CBIZ Inc. (Q4 2023 Earnings)

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Corporate Speakers:

- Lori Novickis; CBIZ Inc.; Director of Corporate Relations
- Jerry Grisko; CBIZ Inc.; President and Chief Executive Officer
- Ware Grove; CBIZ Inc.; Chief Financial Officer

Participants:

- Christopher Moore; CJS Securities; Analyst
- Andrew Nicholas; William Blair; Analyst
- Marc Riddick; Sidoti; Analyst

PRESENTATION

Operator: Good morning, everyone. And welcome to the CBIZ Fourth Quarter 2023 Results Conference Call. (Operator Instructions) Please also note today's event is being recorded. And at this time, I would like to turn the floor over to Lori Novickis, Director of Corporate Relations. Ma'am, you may begin.

Lori Novickis: Good morning, everyone. And thank you for joining us for the fourth quarter and full year 2023 CBIZ results conference call. In connection with this call, today's press release and investor presentation have been posted to the Investor Relations page of our website, cbiz.com.

As a reminder this call is being webcast and a link to the live webcast can be found on our website. An archived replay and transcript will also be made available following the call.

Before we begin, we would like to remind you that during the call, management may discuss certain non-GAAP financial measures. Reconciliations of these measures can be found in the financial tables of today's press release and investor presentation.

Today's call may also include forward-looking statements regarding our business, financial condition, results of operations, cash flows, strategies and prospects. Forward-looking statements represent only estimates on the date of this call and are not intended to give any assurance of future results.

Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties. Many factors could cause future results to differ materially and CBIZ assumes no obligation to update these statements.

A more detailed description of such factors can be found in our filings with the Securities and Exchange Commission. Joining us for today's call are Jerry Grisko, President and Chief Executive Officer; and Ware Grove, Chief Financial Officer. I will now turn the call over to Jerry.

Jerry Grisko: Thank you, Lori. And good morning, everyone. We are pleased to share our fourth quarter and full year results for 2023 and our outlook for the year ahead. Last year at this time, we reported on record performance and results in 2022.

We are pleased that this momentum continued in 2023 and that despite uncertainty at the start of the year about a potentially challenging business climate ahead, we successfully continued our trend in 2023 of achieving growth across every major service line of our business. Over the past year, CBIZ posted strong growth, achieved new milestones and demonstrated the resilience of our business model in an uncertain environment.

Most notably, for the full year, total revenue was up 12.7%. Organic revenue grew by 7.4%. Earnings per share was up by 18.9%, adjusted earnings per share was up by 13.1% and our stock price increased 33.6%.

The fundamental attributes that define our model, including a blend of essential recurring services combined with more discretionary project-based services, a diverse client base that spans companies of all sizes and a broad and growing geographic footprint continued to drive our success.

As we head into 2024, we expect the economic climate to remain favorable for the types of services that we provide to our clients.

Now turning to the performance of our business divisions in 2023. Our Financial Services division demonstrated impressive growth across every major service line, including our accounting and tax, advisory and government health care consulting businesses. Our accounting and tax services remain in high demand, which has allowed us to continue to achieve price increases in excess of our wage increases.

Our work to support clients in securing employee retention tax credit also helped to bolster our results. Our advisory services also continued to experience robust growth as strong client demand translated into steady production for our private equity advisory business, our risk and advisory, valuation and forensic consulting groups.

While demand for our technical accounting services group, a group that specializes in assisting companies and preparing to go public reflected a somewhat muted market for IPOs in 2023, we are seeing signs of improvement for these services in the coming year.

Finally, our government health care consulting business finished the year strong in terms of both kicking off project work and securing new business. We reported on our last earnings call that this part of the business experienced some softness due to a number of large contracts being delayed. The new work that we are seeing in this space more than made up for these timing changes. I will remind you that project delays are common when serving certain types of public sector clients and the business continues to navigate these changes well while maintaining strong performance.

Now turning to our Benefits and Insurance division where we built on our momentum coming into the year to achieve strong growth and performance across every major service line.

While the key drivers for growth vary slightly within the four major service lines, all benefited from high client retention rates new sales and continued improvements in pricing.

For our Employee Benefits business, growth came from higher starting valuations, new business, increased contingents and improved client retention rates. Our producer count was also up along with another key metric we monitor, average production per producer. The strong activity from our producers is evident in our full year results and should provide some strong momentum going into 2024.

Moving to our property and casualty business. We experienced growth in both the program and commercial sides of the business. Higher starting valuations, new production, strong client retention and trend also bolstered our favorable results.

The Retirement and Investment Solutions business saw growth through increased demand for our actuarial project work. We are also able to increase our producer pool within this business.

Finally, our payroll business had another strong year of performance, driven primarily by demand for our upmarket payroll platform, which also included high client retention rates for this service. We are extremely pleased with the performance of the overall business throughout 2023. As we look ahead to 2024, we remain confident in our ability to continue to perform well and to capitalize on this momentum.

Based on our strong financial performance over the past three years, the high demand for our services, our ability to retain clients, the investments to accelerate growth that we've made in the business and our access to capital, we will once again be providing financial guidance for the year.

With this, I will turn it over to Ware Grove, our Chief Financial Officer, to provide more specific details on our financial performance for the fourth quarter and the full year 2023 and our thoughts on guidance for 2024. Ware?

Ware Grove: Thank you, Jerry. And good morning, everyone. Let me take a few minutes to talk about key highlights of the fourth quarter and year-to-date numbers we released this morning. Our business continues to be strong in every major service line within both Financial Services and within Benefits and Insurance.

We are pleased that results in the fourth quarter and the full year are in line with our expectations. After encountering some weakness in the first half of 2023, both the government health care consulting and the California core accounting and tax business recorded strong fourth quarter and second half results.

The first half 2023 contract delays that we encountered within government health care consulting have resolved and the IRS tax filing delays in California moved a large portion of this recurring business from first half in the second half of 2023.

With the acquisition of Somerset in February of 2023, generating approximately $55 million of annual core tax and accounting services revenue, at the end of the third quarter, we guided that we expected the higher portion of core accounting business within our business mix this year would amplify the seasonal nature of our consolidated results in the fourth quarter, coupled with the impact of higher interest expense in the fourth quarter this year compared with last year, the loss recorded in the fourth quarter this year was higher than last year.

Total revenue in the fourth quarter increased by $32.5 million up 11% over fourth quarter a year ago. The fourth quarter same unit revenue was up $19.9 million or up by 6.8% with acquisitions contributing $12.6 million or 4.2% to growth compared with last year.

For the full year, total revenue grew by $179.2 million or up by 12.7% compared with 2022. Same unit revenue for the 12 months grew by $104 million or up by 7.4%, with acquisitions contributing $75.2 million or 5.3% to revenue growth for the 12 months this year, compared with last year.

Within Financial Services, for the fourth quarter, total revenue was up by 13%. Same unit revenue for the fourth quarter was up by 7.1%. For the 12 months, total revenue within Financial Services grew by 14.9% and same-unit revenue for the 12 months was up by 7.6%. We experienced strong revenue growth across all lines of services, including core tax and accounting, advisory services and government health care consulting services for both the fourth quarter and for the 12 months in '23 compared to '22.

Within Benefits and Insurance, total revenue in the fourth quarter of '23 grew by 5.7% and same-unit revenue grew by 4.8%. For the full year, total revenue grew by 6.9%, with same-unit revenue growing by 6.5%. Every major line of service within our Benefits and Insurance group recorded revenue growth for both the fourth quarter and for the 12 months. We continue to see strong client retention and new client production.

The investments we have made in recent years to hire and increase the number of new business producers continue to gain traction. We remain committed to further enhancing growth capabilities within the Benefits and Insurance group, and we will continue to make investments in hiring and in developing additional producers in 2024.

On February one of '23, we acquired Indianapolis-based Somerset CPAs and Advisors, with estimated annual revenue of approximately $55 million. There are transaction closing costs plus onetime integration-related expenses associated with this transaction.

In a similar manner to reporting New York-based Marks Paneth acquisition cost in 2022, we are reporting an adjustment to eliminate Somerset acquisition-related costs from GAAP reported results to report adjusted results this year. We are extremely pleased to have both the Somerset team on board this year and the Marks Paneth team, now in its second year, and both are performing in line with our expectations.

In addition to these acquisition-related expenses this year, we reported a gain of $1.5 million related to the sale of technology assets in our Financial Services practice group in the third quarter and a gain of $1.4 million resulting from the receipt of contingent payments in the fourth quarter related to the last year's sale of a book of business within Benefits and Insurance.

Last year, we recorded a gain of $2.4 million related to this transaction. These gains were recorded in other income and represented approximately $0.02 per share for the fourth quarter of '23 and $0.04 per share in '22. With a view towards presenting meaningful comparable information, eliminating the impact of these gains, and eliminating the acquisition-related expenses, adjusted earnings per share this year is $2.41 up 13.1% compared with adjusted earnings per share of $2.13 last year.

Considering these same adjustments, adjusted EBITDA, which serves to eliminate the impact of both tax and interest costs was $223.8 million for the 12 months this year, up 17.7% over adjusted EBITDA of $190.1 million last year.

A table reconciling reported GAAP numbers to these adjusted earnings per share and adjusted EBITDA numbers that I'm referencing is included in the earnings release issued this morning. So you can review the detail of the items included to arrive at adjusted numbers.

We have previously talked about the level of health care and benefits, travel and entertainment expenses and marketing expenses that are normalizing the higher levels post pandemic. As we continue to restore and expand outreach to clients and prospects by design, travel and entertainment expenses are trending higher and we have also restarted several media campaigns in our marketing programs this year.

Some of you may recall seeing the CBIZ TV spots positioned on CNBC, PGA golf events and in other spots last fall. For 2023, collectively, these expenses represented a 20 basis point headwind to margin on pretax income compared with the prior year. We continue to project that these expenses will settle in at approximately 100 basis points lower than pre-pandemic levels.

But for a period of time, the year-over-year comparison has presented a headwind. As always, details of the impact of accounting for gains and losses in our nonqualified deferred compensation plan are outlined in the release. Because we are comparing a period in 2022 with capital market losses compared with capital markets gains in this year, there is a significant impact to the GAAP reported earnings as you look at both gross margin and operating income, and you can find this information noted in our release.

As a reminder, pretax income margin is not impacted by this accounting factor. We will continue to say that over time, we expect to achieve a 20 to 50 basis point annual increase in pretax margin. In any given year, margin improvement may be either higher or lower for a number of reasons, including the impact of the expense level headwinds in '23 that I mentioned earlier. As you look back over time, we are very pleased that our performance has been near the higher end of that range. Now turning to cash flow items and balance sheet.

At December 31, '23, the balance outstanding on the $600 million unsecured credit facility was approximately $312 million, with about $272 million of unused capacity. With leverage of approximately 1.5x adjusted EBITDA at year-end as calculated in our $600 million credit facility. This provides plenty of capacity to continue both strategic acquisitions and provides the flexibility to continue with share repurchases.

In 2023, including the Somerset acquisition, we completed a total of five acquisitions. We used approximately $108 million for acquisition purposes, including earnout payments on acquisitions that were closed in previous years. Including the EBK transaction, which closed earlier this month, combined with estimated earn-out payments on previously closed acquisitions.

For acquisition purposes, we expect to use approximately $67 million in 2024, $36 million in 2025, $12 million in 2026 and approximately $2 million in 2027. Since the end of 2019, we have closed 21 acquisition transactions and we have deployed approximately $394 million of capital for acquisition purposes, including earn-out payments over that time.

We continue to actively repurchase shares in 2023. For the full year, we repurchased approximately 1.3 million shares in the open market at a cost of approximately $65 million.

Since the end of 2019, we have purchased a total of approximately 9.4 million shares, and that represents about 17% of shares outstanding compared to the end of 2019. Approximately $342 million of capital has been used towards this repurchase activity and the weighted average share count has been reduced by approximately 9.6% since the end of 2019. Day sales outstanding at year-end was 78 days compared with 74 days a year ago. Bad debt expense for 2023 was 10 basis points of revenue compared with 8 basis points a year ago. Depreciation and amortization for the fourth quarter was $9.3 million compared with $8.2 million last year.

Full year depreciation and amortization was approximately $36 million compared with $33 million a year ago. The increase in depreciation and amortization is primarily driven by amortization related acquisition activities.

Capital spending for the fourth quarter was $4 million and was $23.1 million for the 12 months of 2023. The higher capital spending in '23 was driven by tenant improvements and furniture related to several significant office moves, including our move to the new headquarters facility during the fourth quarter.

Capital spending normally runs within a $10 million to $12 million range annually, and we expect spending closer to that level in the years ahead.

As a reminder we are a major tenant with a long-term lease in our new headquarters building. We are not an owner of the building. The expense of the new headquarter space is no higher than had we renewed the prior lease and updated the space we previously occupied. The cost is in line with the average cost of the 127 locations we occupy across the U.S.

In the fourth quarter, compared with the temporary bridge space we occupied previously, the cost was slightly higher, but there is no material impact in the fourth quarter results. The effective tax rate for the 12 months in '23 was 27.3%, up from 25.5% a year ago. This rate was slightly lower than the 28% rate we had guided for the full year, primarily due to several favorable items that are unique to 2023 that we were able to recognize in the second half of the year.

The increase in the effective tax rate from '22 to '23 was primarily driven by the expiration of provisions associated with the Tax Reform Act of 2017. Looking ahead to 2024, the recurring and essential nature of many of our services provide stability through economic cycles.

As we look at employment-driven metrics within our benefits and in our payroll businesses, we are seeing continued signs of steady employment within our clients. The tools and systems we have put in place in recent years have enabled us to increase pricing and keep pace with underlying cost pressures and we expect the same dynamic entering 2024. Should we encounter softness in revenue or client demand, we have a number of variable items in our cost structure, and we can take actions to protect margins.

The investments we are continuing to make in new business producers, particularly within our Benefits and Insurance group have gained traction, and we are seeing strong new business, coupled with strong client retention that is driving revenue growth.

Now with an eye on the continuing macroeconomic risks, we are projecting further steady growth in 2024. In addition to a positive outlook for organic growth, we always have an active pipeline of potential future acquisitions. As a practice, however, due to the unpredictable nature of acquisition activity, our annual guidance does not include the future impact of acquisition activity that is not yet closed.

At this early point in 2024, full year guidance is largely driven by organic growth expectations. Beyond organic growth, the acquisition of EBK, which closed effective February 1st this year, with $8.9 million of annualized revenue and other relatively small midyear 2023 acquisitions will contribute modestly to revenue growth in 2024.

Of course, we update guidance throughout the year to reflect the impact of any significant acquisition activity as it occurs throughout the year. So with this in mind, we are comfortable to provide full year 2024 expectations as follows: we expect total revenue to increase within a range of 7% to 9% over the $1.59 billion reported in 2023. On an adjusted basis, we expect 2024 adjusted earnings per share to increase within a range of 12% to 14% over the adjusted earnings per share of $2.41 that we reported in 2023.

GAAP reported earnings per share is expected to increase within a range of 13% to 15% over the $2.39 reported in 2023. The effective tax rate for the full year of 2024 is expected to be approximately 28%, which is slightly higher than the 27.3% rate we just reported for 2023.

Of course, the effective tax rate can be impacted either higher or lower by a number of unpredictable factors. And fully diluted weighted average share count is expected within a range of 50 million to 50.5 million shares for the full year of 2024. So with these comments, I will conclude, and I'll turn it back over to Jerry.

Jerry Grisko: Thank you, Ware. Before we move on to Q&A, I'd like to provide a brief update on our M&A results for the year. Interest in M&A within our industry remains high and CBIZ's strong performance and success with integrating a large number of firms of varying sizes and profiles, continues to position us as an acquirer of choice.

We began 2023 with a healthy pipeline of M&A opportunities and we are pleased that we were able to complete three acquisitions and two tuck-in transactions totaling just over $67 million in annualized revenue. These transactions include Somerset CPA as an adviser, a highly regarded accounting and tax firm headquartered in Indianapolis, Indiana.

Somerset was a platform acquisition for us in that it allowed us to enter an attractive and growing market with size and scale. We've been pleased with the results from Somerset so far and are likewise pleased with our progress on integration.

We also acquired Pivot Point Security in 2023 an advisory firm specializing in cyber and information security headquartered in Hamilton, New Jersey. We have been pursuing an acquisition to broaden our cybersecurity services and expertise for some time, given the growth in demand for these kinds of services. We are pleased how this group has already complemented our existing risk advisory services practice.

Both Somerset and Pivot Point are excellent examples of how we acquire firms that bring strategic value to CBIZ and strengthen the breadth and depth of our services while adding valued expertise and capacity.

And just last week, we announced the acquisition of Erickson, Brown & Kloster, a CPA firm located in Colorado Springs, Colorado that will expand our reach across the state of Colorado and complement our growing Denver-based practice. EBK provides a broad range of accounting and tax services focused on small middle market businesses. We're happy to welcome the EBK team to team CBIZ. With that, we'll move on to Q&A.

QUESTIONS AND ANSWERS

Operator: (Operator Instructions) Our first question today comes from Chris Moore from CJS Securities.

Christopher Moore: Hey good morning guys and Congrats on another great year. Maybe I'll just start where Jerry left off on M&A. Just curious in terms of the pipeline, are there many $50 million-plus acquisitions that are in that pipeline at this point in time?

Jerry Grisko: Yeah,. Chris, we don't comment, as you know, on the exact pipeline size and transactions size of the companies and the number in there. But what I would say is we remain pleased with the amount of revenue certainly in aggregate within that pipeline and the number of transactions represented by that pipeline. So deals come and deals go. We were pleased with what we were able to accomplish last year and pretty pleased with what we're seeing so far in the pipeline.

Christopher Moore: Got it. I appreciate that. Maybe we'll just talk a little bit about visibility. I mean given the backdrop this time last year, there were more rate increases were likely versus today. At some point in time, we'll probably get some rate cuts. Can you talk a little bit about visibility today versus this time last year?

Jerry Grisko: Yes. So Chris, the nature of the business is, obviously, a large percent of it of essential recurring services. So kind of through the busy season, we remain very pleased with what the business and what we're seeing and what we expect to do through that period of time. As we sit here today, we don't obviously have as much visibility into the back half of the year.

But when we look at the factors, like you said, we think interest rates will stabilize. We see cautious optimism among our clients. So we sit here today, I would say, equally optimistic and maybe even slightly more optimistic than we were sitting here at this time last year. The one uncertainty being obviously to election year, you never know how that's going to shape consumer confidence.

Christopher Moore: Got it. That was helpful. I was going to ask that as well. Maybe just one more for me. You talked about pricing during -- in Financial Services during fiscal '23 was above wage increases. Is pricing now back to more normal 2% to 3% for the year for Financial Services? Or just anything you can say in terms of what pricing looks like there?

Jerry Grisko: Yes. I'll comment on two things. First of all, Chris, as you know, we've been able to more than offset any wage increases with pricing. We're seeing some easing in the labor pool, which are bringing wage increases down a little bit. You've seen that kind of across the board. So obviously, that's the labor part of it.

As far as prices are concerned, yet to be seen. We still expect to be able to go out with favorable pricing this year. And as you know, we've built considerable processes systems reporting infrastructure around our ability to methodically analyze our pricing within an office within a client by service line. So we still think that there's considerable opportunity on the pricing side.

Operator: Our next question comes from Andrew Nicholas from William Blair.

Andrew Nicholas: Hi good morning. Thanks for taking my question. Just wanted to first follow up on that last question on pricing. Jerry, you said considerable opportunity. I imagine that's specific to '24, but maybe if you could talk about kind of the medium-term pricing opportunity? I know in prior years, you've had some benefit from the investments on that side and maybe what you've described as some catch-up pricing. I was under the impression that, that's largely out of the equation at this point.

So if you could kind of respond to that and talk about maybe medium-term price expectations, that would be helpful.

Jerry Grisko: Yes, Andrew, when I say considerable opportunity, it never stops, right? So the pricing disciplines that we have, the systems, the processes, the tools -- they're not fully embedded yet in Marks Paneth, obviously, that's a more recent acquisition or Somerset even more recent. So we have opportunity there.

We also go through our client profiles and identify clients that may not fit the profile of a client that we can serve in a profitable way, call those clients, bring a different profile of clients into the fold and being -- pursue pricing with those clients as well. So I think this is an ongoing -- not I think -- I know this will be an ongoing focus of CBIZ and our ability to continue to bring pricing. So I think midterm looks -- is positive.

Andrew Nicholas: Got it. That's helpful. And then wanted to ask a question. I think you touched on easing labor markets. Can you kind of address capacity constraints at CBIZ broadly?

Do you feel like you're properly staffed for what sounds like pretty uniformly strong demand from your clients? And maybe how easy is it to find talent in the current environment?

Jerry Grisko: Yes. Let me start here, Andrew. Labor has -- for the 25 years I've been in this industry, labor has always been tough to find, right? Always challenging to find qualified, experienced labor. With that said, you've seen some of the layoffs at the big 4, that's obviously easing the labor demands in the labor pool.

We've seen some of that among some of the larger firms as well, other larger firms. So right now -- and by the way, our attrition rate, our retention rate is even higher today. I'm sorry, our retention rates are even higher today -- are more favorable today than they were pre-COVID. So we're able to retain people at a more favorable rate and I think the pool on the other side is easing a little bit, which allows us to attract and recruit a little bit more favorably. So all of those things are positive for us.

And yes, you're correct, we feel confident today that we have -- we're adequately staffed to be able to take advantage of the demand that we have for the services.

Andrew Nicholas: Great. And then maybe if I could ask one last one on the M&A environment. It sounds like you're pretty constructive on the pipeline and what makes it up. Can you talk a little bit about pricing there where multiples have trended and there's another private equity sponsor investment in the space here recently. Just wondering if you could maybe respond to the potential impact from that on your business?

Jerry Grisko: Yes. Andrew, great question. Here's what I would say, below the large platforms in your -- the transaction that was recently announced fits into that category, a very large firm, large platform acquisition.

I would say below the large platforms, pricing hasn't moved considerably over the past couple of years. I mean it might have ticked up quarter -- 25 bps or 50 bps.

Certainly, the larger platform transactions are trading at considerably higher multiples. And it's really a scarcity factor. And so as you would expect, they're trading higher. But in the types of transactions that we typically pursue, we haven't seen material pricing differences.

Operator: (Operator Instructions) Our next question comes from Marc Riddick from Sidoti. Please go ahead with your questions.

Marc Riddick: So I wonder if you could share a little bit of your views as to some of the -- if there's much in the way of differentiation of client behavior and demand drivers and in particular, whether that's an industry vertical type thing or a regional mix.

And also, I was wondering if you could talk a little bit about the thoughts around sort of the project-based work. I mean you touched on it in the prepared remarks around some of the advisory, but maybe sort of give a little bit of color as to sort of maybe what folks are willing to move forward on? Or maybe if you're seeing any changes, that sort of signal towards green shoots and the like?

Jerry Grisko: Yes. I'll take the first part of it, and I'll turn to Ware for the second part of it. But as far as clients are concerned, client sentiments are concerned, as you know, one of the very attractive attributes of CBIZ is that we're not overly concentrated in any particular industry or any particular geography. So we are seeing -- we serve largely a kind of a middle market client although we have clients on either side of that, of course, that middle market client tends to be optimistic by nature, tends to be resilient.

And we heard that in our most recent client sentiment survey is that I characterize it as cautiously optimistic. I think there -- as interest rates start to normalize, that's a positive. And that client base, so long as they understand kind of what the landscape looks like they tend to then invest forward and invest in growing their businesses.

So all of that's positive, including for the outlook for the more project-oriented work we do. If we have a more optimistic, proactive client base there. They tend to turn to us to help them evaluate the types of projects that they're considering. Ware, do you want to talk a little bit more about...

Ware Grove: Yes. The only other thing about the advisory business, I would remind you of is a good share of that tends to be recurring and repetitive. For example, the internal audit co-source and Sox consulting tends to be more long-term year after year. As does the valuation work or at least pieces and parts of the valuation work are repeated annually.

On some of the project work that's focused on private equity or venture capital, IPO readiness and things like that, we see a bit of ebb and flow, but we've had a very strong year collectively in that group. And we've seen a bit of a rebound in those two pockets that I just mentioned. So we look at 2024 with some optimism at this point.

Marc Riddick: Great. And then the last one for me, I was sort of curious as to if there are any timing discrepancies around tax filing that we should be thinking about this year? I know we had this last year. And well, it seems like you kind of had a little bit of it almost every year, right? I don't know last four, five years, I was also curious as to whether or not there was any particular call out what should we be thinking about or this is more traditional as far as the timing of that?

Ware Grove: As far as we know, this should tee up as a relatively normal year for us. Keep an eye on all the rains and the floods on the West Coast, we don't know. But just remember that if these things do occur, it really represents a shift seasonally, not a reduction in the business.

Operator: And ladies and gentlemen, at this time, I'm showing no additional questions. I'd like to turn the floor back over to management for any closing remarks.

Jerry Grisko: Thank you. As we wrap up today, I just want to thank our shareholders and analysts as we always do, for joining the call and for your continued support and management and in the company. I also want to take this opportunity to recognize our team, as many of you listen in on the calls on a regular basis.

I started the call today by reporting on our very strong performance and results for the prior year 2023. It was a year that included a number of important milestones and achievements. Among them and one that I'm particularly proud of is setting a new record for workplace awards. In 2023, CBIZ was recognized with over 100 workplace awards, most of which are based on anonymous feedback directly from our team members. Embedded in our company's vision statement is a commitment to strive to be our team's employer of choice.

And these awards are a testament to that commitment, the commitment of each of our team members to support each other and to the exceptional work that we do for our clients and to the strength of our culture.

To our team, I'm grateful for your support, proud of all that we've accomplished together and even more excited for a brighter future. Thank you. And enjoy your day.

Operator: Ladies and gentlemen, with that, we'll conclude today's conference call and presentation. We thank you for joining. You may now disconnect your lines.