CBIZ, Inc(Q3 2022 Earnings)

October 27, 2022

Corporate Speakers:

- Lori Novickis; CBIZ: Director of Corporate Relations
- Jerry Grisko; CBIZ: President, CEO & Director
- Ware Grove; CBIZ; SVP & CFO

Participants:

- Stefanos Crist; CJS Securities; Analyst
- Andrew Nicholas; William Blair; Analyst
- Marc Riddick; Sidoti & Co.; Analyst

PRESENTATION

Operator: Good day, and welcome to the CBIZ Third Quarter 2022 Results Conference Call. (Operator Instructions). I would now like to turn the conference over to Lori Novickis, Director of Corporate Relations. Please go ahead.

Lori Novickis: Good morning, everyone, and thank you for joining us for the CBIZ Third Quarter and 9 Months 2022 Results Conference Call. In connection with this call, today's press release and quarterly investor presentation have been posted to the Investor Relations page of our website, cbiz.com. As a reminder, this call is being webcast. A link to the live webcast can also be found on our site. The 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 for his opening remarks. Jerry?

Jerry Grisko: Thank you, Lori. Good morning, everyone. Thank you for joining us for today's call. We are pleased to report that the very strong results that we experienced during the first half of this year have continued through the third quarter with impressive revenue growth coming from every major service line of our business. Within our Financial Services group, we continue to experience strong demand across all 3 major service lines, those being our core accounting businesses, our advisory businesses and our government health care consulting business. We're also pleased to report that our recent acquisitions within this group are, in total, performing in line with expectations and making a positive contribution to our overall results.

Organic revenue growth within our Financial Services group was 14.4% for the third quarter and 12% year-to-date, which reflects our continued success in hiring and our ability to improve pricing for our services. While the market for talent remains very competitive, our investment over the past several years to expand our recruitment team has allowed us to add the talent needed to keep up with robust client demand.

Also, our ability to drive pricing increases as a result of the significant investments that we have made in systems, reporting, tools, and training to equip our team to have better visibility into pricing and profitability trends by client and by service line. Our pricing discipline should also serve us well if faced with a more competitive environment in the future. As a reminder, certain of our advisory services tend to be more discretionary by our clients, which make them less predictable to forecast than the more recurring essential services that we provide.

So far this year, we continue to experience high demand for new work and have also had success in expanding existing projects. Also, the pipeline of work for the remainder of the year appears strong, although we have noticed that the scope of certain deal-related engagements has reduced, and the time frame for completing that work has extended, which may indicate that M&A deal flow for some of our clients is beginning to slow.

Now moving on to our Benefits and Insurance group. With organic revenue growth of 7.3% for the third quarter and 8.6% year-to-date, we also continue to experience strong results from our 4 major service lines within this division. Those being our employee benefits business, property and casualty insurance business, retirement and investment solutions business and our payroll business.

Similar to last quarter, strong sales, high client retention rates and favorable trend in employee benefits, Property & Casualty and payroll are supporting our performance across this division. Within our Retirement and Investment Solutions service line, we have a portion of our business where our fees are tied to assets under management. And those fees are down year-to-date based on the performance of the market. At the same time, we have more than made up for that impact as a result of increased fees in other areas of this business, favorable retention rates and strong sales.

As we've discussed on past calls, a key driver of organic growth within our Benefits and Insurance group is our ability to continue to add new producers. We are pleased to report that our producer count within both Employee Benefits and Property & Casualty is up over last year, and our total producer pool for the entire Benefits & Insurance division is expected to be up by year-end.

Based on our strong financial performance for the first 9 months of this year and our current outlook for the fourth quarter, we're pleased to be in a position to raise our revenue and earnings per share guidance for the full year, and Ware will provide the specific targets in his comments. With this, I will turn it over to Ware to review the details of our financial performance for the third quarter and our guidance for the full year 2022. Ware?

Ware Grove: Thank you, Jerry, and good morning, everyone. Let me take a few minutes to talk about the key highlights of the third quarter and year-to-date numbers we released this morning. As Jerry commented, the strong momentum we saw throughout our business earlier this year has continued through the third quarter. Total revenue in the third quarter increased by $80.5 million, up by 28.5% over third quarter a year ago. Third quarter same unit revenue was up by 12.3% with acquisitions contributing 16.2% to growth compared with last year.

For the 9 months this year, total revenue grew by $254.8 million, up by 29.6% compared with last year. Same-unit revenue for the 9 months grew by 11.1%, with acquisitions contributing 18.5% to revenue growth for the 9 months this year compared with last year. Within Financial Services, for the third quarter, total revenue grew by $72.8 million, up 38.9%. Same unit revenue for the third quarter was up by 14.4% with strong revenue growth throughout traditional core accounting services, advisory services and government health care consulting services.

For the 9 months, total revenue within Financial Services grew by 39.8% and same-unit revenue for the 9 months was up 12.0%. Within Benefits and Insurance, same unit revenue in the third quarter grew by 7.3%. And for the 9 months, same-unit revenue grew by 8.6%. We continue to see strong client retention and strong new client production. The investments we have made in recent years to hire and increase the number of new business producers has continued 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 additional producers for the balance of this year and beyond.

Acquisition activity in 2021 and through this year of 2022 was focused primarily within our Financial Services business. The newly acquired businesses are contributing to this robust total revenue growth. These acquisitions will continue to perform well, but as we lap these mid-21 acquisitions, the growth rate in total revenue attributed to '21 acquisition activity will naturally moderate. Bear in mind, as you look at earnings per share for the third quarter and for the 9 months compared with a year ago, my comments today reference adjusted results and adjusted earnings per share in both periods.

A year ago in the second quarter of 2021, we adjusted results to eliminate the impact of the $30.5 million UPMC settlement cost. Plus we eliminated the $6.4 million gain on the sale of operations that was recorded in the second quarter last year. On an adjusted basis, in 2021, we reported $0.41 per share for the third quarter, and we reported $1.84 per share for the 9 months.

This year, in 2022, we announced the acquisition of Marks Paneth effective January 1. We estimated annual revenue of approximately $138 million, and we also outlined anticipated first year nonrecurring transaction and integration costs that were associated or would be associated with the acquisition. We are extremely pleased to have the Marks Paneth team on board and the business is performing in line with initial expectations.

During the third quarter and for the 9 months this year, we have incurred approximately $1.3 million and $9.3 million, respectively, of one-time first-year nonrecurring transaction and integration costs. These nonrecurring costs represent approximately $0.02 per share for the quarter and approximately $0.13 per share for the 9 months.

In addition, in the third quarter this year, we recorded a gain of $2.4 million related to the sale of a small specialty noncore book of business in our property and casualty line of service. This $2.4 million gain is recorded as other income and represents approximately $0.03 per share for the quarter and for the 9 months. With these items in mind, and with a view towards presenting meaningful comparable information, eliminating the impact of the items I mentioned, adjusted earnings per share for the third quarter this year is $0.51, up 24.4% compared with the adjusted earnings per share in '21 of $0.41.

For the 9 months, adjusted earnings per share this year is $2.31, up 25.5% compared with adjusted earnings per share of $1.84 last year. Adjusted EBITDA, considering these same adjustments, was $194.5 million for the 9 months this year, up 26.7% over adjusted EBITDA of $153.5 million last year. Without going into detail during this call, 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 see the details of the items included to arrive at adjusted numbers.

During last year and into the first quarter this year, after seeing artificially low levels of expenses through the pandemic, we talked about the level of health care and benefit costs, travel and entertainment expense and marketing expenses that are normalizing to higher levels. For the first 9 months of this year, these expenses represented an approximate 100 basis points headwind to margin on income before tax compared with the lower levels experienced in 2021.

While we are seeing increases this year versus last year, these expenses, most notably travel and entertainment expense, are expected to level out at approximately 100 basis points lower than pre-pandemic levels in 2019. As we continue to enhance revenue growth with intentional outreach efforts to clients and to new business prospects, we expect that these costs would present headwinds this year.

Comparing year-over-year adjusted results for the 9 months ended September this year, pretax income margin was down 40 basis points. The expense items I described represent approximately 100 basis points of headwinds. And aside from the intentional increase in T&E and other increased expenses in the short list of items that I mentioned, we are happy to be leveraging other costs. 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 2021 with capital markets gains compared with this year with capital markets losses, there is a significant impact to the GAAP reported numbers as you look at both gross margin and operating income. As a reminder, pretax income margin is not impacted by this factor.

Cash flow from operations continues to be solid. Earlier this year, we amended our unsecured credit facility to increase availability from $400 million to $600 million, and we extended the maturity by 5 years. At September 30, the balance outstanding on the newly upsized $600 million unsecured facility was $271.1 million with about $311 million of unused capacity.

In the 9 months this year, we've used approximately $95.8 million for acquisition purposes, including earnouts on acquisitions that were closed in previous years. In the third quarter, we announced the acquisition of Stinnett and Associates that was effective July 1. With the Stinnett transaction, combined with estimated earn-out payments on previously closed transactions, for acquisition purposes, we expect to use $13.5 million over the remainder of 2022, approximately $50 million in 2023, $46.5 million in 2024 and $27 million in 2025. Since the end of 2019, we have closed 15 transactions and we have deployed approximately $268 million of capital for acquisition purposes, including earnouts on payments over that time.

In addition to using funds for acquisitions during the third quarter, we repurchased approximately 744,000 shares of our common stock. Through September 30, we have repurchased approximately 1.6 million shares in the open market at a cost of approximately $68 million. Since September 30, under a 10b program, we've repurchased approximately 400,000 additional shares, making the total shares repurchased through October 26, approximately 2 million shares this year.

To recap repurchase activity in recent years, since the end of 2019, we have repurchased a total of approximately 7.3 million shares, representing about 13% of shares outstanding compared to the end of 2019. Approximately $236 million of capital has been used towards this repurchase activity since 2019.

The balance sheet at September 30 is strong with leverage of approximately 1.5x of adjusted EBITDA. This provides plenty of capacity to continue with strategic acquisitions and provides the flexibility to continue with share repurchases. DSO on September 30 was 93 days compared with 88 days a year ago. Bad debt expense for the first 9 months was 12 basis points of revenue compared with 7 basis points a year ago. Depreciation and amortization for the third quarter was $8.2 million versus $7.0 million last year. Year-to-date, depreciation and amortization is $24.7 million compared with

$19.9 million last year. Capital spending for the third quarter was $2.4 million and $6 million for the 9 months. For the full year of '22, we're expecting capital spending to be approximately $10 million.

With a recent rapid rise in interest rates, we are seeing an impact in interest expense, we have $115 million of fixed rate swaps in place to hedge the full impact of rising rates. But for the third quarter and year-to-date, we reported an increase in interest expense that impacted margin by approximately 20 basis points of revenue.

In addition to the fixed rate swaps with investment income earned on client funds, there is also a natural balance sheet hedge to further mitigate the impact of rising rates. The effective tax rate for the 9 months this year was 26%, and that was up from 24.5% a year ago. For the full year this year, however, we continue to expect an effective tax rate close to 25%, although this can be either higher or lower due to several factors. We will continue to say that over time, we expect to achieve a 20 to 50 basis point annual increase in pretax margin. As you look back in recent years, we are pleased that our performance has exceeded the higher end of that range. But with 100 basis points or more impact of the items I outlined earlier, the margin on pretax income may be relatively flat this year compared with the prior year.

Looking ahead, the recurring and essential nature of many of our services provide stability through economic cycles. Through the third quarter this year, as we look at employment-driven metrics impacting benefits and in our payroll business, we are seeing continued signs of steady and strong employment within our clients. As we look further ahead and recognize the potential for economic slowdown, if we encounter pressure on revenue growth with a number of variable items in our cost structure, we can take measures to mitigate the impact.

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

Results for the 9 months are very strong. As we look at the balance of the year, we are comfortable increasing full year '22 guidance as follows: We expect total revenue to increase within a range of 26% to 28% over the $1.1 billion reported in 2021. On an adjusted basis, we expect 2022 adjusted earnings per share to increase within a range of 26% to 28% over the adjusted earnings per share of $1.66 reported last year. GAAP reported earnings per share is expected to increase within a range of 48% to 51% over $1.32 reported in 2021.

The effective tax rate for the full year of '22 is expected at approximately 25%. As I mentioned earlier, this can be impacted either up or down by a number of factors. Fully diluted weighted average share count is expected within a range of 52.5 million to 53 million shares for the full year this year. So with these comments, I will conclude, and I'll turn it back over to Jerry.

Jerry Grisko: Thank you, Ware. Before we move to Q&A, I want to touch on what we're hearing from our clients, the fundamental attributes of our business that we believe will allow us to continue our strong performance even if the business climate becomes more challenging and provide a brief update on our M&A activity.

Every quarter, we informally survey a broad cross-section of our clients to get a feel for their outlook on the economy and the prospects for their business. While responses vary across our wide range of clients, the geographies they serve, and their industries, our clients generally remain optimistic about their performance through the end of this year. Although longer term, there is an increasing level of concern about rising interest rates, the rate of inflation, threats of an economic downturn, shortages of skilled labor and continued supply chain challenges. With those items and all the discussions around the possibility of a more challenging business climate in the months ahead, I want to take this opportunity to emphasize how the strength of our business model, combined with our long-term investments in our people, service offerings, systems and tools, position us to continue to perform relatively well even in less favorable business climates.

The fundamental attributes of our business model include that approximately 75% of our revenue comes from essential and recurring services. That's work that our clients need us to perform regardless of the business climate. And of the remaining 25% of the more project-oriented work, we often see continued demand for a good portion of that work even in slower economic periods, although the services provided and the scope of engagements may be different. Other positive attributes of our business are that we enjoy very high rates of client retention at approximately 90%. We operate over a broad geographic footprint. We have a diverse client base with regard to their size and industries, and we provide strong and consistent cash flow, all of which have historically allowed us to remain resilient and approach changes in the business environment from a position of strength.

Finally, as I previously mentioned, we continue to make significant progress in driving improved pricing for the core services provided by our financial services group. We are confident in our ability to maintain the rates that we have in place and feel that there is still more room to continue to secure pricing increases in the future. Moreover, our continued investments to expand our service offerings and add people with specialized depth of expertise also position us to support our clients in new ways and to help them navigate and find opportunities in more challenging business climates. As we demonstrated throughout the pandemic, revenue generated from these types of services helped to mitigate the impact of other areas of our business that may experience slower demand in this kind of a landscape.

Now let me turn to M&A. Adding high-quality, best-in-class organizations to our team through acquisitions is and will continue to be a key component of our growth strategy. So far this year, we've completed 2 acquisitions with combined annualized revenue of approximately $155 million. Beyond these recent acquisitions, our M&A pipeline continues to be strong, and we have access to capital to close on the transactions that are in our pipeline and likely to be completed in the months ahead. With that, we will move on to Q&A.

QUESTIONS AND ANSWERS

Operator: We will now begin the question-and-answer session. (Operator Instructions). At this time, we will pause momentarily to assemble our roster. Our first question comes from Christopher Moore from CJS Securities. Christopher, please go ahead.

Stefanos Crist: This is Stefanos Crist calling in for Chris. Can you talk a little bit more about price increases in the financial services business and how susceptible those are in a slowing economy?

Jerry Grisko: Yes. This is Jerry. Look, what we've done over the past several years has made substantial investments in the tools and the systems and the reporting that give us better visibility into our pricing opportunities by client, by service line. And that's reflected in the results that you've seen today and the very strong results. How that plays out in a more challenging business climate - time will tell, although I will comment and our expectation is that there's still pricing opportunities in that environment for us. And we will work with our offices to make sure that we're taking advantage of those opportunities. So I think it's still going to be positive for us, but time will tell exactly how that plays out.

Stefanos Crist: Great. And just a follow up. Private equity has been relatively a recent entrant in the financial services M&A. Can you just talk about what valuations you're seeing today versus 12 to 18 months ago?

Jerry Grisko: Yes, definitely and that's the right time frame. About 18 months ago, it was rare that we would really have that type of competition when we were talking to firms. We have seen them over the past 18 months and multiples have kicked up a little -- 1 or 2 turns in that space -- but it's still very affordable. And we find that we can be very competitive in our pricing and still provide our targeted IRR on those transactions. So, to date, it really hasn’t driven pricing beyond something I think is reasonable.

Operator: We have a question now from Andrew Nicholas from William Blair.

Andrew Nicholas: The first one I wanted to ask kind of plays off of your recession or resiliency commentary, Jerry. And it's about kind of the profitability of the different practices within your 2 segments or your 2 primary segments. Is there any major difference in profitability between those businesses that would perhaps be a bit more susceptible, maybe what makes up that 25% of more project-based business relative to the 75% that's locked in?

Ware Grove: The area that might be more susceptible, and we've talked about this before, core accounting is pretty repetitive and essential. Government health care services is pretty recurring and long term in nature. But on the financial services side, the advisory business is more project oriented. Having said all that, there's a good, I'll say, half of that business that tends to be recurring from year-to-year. For example, valuation does annual goodwill impairment and intangible studies and things like that. They also do project work related to purchase price accounting and transaction that's maybe a little more volatile, just to give you an illustration. So, that's the piece of business that slowed down a bit in 2021, but rebound at '20, but rebounded very nicely in '21 and '22. We've got an eye on that. So far, the pipeline is full, and we're seeing some signs of initial softness, but we also have some variability in the cost structure that will enable us to protect margins as we go forward. So that's probably the area that we look at as probably being the most vulnerable area within our suite of businesses.

Andrew Nicholas: And Ware all else equal, is that piece that is vulnerable, higher margin than the rest of the segment? Or is it pretty comparable to kind of the core accounting tax work?

Ware Grove: It tends to be higher margin. We've had value pricing opportunities this year because demand has been so strong. If our ability to continue that is compromised or we need to be a little more flexible, clearly, the pricing could -- I think it will stick -- but it won't enable the year-over-year increases we've seen this year. To the extent that we're under pressure on projects and pipeline and business, we have some variability in the cost structure with contractors and the like, where we can serve staff against search demand. So that's a bit of a variable component within that model that really serves us well here if we encounter a slowdown where those steps are needed.

Andrew Nicholas: That's helpful. And then going back to the pricing comments, is there an outsized opportunity in that department when it comes to acquisitions generally and maybe even Marks Paneth specifically. Do you take that as a key part of your acquisition case now, maybe more so than you did a couple of years ago? Or is that something that takes a little bit more time to assess after incorporating or integrating an organization like Marks Paneth.

Jerry Grisko: Andrew, this is Jerry. That's a great observation. I will tell you that we have not seen a firm anywhere. I'm sure the Big 4 have some of these capabilities. But below the Big 4, we've not seen a firm that have the tools, the processes of systems they're reporting that we've built in this area. So the answer is, yes, in every instance, when we look at a firm, we see opportunities to bring those tools to that firm and help improve their discipline around pricing. We don't typically put it into -- well, we don't typically -- we don't ever put it into the model, but we know that that opportunity is there for us.

Andrew Nicholas: That's helpful. And then if you don't mind me squeezing one more in. Just looking at the acquired revenue over the past 3 quarters or year-to-date. I know we, as analysts, are kind of forced to make some assumptions on the smaller deals, but it certainly seems like that Marks Paneth has been incredibly successful year-to-date, maybe $120 million, $125 million year-to-date revenue, if my math is correct. That certainly seems like it's pacing ahead of the $138 million that you had originally targeted. I don't -- maybe my math is wrong, but I'm just trying to square away that math with what seems like in-line commentary in terms of your expectations because it seems to me that Marks Paneth is really hitting the cover off the ball.

Jerry Grisko: Yes, Andrew, another good observation and maybe Ware and I can tag team on this one a little bit. But the one thing to keep in mind with regard to the accounting practice in general and certainly true at Marks Paneth is, it's really hard to look at it on less on a full year basis because in any given quarter, certain work can get pulled forward. And so yes, the answer is they're performing very well. We're very pleased - continued strong performance, but it's hard to look at the performance of that business through the first 3 quarters and then kind of straight line that growth through the rest of the year.

Andrew Nicholas: Fair enough. Thank you very much.

Operator: (Operator Instructions). Our next question is coming from Marc Riddick from Sidoti & Company. Marc, please go ahead.

Marc Riddick: Good morning. So I wanted to touch on -- certainly, you've covered a lot of things I really appreciate that. I was wondering if you could talk maybe sort of a big picture here because on top of the acquisition contributions and going back to the pricing and the organic growth, it's pretty clear that you guys have gained a lot of market share. Maybe you could talk a little bit about what you're seeing there as far as some of those benefits and maybe how you think that might continue to play out?

Jerry Grisko: Hi Marc, it's Jerry. Again, another really good observation. What we've seen is that the model that we've been really kind of building over a long period of time, which is expanded expertise and depth of expertise in scope of services has resonated very well with the market. And so that combination of continuing to build depth of expertise and breadth of services, combined with a very strong kind of business development, sales outreach, combined with now a receptivity to digital outreach and thought leadership and programs, all have gone to drive significant growth across the business. So those are, again, very intentional steps that we've taken along the way that are now really kind of paying dividends, and that's what we're seeing in our growth.

Marc Riddick: And I know this is probably predictable, but I'd be remiss if I didn't ask anyway. Could you bring us up-to-date as to as where you are as far as the marketing approach, not just with the commercials, but maybe the broad brush wise, not just from a spending perspective, but sort of maybe effectiveness that you think you're seeing there.

Jerry Grisko: Yes. From an effectiveness standpoint, marketing is really -- you undertake activities and then you take a pause and you measure your brand awareness. And the last time we did that, which was certainly within the past 12 months, we are very pleased with the results and the outcome as to within markets where we are focused. Our brand awareness certainly relative to prior periods of time and then the performance or how well recognized we are certainly compared to our peer group. So what that tells us is that we're doing the right things in the right areas. With that said, it continues to evolve all the time. And in particular, I think the digital portion of that and how we're approaching our clients and prospects from a digital perspective and the results that that’s driving.

Marc Riddick: And then you touched on this a little bit... I'm sorry.

Jerry Grisko: On the campaign, you will see that as soon as the next kind of wave of our campaign of our national TV campaign will come out right after election cycle. So you'll see some of that coming out shortly here.

Marc Riddick: Makes sense. I would imagine those rates are a lot less expensive. Last thing, you touched on this a little bit, but as far as reaching out to clients and getting feedback from them, you touched a little bit about the broad reach of verticals that you touched on, the industry client verticals there. I was wondering if you could talk a little bit about maybe if there are any standouts, either good or bad, as far as the differentiation that you're seeing from your client industries and maybe what they might be experiencing or what you're getting from them?

Jerry Grisko: Of course, there's always there are always differences by industry. So for example, if you're in the construction industry, you're particularly interested in interest rates and what's happening there. If you own, develop and own those properties, residential is in higher demand right now than commercial rental properties. So there are those types of factors that are weighing in on particular segments. But again, the takeaway to the comments are that we are not overly weighted in any particular industry or geography that might have a more difficult time in various economic climates.

Marc Riddick: Great. Thank you very much.

Operator: This concludes our question-and-answer session. I would like to turn the conference back over to the CEO, Mr. Grisko for any closing remarks.

Jerry Grisko: Thank you. As we wrap up today, I just want to take this opportunity, as we always do, to thank our shareholders and analysts for your continued support. And also, as always, I want to take this opportunity to recognize and thank the key drivers to our success and that being our team members. It was a very busy third quarter for CBIZ with client deadlines and various busy seasons across our business.

Whether going above and beyond for a client or connecting with or supporting a colleague, our team's focus on growth, dedication to service and our commitment to our core values is what really sets CBIZ apart, and it's the foundation for our strong performance. I'm grateful to each team member for how they contribute to our success and make CBIZ a better place for all of us every day. With that, we'll close our third quarter call. Thank you again for your time, and enjoy your day. Thank you.

Operator: The conference has now concluded. Thank you very much for attending today's presentation. You may now disconnect.