CBIZ, Inc.(Q1 2024 Earnings)
April 25, 2024

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; Citi; Analyst

PRESENTATION

Operator^ Good day. Welcome to the CBIZ first quarter 2024 Results Conference Call.

(Operator Instructions) Please note this event is being recorded.

I would now like to turn the conference over to Lori Novickis, Director of Corporate Relations.

Please go ahead.

Lori Novickis^ Good morning, everyone.

Thank you for joining us for the CBIZ first quarter 2024 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 Investor Relations website. An archive replay and transcript will also be made available after 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 Grisko. Jerry?

Jerry Grisko^ Thank you, Lori. And good morning, everyone.

We are pleased to report that we're off to a strong start to the year.

For the first quarter, total revenue was up 8.7%, with growth coming from every major service line across our two business divisions.

Our performance for the quarter came in as expected. And reflects continued strong demand for our services and the optimism and resilience of the clients that we serve.

Now turning to the performance of our two major divisions.

Our Financial Services division demonstrated growth across each of its three major service groups, accounting and tax, advisory and government healthcare consulting.

For our Tax & Accounting business, client demand for these essential and recurring services remains high, and our results include our continued success in capturing increased pricing to reflect the value of the services that we provide to our clients.

Likewise, our Advisory Services also enjoyed a strong start to the year including for those services that are more closely tied to M&A activity. After the start of the year with cautious optimism, we are already seeing the impact of improved deal flow in Q1 with especially strong demand for our private equity-related Advisory Services.

Encouragingly, we're also beginning to see increased demand for new projects within our technical accounting, prep IPO service line.

Our Government Health Care Consulting business was able to build on progress made in the second half of 2023, as this group was successful in securing new business and launching new projects.

During the first quarter, the continued increased volume of work translated to strong growth at the start of the year.

Now turning to our Benefits and Insurance division, where we maintained our record of achieving growth across each of our four major service lines.

For our Employee Benefits business, the growth came primarily from strong client retention and market rates.

Also our producer pool is up compared to the same period last year.

For our Property and Casualty business, increased service revenue and market rates contributed to continued strong results.

Our P&C business remains encouraged by a healthy pipeline of new business opportunities, despite a slight decline in the number of producers as a result of planned retirements. Growth in our Retirement Investment Services business was largely driven by market trends and special projects in our actuarial business. This group also continues to add producers.

For our Payroll business, strong interest in centrally HR, which is our upmarket payroll platform that serves larger and more sophisticated businesses continue to fuel strong growth. The growth in revenue we experienced in the first quarter was in line with our expectations and affirms the overall health of our business and the consistent demand for our services.

With that by way of background, we are affirming our previously issued guidance for the year.

I will now turn it over to Ware Grove, our Chief Financial Officer, to provide more specific details on our financial performance for the first quarter.

And To remind those on the call today of our guidance for 2024. Ware?

Ware Grove^ Well, thank you, Jerry. And good morning, everyone. Let me take a few minutes to talk about key highlights of the first quarter numbers, we released this morning.

Total revenue in the first quarter increased by $39.7 million or up 8.7% over first quarter a year ago.

Same unit revenue was up $26.9 million or up by 5.9%, with acquisitions contributing $12.8 million or 2.8% to growth compared with last year.

Within Financial Services, for the first quarter, total revenue grew 8.6% and same-unit revenue for the first quarter was up 5.1%, with strong revenue growth spread among core Accounting, our

Advisory Services, and Government Health Care Consulting Services. Within Benefits and Insurance for the first quarter, total revenue grew by 8.3%.

Same unit revenue was up 7.6%. Every major line of service within our Benefits and Insurance group reported revenue growth. The investments we have made to hire new business producers in recent years has gained traction and we are continuing to make investments in hiring additional producers in order to further enhance growth potentials within this group.

Costs in the first quarter included several nonoperating items recorded within general and administrative costs that impacted pretax margin.

We have previously commented that legal costs are somewhat episodic and can be unpredictable throughout the year.

In the first quarter, we recorded higher legal expense, impacting margin by approximately 50 basis points. There is no one significant issue driving this, rather this is higher cost is associated with small settlements and legal costs related to a variety of issues.

So I wanted to highlight this for you.

Another item is the self-funded healthcare plan costs.

We have also previously commented that this nonoperating item can potentially cause short-term volatility in reported results. Higher costs in the first quarter this year impacted margin by 40 basis points.

And lastly, you are likely aware of the increase in CBIZ share price over the past 12 months. With a closing price of $78.50 at March 31 this year, this is up from $49.49 a year ago and is up from $62.59 at year-end 2023. This, of course, is good news.

The GAAP accounting, however, causes an increase in reported costs, with our phantom share plan in place as an element of our compensation approach that is designed to more closely align employee interest with shareholders reporting this compensation-related obligation at a higher fair value impacted margin by 20 basis points. These three items impacted adjusted earnings per share in the first quarter by approximately $0.08 a share.

The nature of these nonoperating items are somewhat unpredictable.

So it is unclear how the balance of the year will unfold for these items.

But incurring these higher first quarter costs does not change our positive full year outlook for 2024.

So as you look at first quarter results, I think the takeaway is that the health of the business is very strong. Performance is in line with our expectations.

An additional consideration incurring in first quarter results this year to last year is that with first quarter adjusted earnings per share up near 24% a year ago, this year, we are comparing against a very strong first quarter a year ago.

During the first quarter of this year, we completed two acquisitions, EBK and CompuData.

We are extremely pleased to have both of these teams on board this year.

Initial results are good, and they are performing in line with our expectations.

With a view towards presenting meaningful comparable information, eliminating the impact of onetime acquisition-related expenses and other nonoperating related gains and losses. Earnings per share for the first quarter this year on an adjusted basis was $1.54, up 5.5% compared with adjusted earnings per share last year of $1.46.

Adjusted EBITDA, considering the same adjustments, was $118.8 million for the three months this year. A table reconciling reported GAAP numbers to these adjusted earnings per share and adjusted EBITDA numbers is included in the earnings release issued this morning.

For the quarter, we reported an increase in interest expense of $870,000 with an earnings per share impact of approximately $0.01 a share. Considering the steady rise in borrowing rates throughout 2023, we expected a slight headwind with interest expense in the first half this year.

As always, details of the GAAP accounting for gains and losses in our nonqualified deferred compensation plan are outlined in the release.

As you look at both gross margin and operating income comparisons, the impact of the gains and losses should be excluded for a meaningful comparison. And as a reminder, pretax income is not impacted by this accounting.

Now turning to cash flow and balance sheet items.

We experienced our normal seasonal use of cash in the first quarter.

On March 31 this year, the balance outstanding on the $600 million unsecured financing facility was $438 million with approximately $148 million of unused capacity. With a leverage ratio of approximately 1.96x adjusted EBITDA. This provides plenty of capacity to continue with strategic acquisitions and also provides the flexibility to address share repurchases.

In the first quarter of this year, we completed two acquisitions.

We used approximately $55 million for these acquisitions including earnout payments on previously closed transactions.

For earn-out payments for acquisitions previously closed.

We expect to use approximately $25.5 million over the remainder of this year. Approximately $39.4 million in 2025, $15.3 million in 2026 and approximately $6.8 million in 2027, pre-estimated earn-out payments.

Deploying capital for strategic acquisition purposes continues to be our highest priority.

Since the end of 2019, we have closed 22 transactions, and we have deployed approximately $444 million of capital for acquisition purposes including the earn-out payments over that time. Beyond using capital for acquisitions, we have the flexibility to use capital for share repurchases, with approximately 9.4 million shares repurchased since the end of 2019 we're about 17% of shares outstanding since that time.

We have used approximately $342 million of capital towards share repurchases since that time.

Days sales outstanding on March 31 this year was 101 days, compared with 94 days a year ago. The increase driven in part by the extended California tax filing deadline last year plus tax consulting work recorded later in '23 and into the first quarter this year. The DSOs at the end of the first quarter reflect the seasonal nature of our core tax and accounting business.

Bad debt expense for the three months was 11 basis points of revenue, compared to 10 basis points a year ago. Depreciation and amortization expense for the first quarter was $9.5 million, compared with $8.6 million a year ago.

For the full year, we expect depreciation and amortization at approximately $36.5 million this year compared with approximately $36 million last year.

Amortization expense is primarily driven by acquisition activity and the amortization of intangible assets.

For those of you who want to make adjustments for this, for the three months, amortization expense was $5.9 million, and for the full year, amortization may be approximately $24 million this year.

Capital spending for the first quarter was $5.1 million, and this included $1.7 million of capital items associated with our new headquarters move that occurred in the fourth quarter last year.

For the full year, we expect capital spending within a range of $12 million to $15 million. The effective tax rate for the three months this year was 26.1%, which is slightly lower than 26.5% from a year ago.

The quarterly effective tax rate can be volatile for a number of reasons, and we continue to expect the full year effective tax rate for 2024 at approximately 28%. The recurring and essential nature of many of our services provide stability through economic cycles.

At this point, as we look at employment-driven metrics within our Benefits and in our Payroll business, we are seeing continued signs of steady employment within our clients.

If we experience pressure on revenue growth, there are a number of variable items within our cost structure, and we can take measures to mitigate the impact.

We are pleased with the performance of business in the first quarter of this year, and we continue to have a very positive outlook for the full year 2024.

So to reaffirm our full year guidance, we will say the following.

We expect total revenue to increase within a range of 7% to 9% for the year. GAAP reported earnings per share is expected to increase within a range of 13% to 15%, over the $2.39 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 was reported in 2023. The effective tax rate for the full year of '24 is expected at approximately 28%. This rate could be impacted either up or down by a number of unpredictable factors. And lastly, a 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'll 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 activity and our results for the year. M&A continues to be a key part of our growth strategy, as we build on our reputation as an acquirer of choice, given the volume and quality of transactions that we've completed in recent years.

We began this year with a healthy pipeline of M&A opportunities and have already completed two acquisitions.

As I outlined in our last earnings call in February, we acquired Ericsson Brown Kloster or EBK, a CPA firm located in Colorado Springs, Colorado. EBK's wide range of accounting and tax services complements our growing Denver-based financial services practice and provides us with broader representation across the state.

Last month, we were also pleased to welcome CompuData. A premier technology solution provider targeting middle-market organizations. Headquartered in Philadelphia, CompuData specializes in cloud computing, accounting ERP software, managed IT and security services. These services are in high demand and are essential solutions that our clients rely on to operate and grow their businesses.

CompuData brings deep technical expertise and knowledge within key industries that we serve. CompuData is another example of how we're using M&A to strengthen and build our service offerings that are in high demand by our clients.

We welcome both EBK and CompuData teams to CBIZ.

With that said, we'll move on to Q&A.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question comes from Chris Moore with CJS Securities.

Christopher Moore^ Congrats on another strong quarter. Maybe, Jerry, maybe just continue a little bit on the CompuData conversation.

It looks very interesting, definitely outside kind of the normal M&A focus. Just trying to understand, is there a certain subset of CBIZ customers that this is particularly relevant to one segment more than others?

Just maybe just trying to understand a little bit better.

Jerry Grisko^ Yes. Thanks, Chris. There is, in fact, and we try to put this -- for each acquisition we make, we try to put the rationale, the strategic rationale in the press release.

But in this instance, it was really building out our advisory services and more specifically within our private equity practice. As we go in and help clients within that advisory practice, we more and more have been often asked to help them with their systems, we go in and we -- today even before CompuData, we go in and we assess their systems a little bit, assess their reporting and help them in a number of different areas.

But this just broadens that service offering and allows us to meet the demand, the request that we're receiving from clients in that area of the business.

Christopher Moore^ Got it. Very helpful. Maybe I'll just stay on M&A for one second. The Marks Paneth acquisition a little more than two years ago, is it fair to say that synergies and cross-selling from there pretty much been fully realized?

Or is that still ongoing benefits from there?

Jerry Grisko^ Yes. I would say ongoing, Chris.

So just a good way to kind of understand this is that the first year is we don't get a lot of synergies or a lot of cross-serving because there's a considerable amount of change that comes as we migrate from their systems on to our systems and there's change in processes and operating systems, et cetera.

So -- so first year, very little of that.

We are now starting to see them, now that they're, I think fully onto all of our systems. Their operating margin should improve their leaning into our pricing initiatives.

We have seen some cross-serving coming out of that organization, although I would expect that that would continue to even accelerate from this point forward.

So I think the year two and beyond is where we really start to see the growth in the revenue that comes out of the combination of these two organizations and margin expansion.

Christopher Moore^ Got it. I appreciate that. Almost there, still much uncertainty in terms of what the Fed is going to do at this point in time anywhere from a small decrease to a small increase in '24. From where you sit today would a 50 basis points decrease or increase in, say early Q3, would that have much of an impact on the way you're viewing the year?

Jerry Grisko^ No. I don't think so.

When you were asking the question, I was actually thinking about our client sentiment, right?

And what we're hearing from our clients is that -- what they're really looking for is a more stable environment.

I think that we're seeing that this year.

I think we started to see that at the end of last year, and we're seeing it now.

So a 50 basis point, swing one way or another.

I don't think we'll really change that sentiment. And as long as they -- there is a fairly level playing field and they understand the climate, I think that gives our clients the confidence to continue to invest and grow their businesses.

Christopher Moore^ Got it. Sorry. One last one maybe for Ware.

Interest expense had, I think, roughly $0.17 negative impact on fiscal '23 year-over-year. And just trying to understand a little bit better how you're viewing it in '24 versus '23?

Ware Grove^ Yes. Thanks, Chris. Yes. The vast majority of the increase in rates would have been felt year-over-year of last year.

We still see a small residual impact in the first half this year, just because when you compare to first half last year, there was just a general rise last year but not a spike like we saw '23 versus '22.

So when I commented about a $0.01 impact in Q1, there may also be a small impact in Q2, but it's really a first half comparison, and that's baked into our expectations, of course.

Christopher Moore^ Got it. I appreciate it guys and I'll leave it there.

Operator^ Our next question comes from Andrew Nicholas with William Blair.

Andrew Nicholas^ Wanted to start with the M&A pipeline. Jerry, you spoke to that at the end of your prepared remarks, but just a little bit more color on how that's shaping up.

Maybe some commentary on deal multiples?

Then also within that, is there any way to talk about the pipeline or your interest or even your capacity to do tuck-ins versus maybe even deals that are a little bit larger.

Jerry Grisko^ Yes. Thanks, Andrew.

Well here's what I would say about our pipeline is, it's really not changed from the beginning of the year and what we said at the beginning of the year is that we were pleased with that pipeline both the number of transactions and the size of the transactions that were in that pipeline.

As always, deals come and go and some are larger and some are smaller, but pretty pleased as evidenced by the fact that we've already closed two transactions so far this year.

As to multiples, again answer consistent with what we've said kind of over the past 24 months, which is below the large platform transactions, we haven't seen multiples really moving much.

There is a considerable amount of activity in the accounting space with private equity firms.

I think over time that will impact multiples, but we haven't seen material shifts to date with the exception of the large platform transactions. There were two in the first quarter, in February, there was the announcement that Baker Tilly was accepting an investment from private equity.

Then in March, Grant Thornton went the same direction. Those trade add significantly higher multiples than the typical transaction that we've -- that we would normally engage in.

So that's what's happening on the multiple side.

As far as the tuck-ins versus kind of more platform transactions, look, we're always interested in both. Tuck-ins for us means that we already have a significant presence in the market and that tuck-in acquisition allows us to expand our talent pool or expand a line of service that might be in high demand.

You'll see those things from time to time.

We would not do a small transaction as a stand-alone transaction in a new market.

But from time to time, we have the opportunity to add quality team members in an existing market where we have scale.

As far as larger transactions are concerned, well I would say CompuData, even though -- I don't recall the revenue, call it, $20 million, $25 million, was -- would fit in those categories.

I mean it was a service line that was in high demand by our client, great team, they had worked with our PE team and our Philadelphia based team in the past.

So good cultural alignment there. So kind of checked all the boxes.

We would certainly continue to be interested in those types of transactions.

Then when and if the right really sizable transaction, as we've always said, we will continue to evaluate those based on cultural fit, strategic fit and our ability to integrate and onboard those acquisitions.

So yes, to all of the above, I guess I would say.

Andrew Nicholas^ No. That's really helpful.

I appreciate the thorough response. Maybe just a follow-up on the M&A from before I ask one more, is when you think about kind of the runway for deals with private equity now encroaching on the ecosystem. Do you envision multiples moving in certain kind of areas or sub practices within the accounting services market more than others?

And maybe another way to ask that question is, do you have any indication of those private equity-backed players or really any competitors opting for your accounting and tax over advisory over cyber or in some other order?

Or is it pretty uniform and similar to your own strategic priorities on that front?

Jerry Grisko^ Yes. I'm guessing a little bit in my response there, right?

I'm speculating a little bit.

But certainly where we see the activity today is in very traditional core accounting tax practices. That's where most of the activity has been, I suspect, over time that they will also be more active in the advisory space.

There are some private equity firms active in that space, but they're not to date, the same firms that are interested in core accounting.

So we do have -- just so the full disclosure, we do have PE competition in both of those spaces, but they're not the same firms.

I think -- I suspect over time, once they establish a more of a platform and more scale in core accounting that we will see some of those firms also in the advisory space, although we really haven't seen it today.

Andrew Nicholas^ Makes perfect sense.

Then maybe just one more for me is it sounds like you're pretty optimistic or at least your clients are optimistic on the Advisory Services business, in particular.

Can you talk a little bit more about M&A-related activity and maybe how that ramped over the course of the quarter?

Because it does feel like to me that, that's incrementally better than the last time we spoke.

Then relatedly, if you could just kind of recap what the margin profile is of those types of businesses relative to the rest of the Financial Services segment. Thank you.

Jerry Grisko^ Yes. So Andrew, what I would say as far as the advisory type of practices are that the client demand tends to be within that advisory space.

So as I mentioned on -- well I'll give you two examples. Last year, we announced Pivot Point. That's a cyber practice.

That demand is within that practice is within our risk and advisory practice.

We had some capacity there.

We were hearing high demand from our clients.

So Pivot Point joined us, another great organization.

We're really enthusiastic about what we'll be able to do with that to meet the demands.

But it's more within the advisory client, as opposed to kind of a broad-based all CBIZ clients, although candidly, I think there should be higher demand there.

And so we're pursuing that as well.

But the demand that we're seeing for those advisory services are within really specific clients.

I'll shift to CompuData.

As I mentioned in my response to Chris' question, that is really a demand that we're hearing within our private equity practice.

So we're in there, obviously helping them with their financial needs, and there's a lot of systems alignment there and correlation there.

So we oftentimes get asked about helping them with their systems, and that was really the strategic fit of CompuData.

I don't -- there was another question there that I lost, the margin.

Ware Grove^ Yes. The margins in the advisory business are higher, generally speaking, than the core tax and accounting.

So if core tax and accounting is in the mid to upper teens on an annual basis, we might expect 400 or 500 basis points higher on the advisory side.

Operator^ Our next question comes from Marc Riddick with Sidoti.

Marc Riddick^ So thanks for all the detail that you've already provided.

One of the things I was sort of curious about maybe you can sort of share some buzzes to what you're seeing with your client industry verticals, maybe if there are any particular call out or any areas that maybe have been of interest, either on the positive or negative side?

Then maybe if you could sort of share thoughts similarly from a geographic footprint perspective, whether or not we're seeing any regions perform a little stronger than others?

Jerry Grisko^ Yes. Marc, it's Jerry.

As we've said, again kind of one of the very favorable characteristics of our business is that we're not overly concentrated in one industry.

We're obviously not overly concentrated in any single geography.

So those -- oftentimes, when you see when you see impact one way or another, it might be in the tech center sector or the energy sector, the healthcare sector, we don't have those high concentrations.

So I would say across our broad-based client in industries where we're hearing, I think a reasonable level of optimism, as we would generally see among middle market clients, as to the environment that they're in today and the prospects for the rest of the year, we're not seeing a really different sentiment in one industry over the other.

I guess if I had to call one out, I think we'd call out Construction I think with rising -- with the interest rates where they are today and cost of materials and a number of other factors, maybe the construction industry one might be one that's a little bit more tepid at this point.

But short of that, I wouldn't see -- we're not hearing anything from our clients that would -- that would be favorable or unfavorable in the industry. The second thing is the geography, and I would say the same thing there, generally seeing nice growth and nice strength across all geographies.

Marc Riddick^ Excellent.

Then could you maybe spend a little time maybe what you might be looking at as far as at least maybe between now and the end of the year or just generally near-term investments internally that you might be looking at?

Or anything that you'd sort of like to sort of highlight as to reinvest in future growth opportunities?

Jerry Grisko^ Yes. So I don't think anything outside the ordinary.

I mean we always have a long list of investments that we're considering to continue to make the business more efficient and to continue to bring differentiated products and solutions to the client and to accelerate growth.

So on the growth acceleration, obviously we've talked for years about our investments in producers.

We continue to make those investments.

We continue to make significant investments in the tools that will make us more efficient including generative AI and blockchain and those types of tools that are generally embedded in third-party products, but we have an innovation group that's focused on understanding what those products are and how they may impact the business.

So there is a list of investments.

We continue to make those. We have made those. We continue to make those throughout the year.

But I don't think anything beyond what we've -- what you're accustomed to within our models within our financial performance.

Ware Grove^ Yes, Marc, this is Ware. Just from an operating standpoint, we talk about these from time to time, just the increase in what we'll call investment in hiring new producers just because of the ramp-up time, it's considered an investment for the first 12 to 24 months.

So that has had kind of a choppy impact on our benefits and insurance margins as we've hired more or less from time to time.

And you're seeing right now in the first quarter kind of the wraparound impact on margins with our Benefits and Insurance group with hires that were done in '23 that now impact first quarter of '24.

We also are increasing resources in our national tax office, and that's a revenue generating resource.

So again, there might be a timing difference between the hiring and the investment versus the revenue.

So we kind of view that as an investment.

Then thirdly, we're beefing up our offshoring capabilities and capacity.

So we've gone from 30 to 40 to 50 and on upwards in terms of offshore resources. They're highly seasonal, but they're committed resources for us throughout the year and beyond kind of tax and accounting, we also use them for some of the consulting services throughout the year as well.

So those are three areas where, as with any management team, we're weighing the timing of those investments against the payback.

Those are three examples of what we're doing that are tangible examples.

Marc Riddick^ Thank you very much.

Operator^ This concludes our question-and-answer session.

I would like to turn the conference back over to Jerry Grisko for any closing remarks.

Jerry Grisko^ Thank you, everybody.

Before we wrap up today, I want to take an opportunity, as we always do, to thank our shareholders and our analysts for your continued support of our team and of the company.

I also want to take this opportunity to recognize and thank our team.

As we started today's call, we outlined the great start that we've had to the year.

I want to recognize that we're just wrapping up another very busy tax season within our accounting and tax group with many team members across the company working very long hours to go above and beyond for our clients and our team.

Our team is, obviously, what makes our results possible.

I continue to be inspired and impressed by our team's dedication to our clients, their commitment to supporting each other and to driving growth within the company.

So for our team, I want to say thank you for your support. Your exceptional efforts and your focus on what we can achieve together by harnessing the power of one CBIZ. Thank you. And enjoy your day.

Operator^ The conference has now concluded. Thank you for attending today's presentation.

You may now disconnect.