

Company Participants

Michael Massaro - CEO & Director

Conference Call Participants

Tien-Tsin Huang - JPMorgan Chase & Co, Research Division

Presentation

Tien-Tsin Huang

JPMorgan Chase & Co, Research Division

All right. Terrific. Thanks, everyone, for joining. Good morning. My name is Tien-Tsin Huang. I cover the payments and IT services sector at JPMorgan. Really happy to have the Flywire team back at it, back here with us. They've been a great supporter of the conference over the years. So thank you for being here with us. Mike Massaro, CEO. Great to see you. Thanks again for being here.

Michael Massaro

CEO & Director

Thanks for having me.

Tien-Tsin Huang

JPMorgan Chase & Co, Research Division

We've got Cosmin and Masha also in the audience. So we'll go through a quick fireside chat. I've taken a lot of questions from the investment community, and hopefully, we'll get through this mic. And yes, is there anything else you want to talk about just be sure to flag it. But again, thanks for being here.

Question-and-Answer Session

Tien-Tsin Huang

JPMorgan Chase & Co, Research Division

So I thought I'd kick it off just asking because we talked about it last year, even, thinking about the strategic review that you went through, and it does seem like it's yielded some very good results. I think with the remix and the performance being better, the team seems quite happy, we can actually feel that. So give you a chance here to talk about what's worked and what's left to do at this point?

Michael Massaro

CEO & Director

Yes, sure. So obviously, as we kind of saw some changes in some of our industries, we went to really, it was a kind of 3-pronged approach. So first, you're looking at

streamlining an organization, right? I think any company that's not looking at that in this kind of day and age is probably missing a turn.

We also look to kind of optimize, right? So you could see organizational changes we made. You can see ways in which we were cutting different geography, performance, product performance, just getting better data to our team, transforming back-end systems, all of those things that just put us in a better position and then reinvesting. And so some of the reinvestment went into doubling down on certain regions, certain products, expansion of our team in some areas, reorganization of our team. And you could see a whole series of those changes, and I think you saw them play out in the start of the year, right, in some of the results that we put up there.

And so we're really excited about it. I don't know that anyone's ever done reviewing their organizational structure or their processes in this day and age, but we feel really good about the work we did and I think we're in a great position to scale.

Tien-Tsin Huang

JPMorgan Chase & Co, Research Division

No, hats off. I know it's not easy to do and the execution has been great.

So a big theme, Mike, I know you've been paying attention to the group. You've always been a student of the industry. There's always been a remix, a push towards value-added services. There's sometimes a push towards breadth, sometimes a push towards depth. You've got a really interesting collection of verticals that you're in, right, education, travel, health care, of course, B2B as well. Can you just share with us what the synergies are right across the 4? I feel like it's important, especially in this environment. And then the mix, how do you see that evolving? We've seen a lot of change already. Where do you see it going?

Michael Massaro

CEO & Director

Yes. I mean, obviously, for us, we have a series of verticals. They all center around this complexity narrative. So if you think of us, we like to run in towards complexity as a team. So we're using software to help our clients get paid. And it's typically clients that have some type of complexity in their payment volume. It's either a billing process that has multiple iterations, some level of international flows that, again, make it more challenging to get paid.

And so we use software that's industry-focused across those industries and tailored for the systems of record in those industries. And then we have a shared set of platform and payment infrastructure that gets leveraged across those industries. And so as we identify new complex use cases in our existing industries, we'll add them and go after

them and build new solutions. And as we look at other potential industries, we'll even consider expanding into those if, again, they're focused on something challenging, where most payment processors are trying to find a simple credit card capture e-commerce experience to solve.

We're typically looking for something that is much more complex. Those companies would kind of run away from that type of complexity. We're running towards it. And I think time and time again, you're seeing it in our business, whether it's winning a big educational institution like Cornell or Penn State, whether it's the Cleveland Clinic deal we've talked about numerous times. Those are great examples of the kind of problems we solve for our customers.

Tien-Tsin Huang

JPMorgan Chase & Co, Research Division

Yes. So complex payments is the common theme. So let's dig in on some of the pieces here. I thought we'd leave with travel, [sure it] has been a big topic at the conference. There's some worry, especially around cross-border travel, Mike, given the Iran conflict, higher oil prices, airline capacity is changing. I know I asked about the main call, how exposed is Flywire travel to that?

Michael Massaro

CEO & Director

Yes. So we have 2 parts of our travel business. We have a hospitality business, which is really heavily U.S. centric with international expansion kind of planned for the end of this year into next year. Part of the core strategy when we acquired the Sertifi business was to take that product global.

And so again, that's focused on typically hospitality back-end flows. So you're maybe hosting a wedding, you're hosting a corporate event, you're holding a conference like this at a hotel. There's a whole series of paperwork and documentation that goes with that and payment processing. That is kind of all back office inside the hotel. And so that's one area of our business, relatively insulated, I think, from some of the international conflict right now.

And then we have a luxury and experiential business. And they're about equal in size, both growing quite well inside Flywire. And so that luxury experiential business, we never really brought it to the Middle East. It was always a regional expansion opportunity for us. Obviously, not a focus area for us right now given the conflict. But you definitely have to keep an eye on the international flows, right, especially when you start hearing jet fuel. We've tried to be very prudent in how we looked at the year and how we guided the year, especially after kind of Q1. But again, we haven't seen actually any impact yet.

We've heard various anecdotal stories. I actually heard of a family friend who got moved up, their flight got canceled for an African Safari that was a 10-day trip, and they had to reroute 2 days earlier. And again, in the luxury experiential space, this is a trip you planned for maybe a year. If you get that heads up, you're going to go ahead and try and find another alternative way to get there. The payers, the people were processing payments from typically have some level of affluence. They're going on these kind of luxury trips. And so if they can kind of make it there, they're going to come up with creative ways to get there.

So we haven't seen any impact yet watching it closely, obviously, hoping the resolution comes as quick as possible in the Middle East. And eventually, we think it turns into a growth region for us, both in education and in travel business payments, it's a huge geographic expansion opportunity in the future for us.

Tien-Tsin Huang

JPMorgan Chase & Co, Research Division

Yes, that market makes sense should be more resilient, less cyclical. So thanks for going through that. So maybe just remind us then, you talked about Sertifi, I do want to dig into that. Just the growth algorithm around travel. I know same-store is probably not a big part. You're expanding to a lot of geos. There's a lot of bookings with new clients. What's the growth algorithm?

Michael Massaro

CEO & Director

Yes. So a couple of things. On the luxury experiential side, it's geographic expansion and its subsector expansion and it's software level expansion. Those are kind of 3 ways in which we can grow that business for years to come. And so if you look at new geographies, you could look at some of the expansion we've done in Southeast Asia, Australia and New Zealand, where we actually, with relatively small investments of go-to-market teams, you can actually bring on luxury and experiential companies in those regions.

And these are typically high 5, low 6-figure a year ARR accounts. And so again, for us to be able to do that, leverage all our existing infrastructure to process those payments. That's obviously one expansion. We've talked about some of the other segment expansion opportunities we've seen in luxury travel, so things like ocean experiences, things like golf, cycling. These are kind of subsectors within travel, but they're very specialized. They're very -- a lot of the individuals who run these companies know of others running similar companies all around the world.

And so again, as we look at that, those are all kind of great opportunities for us to grow the business. And then when you look at product expansion, we continue to do kind of

an invoicing and billing and payment solution for those luxury experiential companies. But we think there's a whole series of additional software assets over time that you'd see us bring into that to that customer base. And one actually is inside our hospitality product suite already called sign and pay and so if you think of the Sertifi business we acquired, we had 2 really growth synergies underwriting that deal when we acquired Sertifi. It was to first monetize about \$3 billion of payments that was not being monetized.

We're ahead of schedule on that monetization effort with Sertifi. We've accelerated payment monetization, which was kind of our core strategy. And then on the hospitality side, it's to go international. So the 20,000 hotel locations we acquired with the Sertifi acquisition, they were mostly in the United States. And so the team hadn't had an international sales team. The product wasn't ready to go global.

And so we spent the last year really integrating the product, integrating it with Flywire payments and preparing for that international launch. And so in essence, the product allows you to kind of sign and pay for complex workflows at hotels all around the world. And we think that capability is something that, frankly, all our luxury and experiential customers would also want to have, right? If you ever go on one of these trips, you're probably realizing you're signing your life away 5 or 6 times through various consents and documents. And right now, that's all being handled kind of offline. Typically, it's either in person, pen and paper. And we think that's a software value-add that we could easily apply to our luxury experiential business.

Tien-Tsin Huang

JPMorgan Chase & Co, Research Division

Yes, that makes sense from a cross-selling or synergy standpoint. But Sertifi has been a -- it feels like it's been a home run.

Michael Massaro

CEO & Director

Yes, it was our biggest deal we've ever done. Obviously, timing with just the macro conditions last year wasn't great. But it was a great deal. It's ahead of plan. We're excited. The team is doing really well executing, and we're really excited for the global launch of our hospitality solution.

Tien-Tsin Huang

JPMorgan Chase & Co, Research Division

So what should we expect then as you move outside the U.S. with Sertifi. What other steps? How quickly can you do that at what cost? What should we be asking you as we move ahead on that?

Michael Massaro

CEO & Director

Yes. I would say, for us, we've always had a great presence globally, right? We've got clients in over 50 countries across our business right now. And so for us, expanding our hospitality offering globally is not something that's new to us, right? We know how to hire. We know how to build sales teams, build client success teams in those regions. And we're able to do it relatively light, right?

Because, again, you already have the payment infrastructure you're sharing you typically have a language or a regional sales investment you're trying to make. We even have teams already in places like Southeast Asia and Europe ready to kind of take that solution into hotels all over the world. And then the other part that I think is super important is that when you look at the hospitality sector, what we loved about it was you get relationships at the brand level. Think of that as like the Hyatts and Marriotts and things like that. You get relationships at the management company levels.

And then you have the relationships at the individual hotel, kind of boutique hotel levels. And we have contracts at all of those various levels. And so if you can imagine, you're not only going into hotels in some of these international countries, you're also going to the management companies that may manage hotels in many countries, even going to the brands who have yet to be able to use this product globally and saying, "Hey, we're ready to do this." and so we think we're going to see great acceleration when it comes to that business. as we take it international. And it's not a skill we haven't proven time and time and time again over the last 15 years of being able to take a business global.

Tien-Tsin Huang

JPMorgan Chase & Co, Research Division

Okay. Good. No, so travel feels like it's in a good place. So we covered a lot there. So let's pivot to education then, and I know that business has evolved quite a bit. Catch us up on what you're seeing on the ground, the flows on visas. I think we now need to track that a lot closer. What's happening? Just give us an update on what you're watching.

Michael Massaro

CEO & Director

Yes. I mean, obviously, we look at Visa numbers that are coming in. Data isn't released as frequently or up to date as we would love. But again, we have taken the approach in our guide to be really prudent in how we're incorporating Visa headwinds into the guide.

So if you look at the U.K. and Canada, for instance, we're pretty much assuming Visa issuance is flat, which, again, we think is a pretty prudent approach. If you look at the U.S., Cosmin assumed the U.S. Visas will drop 30%, and that's already baked into our

guide. And so we feel like we've been quite prudent in looking at it and trying to turn the noise -- shut the noise off in relation to what headlines coming out about Visa's at a given moment. And I think that prudence is going to allow us to kind of watch how the Visa's continue to perform and if you look at the last 12 months, which if you look at '25, it was a lot more uncertain of a time than it was now when it came to Visa. You just didn't know where the policies were going to come in. You didn't know if there was demand destruction happening.

And so I think as we've navigated that and still proven we could gain share and grow the regions, that's pretty impressive in an uncertain time in our biggest business in multiple parts of the world. And I think the reason we're still growing those regions, even though you have Visa headwind, is because you have this land and expand strategy, which is deploying more software. So you're getting student account software, our SFS product deployed at more places. And then we're winning new logos and actually adding new clients in these regions. And so to be able to outperform that headwind. And again, I think we're in a great position to execute for this year.

Tien-Tsin Huang

JPMorgan Chase & Co, Research Division

Yes. I mean I think you've talked about it, right? These Bursar's offices are facing a lot of complexity. It does feel natural that, yes there's changes on the Visa side, but just shifting more towards software and automating, getting rid of that complexity, like you said, I don't see that being a change here, right? If anything, it's more intense.

Michael Massaro

CEO & Director

I think that's right. And I think who isn't trying to do more with less, right? And our clients are the exact same. And there -- if we can offload additional workflows, if we can add new features and capabilities, right, if we can integrate AI into the products that we have to offload work for them. that just makes us a stickier set of software and a better partner for our clients.

Tien-Tsin Huang

JPMorgan Chase & Co, Research Division

Okay, good. I know you mentioned SFS and there's a big cross-sell push. What else is on your priority list to summarize for us on the education front?

Michael Massaro

CEO & Director

Yes. I mean, obviously, SFS is a huge one, right? We think we can have a huge share of the global universities in their student account portal. And that's really the core use case for SFS, right, is to get that deployed to own all the tuition dollars, whether they're

coming in domestically, international, whether they're onetime payments, whether they're payment plans. And so that billing and payment suite really allows us to do that. And we're only about 10% penetrated of our existing education customers with that product.

And so there's a huge amount of land and expand opportunity for us. Our focus right now is on the top 4 geographies around the world. But I'll tell you, the demand is there in countries all over the world for that type of product. You go to a lot of kind of non-top 4 education markets they don't even have a student account portal. They don't have a secured login state. They don't have real-time payments. They're typically kind of sending a PDF and e-mail as an invoicing process.

And so if you just think of the evolution of e-billing, if you just think of what is modern in the United States, all the universities around the world want the product. The question is how do we roll it out there? How do we kind of roll and upsell globally in those 30, 40 countries in which we operate.

Tien-Tsin Huang

JPMorgan Chase & Co, Research Division

All right. Good. So yes, you're controlling what you can control in education, I think, has sort of been the lesson over the last year or so, which is comforting. So let's do -- I do want to get to AI and stablecoin, I want to ask that stuff. So let's get one more out of the way with health care.

I think last year, when you were here, right, there was a push towards getting that into a better place. And it's actually moved a lot faster than I thought. I know Cleveland Clinic and some things that have happened. So there's been some good momentum there. Can you keep it up, right? Can you compound this? Can you replenish this backlog? It does feel like it's in a good place, but is it repeatable?

Michael Massaro

CEO & Director

Yes. I mean the team has done a great job executing on a strategy in a complex market that traditionally typically has just lower growth in general. And big deals for us are Cleveland Clinic, Endeavor, Cook County is another one we've talked about, Jackson Health, so again, to get some of those big logo wins are really important.

We're obviously finishing our implementation at Cleveland Clinic. We are seeing huge amounts of payment volume ramp, which has been one of the mix shifts in kind of gross margin we've talked about. And again, I think it's exciting to see us have such traction in what is a really complex industry of health care. I think we would tell everybody like there's only so many Cleveland Clinics out there, right?

And so we'll continue to go win kind of big deals. And we're excited to see that growth. But at the same time, like there's a finite number of hospitals. And so we're going to kind of keep being persistent, get those big deals done, and it's exciting to see it on a better growth trajectory than it was last year.

Tien-Tsin Huang

JPMorgan Chase & Co, Research Division

Okay. Good. So let's get the necessary AI question out of the way just to ask it. We've been asking all the companies, Mike, as you can imagine, tech conference and everything else.

So the first one is the obvious one, right? Is AI a threat from a -- could it lower the barriers to entry for other players to do what you're doing, could it automate some of the work that you're doing, which impacts the value of goods or services that you provide? Or could it replace some of the things that Flywire does. So how do you respond to that in general...

Michael Massaro

CEO & Director

Yes. I'd start by saying any company that doesn't innovate with an amazing technology and the changes in AI that we're seeing today. should be worried, right? And so like priority one for us is to continue to innovate and to be on the forefront of it. And so for us, that's kind of how we look at it. If we were just a software player, I think you'd have more concern, right? We have regulated infrastructure all over the world. We move money.

And I think when you look at the problems that AI is solving I don't think it's going to kind of speed into letting AI move your money around the world for you, right, or dealing with complex global regulation. And so again, I think that's a pretty hard and protective moat around the business as you kind of have this regulated payments infrastructure, the movement of money, people want kind of a trusted, regulated, proven vendor to deal with that for them. you have software that is industry-specific that's deeply embedded.

Typically, we have 3- or 5-year agreements with our clients on that software. And then you have a team, right, which is kind of a group of people that are really subject matter experts at Flywire, who have really close relationships with our customers. And so you kind of put those together and to me, that's like a series of moats that makes disruption very, very difficult. And you can see that in our very, very low churn numbers. You can see that as we're continuing to hit kind of record average new deal signed, average transaction value for our new signed deals.

You're also signing 200 clients a quarter in the last quarter. So again, for us, we see it as an opportunity. We have to innovate. I think it allows us to do more with less in every company to become more efficient. It allows us to enhance the value we're giving to our customer by automating more of their workflows in the back office using AI. And then I think there's a whole bunch of just operational improvements we can do as a company.

So again, for us, I think it's way more of an advantage than it is a threat. And I think part of that -- the major part of that reason is because of just the regulated payment infrastructure that's really hard to replicate.

Tien-Tsin Huang

JPMorgan Chase & Co, Research Division

Yes. No, that's the complexity right? That is the moat, like you said, and how integrated you are between the software, the payment, the network and of course, the compliance around all that, that can't be wrong in any way, no errors?

Michael Massaro

CEO & Director

Yes and I'll tell you internally, I think the other part of the question was kind of how are we using it? Or what opportunities do we see? And I mean, of course, we're seeing major progress in development, right? So just faster iteration between product, engineering, you're seeing things like identification of a tech support ticket come in, triage through AI, solution proposed through AI reviewed by an engineer pushed to production, right? That's -- those are pretty cool advancements that you're seeing kind of happen for the first time.

You're seeing a 40%, we've talked about a 40% reduction in support -- in customer payer support tickets, right? Like that's a pretty significant reduction driven out of a manual queue into kind of an automated agentic kind of queue. Even internally, we're probably driving our organization crazy, but Cosmin and I are probably in the top 10 of our internal users when it comes to AI, token and usage. And part of that is about just driving up information to make decisions quicker, better, faster in the organization.

And I think when you have a company that has a data mindset and is eager to become more efficient. And there's probably no company that shouldn't be pick your number, 15%, 20%, 25% more efficient in the next 2 or 3 years. The question is the speed and the timing of that. and maybe how inefficient you were at the start of all of this, right? And so -- but if you look at just becoming more efficient as a company, this is the perfect opportunity to do it. I feel like I'm in my early 20s of the emergence of the Internet again, like it's that cool at a time where things are changing so fast, you can actually build things funnel up data into your organization quicker, move the business faster. And I think that's how we're using it.

I mean, a couple of things that I've personally built have probably saved me 150 hours a year of my own time, right? Things that I would have manually had to do, reviews I would be doing, data I'd be digging into. Like I said, driving our teams crazy, but like these are things that have become part of our day-to-day workflows at the company. And I think we're pushing that from the top parts of the organization, which is the right way to do it.

Tien-Tsin Huang

JPMorgan Chase & Co, Research Division

I'll have to ask you guys about the token consumption race between the 2 of you, who wins that one. Okay. Good. No, and like I said, I think you addressed most of it. We've been asking everyone across marketing or go-to-market operations. you hit upon it all. It does seem like the energy on the Flywire side is pretty pervasive culturally in terms of the embrace of these tools?

Michael Massaro

CEO & Director

Yes, I think so. And we're talking earlier, we get -- kids are getting up there in age and you're starting to think about kids potentially in their careers and you start to wonder like what does it impact for the future of employment. And again, even what the shift I've seen in, I would say, 3, 6 months has been wild, right, where initially, everybody was saying, "Hey, anybody coming out of school, like good luck finding a job." like you're finding AI-native people, right? Like these are people who grew up in the age of AI, right? And it's like people want those folks at their company.

And so you kind of have this combination of -- how are you going to retrain, how are you going to enable people to understand these tools in your organization. But like stopping the spigot of hiring AI native people is a bad strategy for companies, right? Like you want to hire great kind of AI forward AI native people. And you want to uptrain your existing teams.

And I think that's the combination where you can't be binary in either one of those because I think that combination is going to be really, really important. So for us culturally, we've always had kind of innovation and change has always been a constant, right? Our company, even just in the last 5 years going public, it has grown significantly in size and profitability. It's gotten more diversified. And I think our team knows that level of change that we've seen in the last 4 or 5 years. And we're very clear like we expect innovation to be a cornerstone of our culture as it always has been. So...

Tien-Tsin Huang

JPMorgan Chase & Co, Research Division

All right. Good. So let's do the similar question on stablecoins, and Mike, just same thing, right, threat opportunities. So just get the threat one out the way, the worry that same thing lowers the barriers to entry it's going to pressure the economics on B2B payments. We've heard from some of your peers about this. I think you have talked about it as well. Any new thoughts on the threat side of the equation from stablecoins to Flywire?

Michael Massaro
CEO & Director

Yes. I mean, again, we look at every method, right? Our job is to accept whatever methods our clients want to accept and whatever methods a payer wants to pay in. Flywire never forces anyone to pay in a given method or a given currency, we announced a stablecoin pilot a couple of quarters ago that's active and live across over 1,000 clients. And so again, we're obviously watching and monitoring it. There's really 3 areas when you think of stable coin for any, I think, payment-related company. You have acceptance, you have internal money movement and then you have payout or settlement.

And so I think we look at it in those 3 ways, right? And so take them one by one. If you look at acceptance first, again, there are certain markets around the world that I think you're going to see people hold stablecoin, right? If you're in Nigeria and your choice is holding Naira, which could fluctuate heavily and it's difficult to kind of move around outside the country, and you could hold the USDC stablecoin, like, yes, that makes a lot of sense. And I think there's countries where you've got volatility in currency or you have certain types of difficulties kind of moving money in and out of the country, where you're going to see a stablecoin kind of emerge and whether that emerges as a Visa-oriented card product, whether that emerges as a stored value wallet, I think there's all types of things, but look, we want to accept those methods.

And even in the pilot that we've done, again, it's a very small amount of total payment volume compared to all of Flywire, but you're seeing economics that are on par with bank transfer for us, right? Remember, we control the payment methods, we control the economics, and we want to accept all the ways to pay and let the payer choose. And so again, very encouraging to see stable, good bank transfer like economics for us to see it live and see people using it to pay but we're not seeing that kind of rocket ship growth yet, right? And so we heard similar things around crypto as a payment method in 2015, 2016. Again, we were there evaluating the technology. We'll watch stablecoin in the same way around acceptance.

If you go into the second set, I think any company that isn't using it for internal money movement or to operate in a 24/7 way when certain currency markets don't have

liquidity, certain currency markets are closed. Stablecoin provides a huge opportunity to become more efficient, 7 days a week as money is crossing borders in your kind of treasury and operations. And so you can expect us to be investing in that and to gain some efficiencies there.

And then the third area is around settlement. Don't have huge demand, right? Most of our clients are in pretty major countries and markets. We haven't seen a shift for our clients. Again, a lot of our clients are enterprise \$100,000-plus ARR clients for us a year. The demand for them to settle in stablecoin isn't huge yet but it's another thing we're monitoring, right? I think you'll see that a lot in small businesses, especially small businesses, operating around the world. So you'll see that differently in companies that service that sector. where if you're in a country like Pakistan or India or somewhere, you may want to get settled in stablecoin, but it's not something our clients, major universities, large businesses have really asked us for yet.

Tien-Tsin Huang

JPMorgan Chase & Co, Research Division

Got it. So demand is not there. Economics have been good so far from what you've seen. And I think that's been the lesson, right? It's not -- right, Mike, it's not -- money movement is not the value, and what you do is all the complexity around what you do...

Michael Massaro

CEO & Director

For sure. I think any time you see a new method. And again, we've seen this -- you saw it from some of the remittance players last 15 years, like the cost of money movement goes to 0, right? Like we've talked about our stable spreads for over 8 years with public disclosures. If you look at what the cost is in kind of complexity in global payments, it's actually more in identity and risk than in operations, then it actually is in the conversion of currency.

Once you get to a certain scale, you're converting currency even through the traditional banks system at a couple of basis points, right? So it becomes the value equation of what are you providing to either the consumer, the business that you're serving and what's the risk and operational demands to run a good compliant, safe business. And there's a cost to that. And until whether it's crypto, whether it's stablecoin or whether it's something new, solves identity and money movement and risk.

And oh yes, by the way, it has to also solve global government regulation, right? So it has to magically allow the governments in China and India. And South Korea and Argentina to magically let money leave their country without any regulatory checks on that, right? Like you're not going to remove all the cost because it's in operations, it's in

compliance and it's in risk. And so it isn't actually just the conversion economics that are costly. They're actually not that costly through traditional bank rails.

Tien-Tsin Huang

JPMorgan Chase & Co, Research Division

Well, said. Just to wrap that up then you did mention it in your second point just around efficiency around an settlement and the whole treasury services function and whatnot. Do you see it potentially having some structural benefit to margins at some point for Flywire?

Michael Massaro

CEO & Director

I think for us, movement, being able to move money on a -- after a market is closed on a Friday and have it sit in a Flywire account for 2 or 3 days before payout, I think those types of things increasing kind of money that's kind of coming through our system and putting more inside Flywire network. I think it has real potential to do that or improve economics because, again, in some of these markets, once those markets close, you can kind of trade the currencies. You're just paying a higher rate in trying to get that money there on a Friday or a Saturday versus get there on Monday.

And so if stablecoins provide, we've built a payment platform that's already done this across banks, meaning we source different FX rates by bank, we'll actually engage and trade that currency via different bank connections based upon speed, based upon economics. And you can imagine, we're adding kind of stable coin rail to do that same thing. So if we get a better price, if we get a better speed, imagine our platform kind of executing that just seamlessly.

Tien-Tsin Huang

JPMorgan Chase & Co, Research Division

Yes. I'm hearing you describe it that way, it makes sense, right, why you're pushing into B2B, and that's your right to win on that category, just wrapping it all together.

Pretty much out of time. Just trying to think of just a way to close it out, Mike. I know you're working on a lot of different things. We talked about the strategic review and the 4 main lines of business. What are you excited about maybe the way that you talk about? What are the one or two things you're most excited about? What do you think will be talking about? Hopefully, I have you back here next year to highlight or to lead the discussion upfront. What would you call out for the audience here?

Michael Massaro

CEO & Director

I think for us, we've started really strong for the year. I think, as I mentioned before, we've navigated lots of uncertainty in our largest market. We've continued to gain share. We continue to become more efficient. It was 300 basis points EBITDA margin expansion last year. We've guided 275 this year. We're showing we can become more efficient of a business. And oh yes, by the way, we're still transforming the organization.

Underlying systems, data, AI, all making us set up for more scale and more growth. And so to have a company that's doing as well financially as we're doing that's culturally a great place to also be and yet you're gaining share, your customers like you, you're becoming financially more efficient and more profitable. And you get the opportunity to invest in the business and transform and set yourself up for future growth, it's pretty cool. It's pretty cool to be able to do all those things, especially in an uncertain time.

Tien-Tsin Huang

JPMorgan Chase & Co, Research Division

Yes. No, it's been fun to cover it and follow it and see it evolve and like you said, mature since the IPO. So I appreciate the update. Mike. It's a pleasure.

Michael Massaro

CEO & Director

Yes. Thanks for having me. Appreciate it.