

[NUAN] - Nuance Communications, Inc. Q4 2020 Results Conference Call
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Officers

Mike Maguire, Head of Investor Relations
Mark Benjamin, Chief Executive Officer
Dan Tempesta, Chief Financial Officer
Rob Dahdah, Chief Revenue Officer

Analysts

Saket Kalia, Barclays
Daniel Ives, Wedbush
Jeff Van Rhee, Craig-Hallum
Sanjit Singh, Morgan Stanley
Stephanie Davis, SVB Leerink
Yi Fu Lee, Oppenheimer
Tom Roderick, Stifel
Vikram Kesavabhotla, Guggenheim

Presentation

Operator: Good day, and welcome to the Nuance Communications fourth quarter earnings call.

[Operator Instructions]

Please note this event is being recorded.

I would now like to turn the conference over to Mike Maguire, Head of Investor Relations.
Please go ahead.

Mike Maguire: Good afternoon, and welcome to our Q4 2020 call. I hope everyone is healthy and remaining safe during these times. Joining me today to discuss our Q4 and fiscal year '20 results are Chief Executive Officer Mark Benjamin; and Chief Financial Officer Dan Tempesta. Additionally, during the Q&A portion of the call, we will be joined by Chief Revenue Officer Rob Dahdah.

Before we begin, I would like to remind everyone that our discussion includes predictions, estimates, expectations and other forward-looking statements. These statements are subject to risks and uncertainty that could cause material differences in our actual results. Please refer to our recent SEC filings for a discussion of these risks. All references to income statement results are non-GAAP unless otherwise stated. As noted in our press release, we have issued prepared remarks in advance of this call, which are available on our IR website. That material is intended to supplement our comments on this call today.

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

Mark Benjamin: Thanks, Mike, and good afternoon, everyone, and thank you all for joining us. I'd like to start by saying that our thoughts continue to be with those who have been affected by COVID-19, and we want to express our deepest gratitude to all the frontline workers, particularly all the doctors, nurses and clinical staff who are working tirelessly on the front lines to keep our communities safe.

As you know, it's been an unprecedented year, and I'm extremely proud of how we finished FY '20. Q4 marked yet another quarter of solid execution against our strategic initiatives and a strong end to our fiscal year. We delivered revenue and EPS at the high end of our guidance range expectations at \$353 million and \$0.18 respectively. In Healthcare, we over-delivered on our cloud-based ARR, surpassing our August guidance range and ending the year at \$386 million, right in the middle of our original pre-COVID guidance. We generated strong year-over-year growth in Dragon Medical One as we continued to move our installed base to the cloud and, more importantly, expand our addressable markets to ambulatory settings in the U.S. and internationally. We remain encouraged by the strength of our radiology business as we make progress in our transition from on-premise to cloud while building on our platform approach, selling add-on offerings on top of PowerScribe One. Additionally, we continue to see exciting traction in our selling motion of our Dragon Ambient eXperience or DAX offering, landing several promising logos and announcing an integration with Microsoft Teams for telehealth.

In Enterprise, we executed on our AI-first approach, seeing persistent demand for our intelligent engagement and cloud-based offerings, as highlighted with some exciting strategic wins in the quarter, which I'll touch on in a moment.

And finally, today we announced the planned sale of our medical transcription and EHR services business, perhaps the final step on our strategic transformation that began a little over 30 months ago, with a clear target on growth of our cloud solutions and strategic addressable markets.

Overall, we are very pleased with our performance during the quarter and are excited about our position as we enter FY '21, and I'd like to take this opportunity to highlight some of our Q4 successes.

Looking at our Healthcare business, Q4 marked yet another solid quarter for our Dragon Medical One solution, with year-over-year growth of 26% compared to Q4 '19. We are encouraged by the significant progress we have made to date in transitioning our installed base to the cloud and estimate that our U.S. market penetration for DMO is now about 43%.

We also continue to see positive traction in our international markets, with overachievement in the U.K. and impressive logo wins such as the Frimley Trust in England. Through September, we have sold DMO in 14 international countries, with plans for continued expansion in fiscal year '21. These factors, along with the tenacity of our sales force, helped us over-deliver on an already impressive ARR target for the year.

Building on our core Dragon Medical One solution, we are increasingly seeing hospitals standardizing on the Nuance platform by adopting a broad suite of our cloud-based solutions. As an example, last week we announced a key strategic win with Providence St. Joseph Health, who

is integrating our portfolio of cloud-based solutions across its 51-hospital, multistate system to accelerate their digital transformation. Expanding their existing suite of Nuance products, Providence will adopt both inpatient and surgical computer-assisted physician documentation, deeply verticalized offerings that easily integrate with our DMO platform and add layers of clinical intelligence to better support physicians and improve the patient experience. Further, Providence will implement our cloud-based documentation improvement tool, CDE One, as well as our PowerScribe One solution, to transition their radiologists to the enhanced cloud offering. And finally, we are also excited to announce that they have signed an initial rollout for our DAX, helping to relieve the burden of clinical documentation and physician burnout.

By integrating our broad portfolio of cloud-based solutions, Providence is poised to achieve new levels of efficiency, accuracy, quality and performance, and we are pleased to help them embark on their journey of AI-powered digital transformation. As you may recall, this impressive win is on the heels of several other large IDN wins, including SSM Health, and we couldn't be more excited about the momentum we are seeing.

In our radiology business, we continue to see success in transitioning our installed base to our cloud offering with PowerScribe One while also expanding our market share, with 10 competitive displacements in the quarter. Our best-in-class PowerScribe One offering is also beginning to see the benefits of the platform effect, similar to what we are seeing from DMO. This quarter, we executed on cross-selling integrated solutions such as image sharing, workflow orchestration and follow-up management of incidental findings, all of which further enhance the capabilities of our PowerScribe One solution.

It's estimated that over half of recommended follow-up imaging is never conducted. Beyond the lost revenue opportunities, this can cause delayed and missed diagnoses, which can increase risk and liability and result in greater risk for the patient. By tackling these critical issues, our add-on radiology solutions improve medical outcomes, reduce medical costs and, most importantly, save lives. We are excited by the success we are seeing with our radiology cloud solutions, and as Dan will touch on later, we have provided additional detail on the radiology business to further accentuate that success.

The superiority of our integrated platform of healthcare solutions is being recognized not just through key client wins but also externally by third-party analysts. Just yesterday, we were honored to be named by Frost & Sullivan as Company of the Year in global AI-powered solutions enabling patient safety in healthcare. Additionally, earlier this month, we were ranked as the #1 solutions provider in five different categories by Black Book research, including medical speech recognition and AI technologies. These industry recognitions demonstrate not only our understanding of provider needs, but also our ability to execute and deliver high-quality solutions to our customers.

Moving to our DAX solution, we remain encouraged by the overwhelmingly positive market reception, landing numerous new clients during the quarter, including MD Anderson, MetroHealth, Orthopedic Associates of Hartford and the aforementioned Providence St. Joseph Health. While our go-to-market efforts are still largely focused on landing new clients, we are

seeing early progress in expanding our existing accounts, and we will continue to monitor this very closely in the coming quarters.

DAX is being utilized both in-hospital and via telehealth, and this quarter, as part of our ongoing strategic relationship with Microsoft, we announced the integration of DAX into Microsoft Teams to broadly scale virtual consults. This important development synthesizes physician-patient conversations during virtual visits through Microsoft Teams, allowing physicians to remain focused on the patient while significantly reducing clinical documentation time within a telehealth model that is designed for safety and speed.

Hospitals and physicians are beginning to experience the wide range of benefits that DAX brings, from improved patient experience and improved physician satisfaction to decreased burnout and valuable time savings, which can be used to increase patient volume. Given the breadth of lenses which our hospitals can view and measure DAX's ROI, next week we will be publishing a white paper on our IR website to better illustrate the value proposition of DAX. The paper provides feedback from DAX users across a variety of specialties, including primary care, urology, physiatry and cardiology. As you'll see reflected in the paper, in less than nine months of being generally available, DAX is already leaving a lasting impression.

Some of the key takeaways include average wait time for primary care patients cut in half, 90% of patient respondents at one practice felt that the visit was more like a personable conversation, physician burnout decreased from a rate of 72% to less than 20% at one academic medical center, and daily patient throughput increased 24% for one cardiologist. Overall, we are very excited about what is to come with DAX, and to that end, have included DAX in our fiscal year '21 guidance and updated our midterm outlook. Further, we have provided additional color on DAX's expected contribution to Healthcare ARR within these periods, which Dan will cover later.

Turning now to our Enterprise business. We continued to execute on our delivery of AI-first capabilities for consumers, agents and enterprises. With consumers increasingly seeking digital channels for customer service and online purchases, the breadth of our best-in-class solutions enables organizations to deploy intelligent customer engagement across all required channels.

One sector where this trend has become front and center is retail, where we've had several impressive wins during the quarter, including H&M and Best Buy. However, it's not just retail companies who are making these types of omnichannel shifts. Another strategic win for us in the quarter was with the U.K. government through Her Majesty's Revenue and Customs, or HMRC, which is a nonministerial department of the U.K. government responsible for the collection of taxes, among various other functions. By adopting our broad-based portfolio of solutions, HMRC has enabled its constituents to leverage digital and voice channels while utilizing our secure authentication to improve ease of doing business. Additionally, their adoption of our Mix platform ensures rapid development and deployment, making for a seamless integrated platform from end to end.

As you can imagine, these wins were all highly competitive ones, where the strength and breadth of our solutions from security and biometrics, to digital, to conversational AI, showed clear differentiation of Nuance's suite of solutions.

Along with the trend towards digital transformation, businesses are increasingly seeking to reduce agent handling time and improve customer satisfaction, resulting in secular tailwinds for our voice authentication solutions. We have seen an acceleration in the adoption of our cloud technology with our Gatekeeper offering, with key wins in the quarter such as ADP. We also have seen success internationally with our first financial sector security and biometrics wins in Qatar and Nigeria.

The superiority of these security and biometrics products is being recognized by third-party analysts as well, as Nuance was recently recognized by Opus Research as the top biometrics vendor in their Intelligent Authentication and Fraud Prevention Report, noting that we outpaced our competitors with over 600 million voice prints, 8 billion transactions per year and \$2 billion in fraud savings during the year.

While we certainly have a great team of experts here at Nuance that make our portfolio of enterprise products best in class, we also engage with our valued partners to enhance our products and drive innovation. During the quarter, we announced a new integration with the Genesys multicloud contact center architecture, Genesys Engage. By integrating the Nuance intelligent engagement AI cloud with Genesys Engage, organizations can deploy virtual assistants to increase levels of customer service, significantly reduce agent handling time and leverage biometrics to automatically identify customers and detect fraud. We look forward to furthering our collaboration with Genesys and providing enterprises the infrastructure and solutions that future-proof customer engagement investments.

Overall, our company has made excellent progress in fiscal year '20 against our three-pillar strategy, which we shared with you at our Investor Day last December: aggressively pursue our growth markets, accelerate innovation and reallocate resources to unlock growth. In the spirit of this third pillar, today we announced our strategic decision to sell our HIM Transcription and EHR business to Assured Healthcare Partners, or AHP, and Aeries Technology Group, establishing them as an independent company named DeliverHealth Solutions.

Our focus on advancing conversational AI, natural language understanding and ambient clinical intelligence solutions has resulted in a headwind to the organic growth of our HIM and EHR businesses, which provide critical support to healthcare organizations. AHP and Aeries Technology Group are seasoned investment firms with experience in the healthcare and transcription service space, and they will be able to provide the focused investments needed for these newly acquired businesses to further expand their market-leading position domestically and globally. While Dan will go into some of the financial implications, I want to emphasize our commitment to the future success of this newly established company as both a minority owner and a strong business partner with shared strategic alliance.

With all of our accomplishments in executing against our three-pillar strategy in fiscal year '20, we are most proud of what we're accomplishing in support of our employees and communities.

First and foremost, we remain committed to prioritizing the health and safety of these groups, and have thus maintained our work-from-home guidance for the vast majority of our global workforce while also making enhancements to our benefit offerings to help our employees however we can during these challenging times.

Equally important, we continue to support our employees and set them up for sustained success. In September, 30 days before the start of our new fiscal year, we held our annual sales kickoff conference with more than 900 of our sales and customer-facing employees. During the two-and-a-half-day virtual event, our sales reps learned about our FY '21 business strategies, roadmaps and the latest market intelligence, so they were all ready to hit the ground running in 2021.

As I said before, making Nuance the best place it can be, both internally from an employee experience perspective as well as a great company to do business with, remains a priority for the executive team, the Nuance board and me. As a result of our ongoing efforts, I'm pleased to share that we were recently recognized with a 2020 Tech Cares Award for our service and compassion to our professional, local and global communities during COVID-19 and beyond. We couldn't be prouder of these great strides we have made, and we will continue to work hard to build upon the success.

Overall, I could not be more pleased with the incredible strides we have taken throughout the year, and I want to both congratulate and thank our employees for their loyalty and commitment to our mission. Nearly three years into our journey of narrowing our strategic focus and optimizing our business to be a market leader in everything we do, we have reached a remarkable milestone. With the planned sale of HIM and EHR making a final step in our portfolio rationalization efforts, Nuance is positioned to reach organic growth levels that we have not yet seen in the company's history, which is reflected in our updated midterm outlook estimates for revenue and ARR. I look forward to continuing on this path of excellence in the coming months, quarters and years.

And with that, I'd like to pass it off to Dan to discuss our financial performance.

Dan Tempesta: Thanks, Mark, and thanks, everyone, for joining us today. I want to start by reiterating Mark's acknowledgement of the hard work of our employees over the past 12 months, driving us towards a successful 2020 through these volatile times. I am extremely proud of the resilience of our entire workforce and feel it shines through in our strong Q4 performance.

Turning to our results, I will begin with a brief discussion of our Q4 and fiscal year 2020 performance. As part of that discussion, I will provide some detail on the changes we have made to our Healthcare segment financial disclosures. Then, as Mark mentioned, I will provide additional color on the planned sale of our HIM and EHR businesses. And finally, I will conclude by discussing our fiscal year '21 guidance and several updates to our midterm outlook.

Overall, we are pleased with our Q4 results, delivering a strong close to a year with unparalleled external pressures. We generated \$1.479 billion of total revenue in fiscal year '20, which is at the high end of our guidance and results in an organic decline of 2% year-over-year due to the

impact of COVID-19. Our non-GAAP earnings per share for the year were \$0.83, also landing us at the high end of our guidance range.

Moving to our segment results, our Healthcare segment revenue in Q4 declined 10% compared to Q4 in 2019, while fiscal year 2020 revenue was down 4% compared to 2019. The full year decline was driven almost entirely by our nonstrategic HIM and EHR businesses, which were heavily impacted by COVID. The business lines representing our strategic healthcare revenue were down 4% in Q4 but up 3% overall in fiscal year '20. This full year growth was driven by strong performance in our Dragon Medical cloud business, which generated over \$280 million of revenue during the year, up 38% versus 2019. Additionally, our emerging cloud businesses continued to see growing demand throughout 2020, with particular strength from our PowerScribe One solution. This growth was partially offset by declines in the corresponding on-premise product offerings as we progressed through the transition of our installed base to the cloud.

While many of our offerings are still in the early stages of this transition, we are encouraged by the momentum of our cloud-based solutions and the persistent demand for our integrated add-on intelligence as we continue to execute on our platform approach in healthcare. Our ongoing transition to cloud results in a more ratable, recurring business model within the Healthcare segment. In order to illustrate this shift to recurring revenue more clearly, we have provided additional visibility into our Healthcare segment in our prepared remarks document.

First, we have broken out our radiology business into four different revenue types. This breakdown is similar to the visibility we provide for Dragon Medical, allowing for further insight into the progress of our transition to cloud within the radiology segment. Second, we are now presenting an additional table in our prepared remarks document that provides further focus on the elements of our Healthcare cloud revenues, which correlates to our total Healthcare ARR metric. We ended the year with Healthcare ARR of \$386 million, up 29% year-over-year, above the high end of our guidance range, and we're particularly encouraged by this strong growth. Despite the impacts of COVID-19 on our business, we were able to end the year near the midpoint of our pre-COVID ARR guidance range of \$375 million to \$400 million. I'd like to commend Rob and the entire sales force for the unwavering commitment and drive; truly an impressive outcome in the face of such adversity.

And lastly for Healthcare, segment profit in Q4 was 32.2%, resulting in full year segment profit of 32.6%.

Moving to the Enterprise business. Revenue declined 3% in Q4, but for the full year we were up 4% year-over-year, marking the fifth consecutive year of organic growth for the segment. The growth was driven by strength from our intelligent engagement offerings, in particular our digital and security and biometrics offerings. Enterprise segment profit in Q4 was 23.2%, and our fiscal year '20 Enterprise segment profit was 27.7%. As a reminder, Enterprise revenue and segment margins remain subject to fluctuation from period to period due to the timing of license activity, and we always encourage investors to analyze our Enterprise segment performance on an annual basis.

Turning to the balance sheet. We ended our fiscal year with a cash and marketable securities balance of \$372 million, which is above our minimum cash balance target range of \$250 million to \$350 million. Our cash flow from operations in the quarter was \$81 million, up slightly year-over-year. However, our full year cash flow from operations was \$268 million, down year-over-year due to COVID impacts on both revenue and billings. We repurchased about \$170 million of common stock and retired about \$470 million in debt principal value during fiscal year '20, all of which took place in the first half of the year. Overall, these results, combined with the strong resolve that the company exhibited throughout a very challenging and unprecedented year are a testament to the resiliency of our business, and I'm confident that we are well positioned with excellent momentum as we enter fiscal year '21.

As we continue to focus on driving organic revenue growth, Mark discussed the strategic decision we made to sell our HIM and EHR business lines. Nuance will retain a small minority equity ownership in the newly formed company, DeliverHealth Solutions, and we will continue to support our existing customers and uphold our commitments without service disruption. This final step in our multiyear portfolio rationalization effort positions us to fully execute on our strategic goals with a growth-oriented Healthcare portfolio and stronger operating margins. To better illustrate the impact we expect this transaction to have on our gross and operating margins, we have provided two charts in the prepared remarks document, which bridge the gap between our fiscal year '20 margins and our fiscal year '21 margin guidance. We will provide a final breakdown of these impacts once the transaction is closed, which we expect to occur in the second quarter of fiscal year '21.

Let's turn now to our guidance. First, I would like to note that our Q1 and fiscal year '21 guidance contemplates a run rate of the current environment with respect to COVID impacts on our end markets. Additionally, we are providing guidance on a continuing operations basis. Due to the pending HIM and EHR sale, I would remind you that since this transaction has not yet closed, the adjustments made for year-over-year continuous operation comparisons are subject to change. Taking this into consideration, we are providing the following guidance.

For fiscal year '21, we expect total revenue in the range of \$1.327 billion to \$1.367 billion, implying organic growth of 3% to 7% year-over-year. We expect our full year EPS in the range of \$0.71 to \$0.77. This guidance range assumes a full year diluted share count of 313 million shares, which I would remind investors is impacted by our stock price, currently trading above the conversion price of our outstanding convertible notes. Additionally, our full year cash flow from operations is expected to be in the range of \$270 million to \$310 million, and our free cash flow in the range of \$215 million to \$250 million. We are also updating our target minimum cash balance range to be between \$200 million and \$300 million, reflecting the reduced cash requirement of our business post the sale transaction.

Turning to our segment guidance. We expect Healthcare revenue for fiscal year '21 in the range of \$767 million to \$787 million, implying 7% to 9% growth year-over-year. This growth is in spite of the loss of a nonstrategic government contract in our coding business that did not renew after five years, creating a difficult compare in Q1. We anticipate that the loss of this term license contract will result in a \$40-million headwind in fiscal year '21, the majority of which

will occur in the first quarter. We expect to end the year with Healthcare ARR in the range of \$510 million to \$540 million, representing 32% to 40% growth year-over-year.

Both our revenue and ARR guidance for Healthcare in fiscal year '21 contemplates the expected contributions from our DAX offering, albeit modest. Specifically, we anticipate that DAX ARR will be between \$10 million and \$20 million in fiscal year '21. Additionally, given our go-to-market approach for our provider-facing clinical documentation solutions beginning in fiscal year '21, we will combine our Dragon Medical cloud and DAX revenue for reporting purposes within our Healthcare revenue table.

For Enterprise, our revenue is expected to be in the range of \$538 million to \$556 million, up 3% year-over-year at the midpoint. As I previously mentioned, our revenue guidance today reflects our visibility into our Healthcare and Enterprise markets with respect to COVID impacts, which is informed by our recent experience. Additionally, we are updating portions of our midterm outlook to reflect the impacts from the planned sale of HIM and EHR businesses and the top line growth we expect from DAX.

With that in mind, we are raising our midterm CAGR for total Nuance revenue to be 6% to 11%, up from our previous guide of 3% to 6%. We still expect about 100 basis points of operating margin improvement per year in the midterm, but we now expect to achieve approximately 28% operating margin by 2023, a 100-basis-point increase compared to our prior guidance of 27%. This updated operating margin guidance also reflects our updated expectations for R&D as a percentage of revenue, which we now expect to be approximately 14% in the midterm, compared to our previous guidance of 13%.

Diving further into our Healthcare segment, we are raising our midterm guidance to reflect our incrementally positive outlook on the business. We expect our total Healthcare revenue CAGR to be 8% to 14%, compared to our prior guidance of 3% to 5% for total Healthcare and 8% to 10% for strategic Healthcare. And finally, we expect our Healthcare ARR CAGR to be between 30% and 40%, which compares to our previously guided ARR growth of 20% to 25%. This Healthcare ARR CAGR assumes that DAX contributes between \$100 million to \$250 million of ARR by the end of fiscal year '23. Additional color on our guidance can be found in our prepared remarks document, available on our Investor website.

Before opening the call to questions, I would like to let you know that we will be attending the Guggenheim Digital Health Virtual Summit on December 8 and 9 and the Barclays Global Technology, Media and Telecommunications Conference on December 10. Both of these conferences will be held virtually, and we hope to see you there.

With that, I would like to turn the call back over to the operator to take your questions.

Questions and Answers

Operator: [Operator Instructions]

And our first question today will come from Saket Kalia with Barclays.

Saket Kalia: Congrats on the divestiture.

Mark Benjamin: Thanks, Saket. Good to hear from you.

Saket Kalia: Absolutely. Mark, hey, maybe for you: a lot to go through, but maybe we'll start with the -- start off with the point that Dan just ended with, which is the updated midterm outlook. And specifically the 30% to 40% CAGR in ARR. Obviously some big aspirations there as part of that for DAX. Can you just dig into anything that you're looking at that gives you confidence there, whether it's pipeline, whether it's competition, whether it's pricing or volume, anything. Because obviously, from \$10 million to \$20 million in ARR this year to triple-digit millions, I think, by the end of '23, that's quite a ramp. Anything that you can talk to that gives you confidence around that ramp?

Mark Benjamin: Sure, sure. Well, we're obviously happy to reflect on some of the ARR with DAX. I think it's been a highly anticipated number, or at least disclosure from the team, and we feel now is the perfect time where you've grown a lot of confidence with the solution.

For starters, Saket, I'd say at the technology level, we're really pleased with the performance of the core tech. It continues to evolve as we had planned, and in some cases, exceed our expectations on the performance side. So I mean, that goes without saying, that's obviously super critical.

The market reception continues to be overwhelmingly positive. Rob is with us, and he can touch on some of the sales motion, but the interest is undeniable. We continue to have a -- not a demand issue at all as far as getting familiar with the solution, so we feel very good there. At the specialty level as well, Saket, with some of the early specialties that hit the market, you remember a few of those: ortho, ENT, dermo, just to name a couple. We're really starting to see the take rate and the performance of the solution be quite impressive, and I think more importantly, drive the right ROI for our end customers.

And we're seeing a combination of different drivers of ROI, and in fact, we're going to publish this white paper next week to highlight some of those drivers of value. Because depending on our customer, depending on the buyer profile, and in some cases depending on the specialty, Saket, we're seeing different drivers of value for the solution, which is great. So we're really excited about coming into this year with that many specialties.

And the customers that are in the early stages, in the starter packs, are beginning to really get some, I think, volume through the system, so the expansion opportunity of existing customers that -- we've mentioned a few on tonight's call. The Providence win's a great, great partnership for us, MD Anderson. So those new opportunities and the existing ones we've mentioned in the past, we're starting to see the expansion discussions begin with our customer teams and our sales teams. So we just feel very good about our position, really on -- on really all the important aspects. So Rob's got a big target, and he's the right guy, and with the right team for the opportunity. So Rob, do you have anything there?

Rob Dahdah: Yes. I think you said it well, Mark. And I think another thing to add is just, when you think about why the confidence, it comes straight from the users. When you see the unsolicited, overjoyed responses to the users, we know that this is something real and good, and with that as the foundation for whatever we do next, I think that's really kind of -- that's the heat, that's the fuel of why we feel so good about where we are. And we're just making progress every day. The interest is fully sustained and growing, and it's -- we're just finding ways to make it the most comfortable for the users to do it sooner and more. So we feel really good.

Saket Kalia: That's great. That's super helpful. Dan, for my follow-up for you, maybe a little bit more near-term, I think the other big piece of news here is the divestiture of the HIM Transcription and EHR services business, or businesses. Can you just dig into some more of the detail on the divestiture in terms of what proceeds, if any, are there here? What would your plan be for those proceeds from a capital allocation perspective? And from a margins perspective, obviously, these deals are nicely margin-accretive, but is that margin guide here for '21 burdened by any stranded costs, just as you have a partial year of the businesses as part of the whole? Does that make sense?

Dan Tempesta: Sure, sure. Good question, Saket. Thanks. I think first, on the proceeds, at this time we're not disclosing that, but I do want to reiterate the strategic nature of what we're doing here.

So first and foremost, by doing this transaction, you can just see we're really unlocking the growth rate in the Healthcare division. I mean, this year, guiding a 7% to 9% growth rate. In the past it always was a big burden on that growth rate, and that is now behind us. Second, this is a really important transaction for us and our customers, so we're very focused on a smooth transition and making sure we don't have any service disruptions. And then lastly, from our perspective, this is an important partnership, so we're maintaining that minority ownership in the new business, and we'll really be there to show our commitment and help them along the way as well.

On your stranded cost question, yes, we do have stranded costs. We've gotten pretty good at this with auto and with the imaging transactions. Those numbers are baked into the operating margin bridge that we've provided, and even with the stranded costs, we'll obviously take some of those costs out. You can see that it is still about 100 basis points accretive to the business.

Operator: And our next question will come from Daniel Ives with Wedbush.

Daniel Ives: Can you -- so -- and maybe Rob, you can hit on this. When you talk about DAX, can you just talk about the go-to-market strategy? And just how you're sort of going through with customers. Is it a different type of sales process? And maybe just giving some examples, without naming the customers, in terms of how you think this all sort of plays out in terms of going from baby steps to, obviously, much bigger deals?

Rob Dahdah: Yes. Thanks, Dan. It's Rob. So the sales -- a couple things I'll say to set the foundation. We have an amazing footprint already in healthcare, and we have great trust with our customers. And so starting there is a really good spot, and that takes a long time to build up, so

we think that's actually, to begin with, to have a conversation like we're having around DAX puts us in a really good spot competitively speaking.

From there, I think the discussion is based on kind of the first introduction to it, and so we've done -- the team has done a really good job, the sales and marketing teams, at keeping this front and center, because as you well know, we launched this literally right into the teeth of the first days of the first wave of the pandemic. And so keeping it front and center in a meaningful way during a difficult time was something that was, I think, masterfully executed by the marketing team, making sure that we had the ability to have digital demonstrations, the ability to do it, again, in a meaningful way, not just seeing a video, but having live demos, remote live demos. Then, as interest continued to grow, where the volume wouldn't allow for everyone to get their own remote live demo at any given moment, we started to do group demos.

And so I think keeping it in front of the prospects and customers in a meaningful way has been a big and important part of it. Examples are: We might have a C-suite of a particular institution that's very interested to participate in one demo, and then get a sense of why they want to have it, and then they'd send their team below them into the next version of a demo, and so -- and we have so much available bandwidth as it relates to doing these things digitally that now we're able to have all these groups come through at various times, have the discussions, get a feel for it, and then as we go to market and start to make the sales, it's a constant process where they're familiarizing themselves with it, and then word of mouth takes over. And so we think we've been really well positioned. The strength of the solution, really, is the key part, but then being able to do this all digitally and having been nimble enough to do it, I think we're in a good position here.

Daniel Ives: Great. And then maybe to add on that, for Mark and Dan, so in terms of, like, from an investment profile perspective, I mean, what's the best way to think about over the next six to 12 months, from a go-to-market perspective? Is it just -- to continue block and tackle on the typical healthcare, but on DAX and some of the other initiatives, is there just a sense where you could just take more and more assets and more and more resources toward some of these initiatives? Especially now, selling off HIM and others, you could really strategically focus on the core.

Mark Benjamin: Well, I mean, I think we're doing just that. I think even with our midterm guide, we added another point on the R&D investment side of things, Dan. So I think -- and listen, you've been with us for longer than the last 30 months, and so you've had a front-row seat, so in many ways, we feel unburdened and really can go after all the priority investments and strategies that we've outlined. So DAX is obviously an exciting one for us. The international expansion of the Healthcare business is exciting for us. The radiology expansion and cloud conversion is super exciting for us. The Enterprise Mix platform is super exciting, security and biometrics.

So there's really -- it reminds me a little bit, as I'm answering your question, about ultimately why we did the spin-out of the auto business, is that you had competing priorities for investment, and you of course know what's happening with auto and their percentage of R&D as a percentage of revenues, and we're seeing, I think, that performance be quite nice as well. So I think what we're practicing is really a bit of the same playbook, and we feel very good about

entering this year across all of the growth categories not favoring one over another, but all of them feeling at their appropriate investment levels, and our -- Joe Petro, our CTO, Rob Dahdah, our Head of Sales, they know the support from Dan and from me is, if you can succeed and you can accelerate, we're going to pile in more and go faster with you, so -- and I think it continues just to be a very clear conversation within Nuance today.

Operator: And our next question will come from Jeff Van Rhee with Craig-Hallum.

Jeff Van Rhee: I want to dig a little deeper on the DAX as well. Can you talk in a little more detail in terms of what's the scale of your largest customer there? How many customers? Are you having discussions with some of your larger medical systems? What are they telling you? I mean, I realize obviously you guys have established a great track record of being very conservative with the numbers, and you are plugging a pretty steep ramp with DAX, but do you have large medical systems that are giving you some glimpse into how many seats they envision they could do on DAX over the next three to five years? Just a little more precision on kind of the -- those, maybe, three data points.

Mark Benjamin: Yes, I'll make a few comments, Jeff, and then perhaps Rob will add some additional color, because he's on the front line every day. But we certainly are having conversations with the nation's largest systems, including the academic systems, as well as rural systems in the mid- and ambulatory space, and surgical center space as well. So we haven't necessarily, I'd say, indexed a certain way that it would be noteworthy. I think we're seeing good interest and good traction.

The -- all of the buyers of DAX with this pilot opportunity and these starter kits that we've discussed, all have the ambition of going broadly across more than 10 or 20 clinicians in any given site, and that's certainly not their goal, and obviously we have great ambition that this will ultimately change the way that physicians practice medicine and patients experience clinical care. So those conversations continue to be, I think, certainly on a very, I think, ambitious and expansive level, and we're certainly having them across all levels and sizes. Now, the white paper we'll publish, I think, will give you, Jeff, a little bit more of the color context as far as what does this mean to a physician? What does this mean to a practice? What does this mean to a department?

And while the white paper will talk about individual cases and true-life examples, you'll start to see that a cardiologist can improve patient throughput by 25%, or you'll start to see a primary care physician can reduce wait time by 50% for his or her patients. The ROI of this solution is growing in very different and exciting ways, and quite honestly, we're learning too. So it really is a -- it's educational, but also, I think, very confirmatory. So, Rob?

Rob Dahdah: Yes, and of course, Mark's spot on with the comments. The only additional color would be that, as he described, a lot of how we look at these conversations early on, although we have these starter packs or early smaller groups, if anything, they're definitely thinking of how they work this into their broader population, and that actually, as positive as that is, it sometimes slows us a little bit because they're trying to swallow it all at once and we -- that's why we developed our starter packs. And it's definitely exciting to hear them think that way. We don't

have to lead them that way; they start there, and we almost reverse-engineer it back to the initial implication. So we're very excited, though.

Jeff Van Rhee: Yes. I think in the prepared remarks you alluded to some -- it seemed like you had maybe a couple specific instances in mind of early customers having come back for follow-on orders. Is there any expansion there?

Mark Benjamin: Certainly we've had numerous of the customers start to expand the numbers. Again -- and Jeff, you've done a lot of good work in the channel, so you understand that we're really changing the work flow and the process of practicing medicine for these physicians, so we're very sensitive to that. So we're just as comfortable starting with 10 or 20 docs and moving across a department within an IDN or moving to a second facility or third site. What we're also learning, Jeff, is that the early users of the solution are becoming the internal, obviously unpaid, of course, supporters of this solution within their systems. I mean, we have examples where -- Rob will --

Rob Dahdah: Yes, they're the best -- they become the salespeople we have. They -- some of these develop their own decks, some of these folks have their own -- they develop their own ROIs, and they go on their own selling spree. So it's very beneficial and it's totally grassroots.

Jeff Van Rhee: Yes, yes. Very helpful. You've -- certainly with Dragon, and I think also now emerging in PowerScribe One, you're becoming much more of a platform sale as opposed to a widget sale, and I think you alluded to a little bit of what you're seeing in the PowerScribe One front where you'd gotten customers coming back for incremental capabilities that have ARPU uplift. Can you just talk to and lay out any -- sort of quantify any of the, kind of, where you are on a per-seat, and where that can go over time as you start layering in? I think you mentioned workflow and image management, a bunch of other things.

Mark Benjamin: Yes. I mean, it's a little early for us to really talk too much about the uptake. I mean, it's early days, is really the point. On PowerScribe One, Jeff, we're probably -- certainly we're in the first inning of that on-prem-to-cloud upgrade. And then once you get that going, you start to layer the Follow-Up Manager and other solutions on top of the PowerScribe One solution. So it's early days, but there's a lot of attraction. And listen, we think there's a 2x, 2.5x on the on-prem-to-cloud on PS One, so we think there's a lot more to run as well with the add-on solutions in that category. But I don't know, Dan, if we have much more color than that.

Dan Tempesta: Yes, we're not giving that type of ARPU just yet. I think it's exactly what Mark said; we need to get a little bit further into this, similar to what we did with Dragon Medical, and the ARPU really started to shine and then all the add-ons on top. But I do think for base modeling purposes, we are absolutely seeing that 2x to 2.5x on the M&S, so that still holds.

Mark Benjamin: And Jeff, one final thing is that you saw in our prepared remarks, we're going to disclose more of the detail within the categories, not just in radiology, but give you a cloud category for the group that would include those solutions. So you'll be able to start to get a feel for what the growth rates will ultimately mean.

Operator: And our next question will come from Sanjit Singh with Morgan Stanley.

Sanjit Singh: I guess I should start off by thanking you for the early Christmas presents. A lot of great new positive surprises in today's release, with the midterm outlook and the sale of the EHR businesses. So that was great to see.

Maybe to start off, just sort of looking at next fiscal year, if we look at what the headwinds -- you sort of rightly mentioned that you guys got to the midpoint of your original ARR guidance sort of pre-COVID. And I was wondering if you can sort of lay out what some of the friction points were that we saw, whether it was -- whether it came to DAX rollouts or Dragon Medical One or PowerScribe, what frictions you did encounter because of COVID? And then as we imagine a world, hopefully, where we're all vaccinated, what type of tailwinds could be unleashed? And sort of a shorter way of saying it, how much sort of pent-up demand is there, do you think, for the core portfolio as we look to, maybe, a post-COVID environment?

Dan Tempesta: Hey, Sanjit, it's Dan. Let me start and then maybe Mark can add some color at the end. I'll kind of address what we saw in 2020 for some of those headwinds and then how that evolved.

I think as you recall, back in the March-April-May timeframe, the healthcare systems really struggled, and it impacted them in a couple ways with all the volume of COVID that they were seeing, number one. It really slowed their decision-making down and it deferred a lot of decisions that they were making around certain purchases.

So at that time, we paused on some of our guidance. We really pulled back on the ARR guidance because we just didn't know exactly how they were going to purchase. Some of the professional services items got deferred, and then of course, we did see some licensing slowdown. Lastly, in that HIM and EHR business, that actually took the brunt, of course, of the impact, because that's the heavy transactional and PS parts of the business. So that really hit us, I would say, in Q3.

What happened in Q4 is that the hospital systems figured out how to deal with COVID a little bit better, and then they turned on some of those decisions. So the volume activity came back because electives started to ramp up again. At the end of the year, we saw pretty much the volumes back to our -- the norms, so that's a good thing, but more importantly, Rob's sales force was really able to make great progress in selling DMO, PowerScribe One, and start those good conversations in DAX. So that's kind of what happened in 2020. I'll turn it over to Mark to address the rest.

Mark Benjamin: Yes, so I think, as Dan mentioned, I think the whole system ultimately had to learn how to facilitate COVID care, of course, while ultimately returning back to normal operations. Not just for revenue pressures within the healthcare systems, but a lot of these elective procedures can only be pushed out for so long. So as Dan mentioned, our guidance today, Sanjit, essentially has what we're experiencing today and what we've experienced for the last several months.

Now, with the pressures of COVID, Rob's team continues to learn how to operate and drive sales in the business, and they've proven that, so we feel good about that. Certainly if there's a sudden change to market conditions relative to COVID, there could be an impact on speed of bookings, if you will, and timing, as well as, we could see something in the -- on the top line pressure for the year of, call it, 100 basis points, perhaps 200 basis points. But nothing we're seeing today, and again, we have eyes on nearly 600,000 physicians every day, and the volumes we measure every day and the images coming out of our radiology business that we see every day. So, like, volume-wise, we're seeing a system that we serve that's learned how to operate and manage in a COVID environment. We can't guarantee that holds, but at the same time, we know what we know today and what we've seen historically.

Sanjit Singh: That's great color. I really appreciate the thoughtful response on sort of looking at next year. On sort of getting back to DAX, in some of our conversations with your customers and also investors, I think there's this view that the first 50 hospitals, first 20 IDN networks, right, would -- are going to be a lot tougher than the following 100 or 150. And so, where do you think we are in sort of establishing those kind of lighthouse accounts that will drive those customer references, that'll make the customer acquisition just go that much faster into calendar '22 and '23 and beyond? How many more of those kind of lighthouse accounts do you think you need to get before you start to really unlock some of that customer velocity around DAX?

Rob Dahdah: Yes. This is Rob. It's a fair point, and I really hope it works out the way you just described it. The -- as we think about that first tranche, we're still early even in that, but we have, as you've seen from some of our press releases, we have some names, we have some really good beginnings of that foundation that you described, and when you think about the dynamics of what we talked about just a little bit earlier, on one of the earlier questions or comments, as the physicians begin to use this and realize what it's going to do to change their lives, I think that's when it gets unleashed fully. And you really -- we're almost kind of co-seller in that go-forward motion. So yes, I think we're still early, but very promising.

Operator: And our next question will come from Stephanie Davis with SVB Leerink.

Stephanie Davis: Congrats on another good quarter. The ninth time's the charm.

Mark Benjamin: Thanks, Stephanie.

Stephanie Davis: So I have kind of a broader overview question for Mark, and then I have a few more follow-ups on ARR continuing the trend here. So Mark, taking a step back and kind of looking at the long road of the portfolio rationalization process, does anything stick out as a potential area where you'd like to invest more, or where maybe you'd like to pare back a bit now that everything's in place?

Mark Benjamin: Yes, it's -- I mean, I think it's a great question, Stephanie, and I think that, as you say, the road has been long, and I'm not sure windy, but it's been -- so to get to this point, I think we're feeling really good about the level of investment we have going on in the company.

And the first part of the road we've been on was a large effort to take cost out of the company that we'd directly reinvested back into Nuance to drive, I think, many of the things we're talking about today that are just starting to bud. And it's just starting to, I think, gain traction, whether it's international, whether it's DAX, whether it's mix, whether it's our security and biometrics solution and Gatekeeper and the cloud. So I think we -- the hard work that all of our employees and the company really has had for this process, I would say that if I asked, who could use more investment, obviously some may say I'll take more, but I think we feel very good about the levels.

And again, Stephanie, you know the team at this point; like, if we see success happening, even above the expectations we have, and we feel good about what our expectations are, there's nothing holding us back from going faster in that regard. And -- but we don't feel that now is the time to -- the margin picture on not just the year, and not just the shift to the portfolio mix that improves operating margins a couple hundred basis points, and the midterm operating margins that get up to that kind of 28% range, I mean, you layer that on top of the growth rate of the company, that midterm, we're calling for a 6% to 11% top line grower, with the Healthcare business growing at 8% to 14%, like, that feels really good to us, given the investment profile of the company today.

Stephanie Davis: Feels really good versus your prior seats, right?

Mark Benjamin: Yes. So we're happy.

Stephanie Davis: Now on the ARR side, I have two quick ones. The first is, reading through some of your prior comments, does this mean you're not baking in an uptick in ARR as hospital spend comes back post-COVID? It's more of a business as usual for 2021? And the second is just what the puts and takes are to get you to the low end versus the high end for the midterm.

Mark Benjamin: Yes. I mean, listen, Rob, in the face of COVID and the face of, obviously, a system that -- by the way, the systems financially were never, I think, a great shining example of excess capital to invest, right? So, and you know the healthcare space as well as anyone, so you have to walk into a system today with a very high value proposition that shows a return on their dollar, or it --

Stephanie Davis: And your fingers crossed.

Mark Benjamin: Right. And you of course need credibility, and of course you need trust, of course you need a compelling solution. So we're super experienced with that, and we know that none of the solutions -- if they don't come with that, they're not going to do well. So I think Rob proved he could get to his ARR number in FY '20, essentially at the midpoint of the original year guide, which is incredible. Obviously we're accelerating this year to a 32% to 40% ARR guide, and obviously we get some contribution of DAX, but by the way, that's not driving the difference. It's part of the difference. So you're seeing underlying strength in the core business that we've been talking about outside of DAX. And then, listen, on the midterm, it's a journey for us, and it's -- the ARR range is a wide dollar range, but it's certainly exciting growth, and nothing we see today and nothing we've experienced today would lead us to think otherwise.

Operator: And our next question will come from Yi Fu Lee with Oppenheimer.

Yi Fu Lee: Congrats on the strong finish to fiscal '20 and another strategic divestiture win [inaudible]. Just one quick question from me. It's in regards to the, I guess, the pipeline check heading into year-end. As we see some strong growth in the international side this quarter, was wondering if I could pick your brains, Mark, Dan or Rob, into, like, the different geographic regions, whether it be U.S., EMEA, A-Pac, emerging markets. Like, what are you seeing in light of, like, the secondary lockdowns we're seeing in Europe, maybe a dark winter in America? What are you seeing on the ground? And that's it for me. Thanks, guys.

Rob Dahdah: Yes, so this is Rob. I'll take a run at that. It's -- certainly it's a factor. It's out there. It's a part of the conversation, especially as we think about where we are with healthcare. Internationally they're definitely -- they've announced big lockdowns in some of the main countries we operate in, in Europe. To date, though, we've been able to maintain our conversations and maintain our progress on deals in flight. And so we have not had a complete standstill. It's actually, as the team has mentioned earlier, the systems have seemed to learn how to operate in the environment.

And now, does that mean that they are kind of gangbusters, flush with cash, ready to go explore all-new things? No. We pick and choose where we are and make sure that we're in the right places that have the capacity to have these discussions, but to date, we feel like we still have very meaningful conversations, and if we are impacted at all, it'll just be more a matter of timing rather than a change in the discussion itself. So we feel like we're in a good spot globally there.

Operator: And our next question will come from Tom Roderick with Stifel.

Tom Roderick: Rob, this question might be sort of best suited to you, but I'll let any of you guys handle it. I'd love to hear what you're seeing on the ground on the pricing side of DAX. I know it's early, and you probably don't want to reveal on a seat-by-seat basis, but it is sort of meant to be the multiples of a subscription license of Dragon Medical cloud. So maybe you can talk about that a little bit, and in the context of that, how are your early customers piloting trialing, using this in conjunction with manual scribes on an assistance basis? That would be really helpful to understand. Thank you.

Rob Dahdah: Yes. So this is Rob, and thanks for pointing that question to me. The team loves when I get all the questions. So the -- overall, pricing has been holding, and it is, as you mentioned, a multiple. We've tried to be really thoughtful about how we present this in terms of its value, and that's why we believe it's holding, because it truly represents a value relative to what it will help the physicians, the systems, the patients -- if you think about all the different types of ROI you could associate with DAX. So, so far, price is holding.

Overall, though, I think how it compares depends. So you'd say, how it compares to scribes; it has a value even where there are no scribes, and it has certainly a dollar-for-dollar match against scribes. It's in a very strong position, if that were the pure mechanics of the ROI. So -- but again, there are multiple factors. That's -- it's not just a comparison to scribes. And so we feel like we're

really strongly positioned because not every system has scribes, not every physician, even if they do in the system, has them, and we don't want to be kind of a one-trick pony there. And so we think we're really strongly positioned.

Tom Roderick: Excellent. That's really helpful. And then Mark, a separate side of the business here, kind of shifting over to Enterprise, so great to see that you're projecting organic growth here in the coming year on that front. I know you've gotten questions from many people, myself included, sort of wondering just how strategic that business remains to the long-term vision of the company, and it seems like you're really leaning into that, particularly as you see and project another year of organic growth. So to the extent that I'm sort of correct in reading that properly, how much can you sort of leverage the technology across the way from DAX and ambient listening capabilities on the Enterprise side? How strategic is that? How tough is that to repurpose on the Enterprise side?

Mark Benjamin: Yes. So hey, Tom. No, I mean, listen; we're really happy with the Enterprise business. And you've been around us for quite some time, and we've continued to, I think, take the right investment looks into that business, and they had a great year, just coming out of FY '20. So it was a big year as far as product launches with Mix, so that's really a do-it-yourself conversational AI platform for enterprise grade mid-market.

So that's a bit of what that team would decide, is something that really changes the game and changes the conversation for them. We made investments in addition to that around our security and biometrics portfolio, and it's now cloud-based, and we're getting some nice traction and nice wind. So that business is -- it has a very large voice component to it, but we're also seeing, in the markets, that conversational AI and voice really matter. And while digital transformation, which we're obviously a major part of, having the voice capabilities is really, I think, what rounds out the solution.

So we do feel good about it. I think you're reading us right. And we're calling for a 2% to 5% guide with the business this year. It's a nice healthy business. The digital portions or the intelligent engagement portions that include some of the non-voice aspects are growing quite nicely. And we'll continue to leverage their platform and their solutions across on healthcare, and we do that already today, and right back the other way. So I'd say we have a very good working combination of solutions, working with both divisions.

Operator: And our final question today will come from Vikram Kesavabhotla with Guggenheim Securities.

Vikram Kesavabhotla: I just had one follow-up first here on the Healthcare ARR guidance for this year of \$510 million to \$540 million. I think you called out about \$10 million to \$20 million of that coming from DAX. But any more color in terms of the mix of that between DMO and some of these emerging products across PowerScribe One and your other cloud products?

Dan Tempesta: Hey, Vikram. It's Dan here. Yes, I think you have it right. It is \$10 million to \$20 million coming from that ARR. And then it really is going to be a mix coming from the other categories, of course. You'll start to see that radiology product starting to churn as we start

to convert that base. It's -- 2020 was early days. We're starting to get a little bit more traction in '21. We're pretty excited about that.

The behavior of the Dragon line will be -- obviously we've made a really good dent in the U.S., but there's still U.S. conversions to take place. We're going after that international market. We're going after the community hospital market, so there will be a contribution there. And then of course this takes longer, but we're also seeing benefits from the CAPD that sits on -- the computer-assisted documentation in AI that sits on top of that platform. But of course, that won't grow at the same levels, and we're getting the benefits from the radiology side and now from the CDE One, that CDI business line.

So it's really a lot of things contributing, and because of that, we're not going to break down the components any longer. And then of course as DAX starts to ramp up, that'll make up a larger portion of it as well.

Vikram Kesavabhotla: Okay, great. And then maybe just a follow-up in terms of the DAX target that you put out for 2023 of \$100 million to \$250 million. Just any color in terms of the underlying assumptions there with respect to how pricing is going to trend here over the next few years versus the number of physicians? I think any color there would be helpful as we kind of think about the paths to achieving those targets. Thanks.

Mark Benjamin: Yes, I mean, we took a number of different, I think, filters to that in how we really modeled that, and we looked at our land and expand strategies and the adoption curves that we're experiencing with some of our early customers and how they're ramping. We took a look at all the value propositions that are driving the buying behaviors. We looked at the number of specialties as well, and specialties vary not just on a value base as far as patient throughput, but really what the clinician is -- has to serve around documentation and clinical documentation needs.

So there are a number -- there's a host of different factors that really have gone into that, and ultimately, we came out with what we knew we had starting, relative to Rob's pipeline, relative to the take rate, and ultimately, what we're seeing on price, obviously, as one of the inputs. And as Rob mentioned, we're feeling very good about all of the inputs, including price.

Now, obviously, we have a lot of execution to go make happen, and we feel very good on all ends of the market that are experiencing DAX today and the specialties that are ramping, and certainly over that period of time, the solution evolves, too. So you'll hear us start to talk about the expansion of the solution and the capabilities and the feature functionality that will drive even stronger value propositions to the sale. So it's a big range, too, just to be clear. So we feel -- we want to put it out there. I think you know the team here quite well. We like the momentum we have heading here into '21.

Operator: And this will conclude our question-and-answer session. I would like to turn the conference back over to Mark Benjamin for any closing remarks.

Mark Benjamin: I just want to thank everyone for joining, and obviously I wish everyone a happy holiday next week here in the U.S., and obviously a safe one as well. So thank you.

Operator: The conference has now concluded. Thank you for attending today's presentation. You may now disconnect your lines at this time.