, into the back half of the year where we exceed the 10% growth rate to get to an annual total 10% growth rate, but we're still kind of working off the vacancy, for lack of a better word, of some of the bookings that in a normal year we would have gotten in Q1, Q2, Q3 that are kind of bleeding through the revenue recognition model now.

Does that...

Taylor McGinnis

Got it, and then...

Jarett Janik

...answer your question?

Taylor McGinnis

Yes, go ahead.

Jarett Janik

Does that make sense?

Taylor McGinnis

Yes, no, yes, that makes sense.

Then just my last question is just on the really strong bookings performance, and I know you talked about some bigger deals in there. Can you just talk about, I guess, the visibility, and when you guys are looking at the pipeline to these platform deals? I know that you guys have very long sales cycles, so was this more of an anomaly quarter where maybe some of those larger deals fell in? Is this something that you guys see as—that you have more visibility to going forward? Can you maybe just comment on that?

Michael Farlekas

Yes, I'd be happy to.

This is something that's been ongoing across our client base, and as our customers—our strategy is to add capabilities to the use of our platform for our clients, and what we found is that as they go from one product family to two product families, our customers start to think about a much longer-term strategic alignment, and we've seen more and more of that; where three years ago, it was really an anomaly, and now it's several per quarter are talking about doing that, and those transactions look more like we agree on a three to five-year plan. We put in a multi-year plan on what we're going to roll out now, and then what we'll roll out next, and those type of transaction is where we believe all of our clients will eventually end up, and I think that's what really gives us a tremendous amount of confidence to our long-term growth rate being in excess of 10%, because the subscription expansion is pretty dramatic when that happens. It usually doubles or triples for each customer, and as we said, we have 300 clients that will expand to over 600 with BluJay, all of which have the opportunity to take that really kind of explosive growth within each client, so the way to think about our business is every client represents its own growth engine that will grow really rapidly, and I think that's what's giving us a tremendous amount of clients.

We're seeing more and more of that happening on a more repeatable basis, and we're really excited about that. I mean, that's kind of been the plan all along, and we're really seeing it manifest itself not just in bookings, but also in the opportunities we see with our clients. Now, it's not easy, and many times, customers take a long time - months and months, if not years to get to that point - and we talk about it for months, but we really are encouraged by the amount of pipeline activity we have in that category.

The other thing I'll note, and we talked about the new logo success we had, we've had other new logos, obviously, in the quarter, but what you're seeing there is that they're starting out from a larger dollar amount in this first quarter; where normally the first time a client purchases a subscription from us, it's in the $300,000 category, and I think three this quarter were over $800,000, and that just tells me we're having more success selling more into that initial client to start with.

Taylor McGinnis

Got it. That's super helpful. Thank you.

Michael Farlekas

Thank you, Taylor.

Adam Rogers

Thanks, Taylor.

Our final question this afternoon will be from Chris Merwin with Goldman Sachs. Go ahead, Chris.

Jarett Janik

Hi, Chris.

Christopher Merwin

Yes. Thank you very much.

I wanted to first ask about—it's related to the BluJay acquisition, and in particular, their sales force. I know part of the plan, I think, there was with that sales force, you've got a team that was more focused on new logo additions, and the existing E2open sales force was more focused on expansions. How do we think

about the process of integrating those sales forces, and maybe when we might start to see the benefit of BluJay kicking in in the form of more new logo acquisition? Thanks.

Michael Farlekas

Yes. I think it'll show up in two places. One is new logos, and also increasing our cross-sell/upsell, so the strategy is underpinned by our platform and our seven product families being available to BluJay's 300-plus enterprise clients. We have a very strong upsell motion for their clients; where in their solution set, they only have one or two additional packages, so we have a lot more to offer their clients. So we'll see the uptick not just from new logos, but also from the ability of being able to market and sell our solutions back into that client base. That's very powerful, and then, obviously, we have the additional ability to sell new logos.

Our go-to-market, as you mentioned, has been mostly focused on that upsell/cross-sell. It's firmly in place. We have a process, we have a strategy and a structure to support that, and as we bring these two organizations together, we're going to continue that, so we'll put a lot more attention on their existing customer base, as well as be able to get a lot of hunters that are of a different profile onto our structure. We expect that at the time we close, we are hopeful that we'll be able to add all the team members in their territories, all accounts assigned, (inaudible) in place, and ready to hit the ground running.

We would expect to be able to show combined solutions to clients in a demo format within 90 days, and the uptick in bookings will happen a little later than that: we would think in six to nine months. Given the sales cycles are three to six months long, we would expect that to start kicking in, in terms of pipeline growth, in the first, call it, four months, and then closing starting in the back half of eight or nine months from now. We've done this 11 times, and they all kind of run the same pattern, which is get the sales forces operating as one immediately, be able to show the products in demo form within a very short amount of time, and then the pipeline grows, and then the bookings grow. We expect that to happen in that same form pretty quickly.

Jarett Janik

Michael, if I can add.

There's an important organizational element too, whereby we will continue to have dedicated people going after new logos, and then the rest of the sales organization is organized around customers, not products, Chris. We don't have multiple sellers going into the same account trying to sell different products. We have sellers that have a very small dedicated group of accounts that they then go through that cross-sell/upsell motion with.

Christopher Merwin

Okay, perfect. Thank you.

Then my last question was just around some of the new product attach, I guess. I think, Michael, you spoke to bigger deal sizes with some of your lands. Are there any other metrics you could share with us just to give us a sense of, with those new lands, how many products they're taking now versus a year ago as your suite continues to expand? Just anything you could share there would be helpful. Thanks.

Michael Farlekas

Yes. I don't have the numbers now, but I'll talk with Jarett and see if we can get you some more color in terms of growth of—number of solutions per client might be a good metric for us. We'll take that back as a suggestion, Chris. I think that will be valuable information.

I can tell you, however, that 80% of our new bookings come from existing customers, and we're not strictly a volumetric type of solution, so most of that means they're buying additional solutions from us, so we know we're growing and expanding our footprint within our clients because of that 80% as a top level metric. And as we've said before, the new logos for us represent not what they buy initially, but what they represent to us is what that will grow to over a two to three-year period. And typically, as I've mentioned before, customers will purchase something in the $300,000 to $400,000 range, but we expect that customer to grow to $2 million or $3 million over a two- or three-year period, so the new logos are very impactful to the current view, but even more impactful to our long-term growth strategy.

Christopher Merwin

Great. Thanks very much.

Michael Farlekas

Thank you.

Jarett Janik

Thanks, Chris.

Adam Rogers

All right. That concludes our conference call this afternoon, and we'd like to thank everyone for attending. You can disconnect now.

Michael Farlekas

Thank you all. Have a good day.

Jarett Janik

Thanks, everybody.