

00:02:43

Darrin Peller

00:03:00 Yeah.

Cosmin Pitigoi

So, if you're a country that's been somewhat welcoming to immigrants and you suddenly change your tune and especially they put student permit caps in place early in the year...

Darrin Peller

Yeah.

Cosmin Pitigoi

So, that – what we learned from that was that we need to just kind of look at our data. A lot of the universities and others locally felt that they'll be able to fill the seats and hopefully be able to manage that. But clearly, we saw – even though the actual cap – the actual drop in visas was around 45%, we actually saw a 35% decline. So, a little bit less, actually. So, even in Canada, we're

still adding clients and kind of holding onto the existing clients because obviously our software and the capabilities that we bring actually resonate, especially when that's when you want to put in software that makes you more efficient.

So, it actually solves the issue. And we can talk about that in the travel context. But look, exiting that we saw Canada was worse. So, that was

one of the reasons we're behind in Q4 in addition to FX. But also, we saw, we continue to see pressures in the US, some visas in the US were down 10% last year. Despite that, we still grew. As you saw, US education was up 13%. That's about 23% of our business. But yeah, I mean, it's certainly not, not a friendly environment for international students. So, we're – we think we're more resilient coming out of that, I would say. And that's a good sort of, good practice ground for coming out of that and going into this year.

Question – Darrin Peller: Just before we go into the guidance and the net revenue or just level set us for a minute. I mean, your business has generally transitioned from what was a vast majority education, right.

0

00:05:53

Question – Darrin Peller: And universities and it's really travel and healthcare. So, just for the audience, for those that are a little less familiar. Just remind us again the breakdown, if you don't mind.

00:06:04 Answer – Cosmin Pitigoi: Yeah.

00:06:08 Question – Darrin Peller: The four effectively – the key areas.

00:06:06 Answer – Cosmin Pitigoi: Yeah. So education, I would say outside the US, education is about 50%,

00:06:39 So, healthcare has been with us for a while.

improvements in that and that's around 6% of our business. And then B2B is our sort of newest vertical, smallest is around 3%, but growing at almost 70%.

of opportunity. So, I – and we'll talk about it more, but I really think of the capabilities that we bring is solving an operational complexity. And I think – I know we're sometimes perceived as an education kind of focus, but I think of us as

solving an actual operational complexity with large payments tied into it, right?

00:07:19

Question – Darrin Peller: So, when you put those, all of those segments and all those great growth rates together, obviously historically, really up until almost last year, right,

plus top line for some years now. And as I mentioned earlier, there's a lot of land and expand opportunity that we've seen in your business model. This year, your guidance was really more of a mid-teens type level, right, low to mid-teens, I should say. I think it was 11% to 14%.

00:07:41 Answer – Cosmin Pitigoi: Yeah.

00:07:42 Question – Darrin Peller: For the year ahead of us, 25% that you just gave in, than

I think some investors even initially thought. But some of that was – it was capturing some of this out of your control, restrictions on visas in Canada and Australia.

00:07:55 Answer – Cosmin Pitigoi: Right.

00:07:56

Question – Darrin Peller: So, if you don't mind, just take a step back. We went from that mid-20% top line this year where we're calling for 11% to 14% just again, as much as some might understand that, if you could just help provide a little more detail on the underlying assumptions built into the guide for this year, and we'll go from there.

00:08:11

Answer – Cosmin Pitigoi: Yeah, I know. Very important, I think, to understand the components and look, I think for the year. So, for the year, we guided 10% to 14% for Q1, sort of 11% to 14%. So, very similar I would say Q1 and full year, I think dynamics. So, that's one, one thing to keep in mind is that we've sort of assumed relatively stable growth throughout the year. There's no sort of hockey stick or anything kind of as you look throughout the year, it's more sort of even

between first half, second half. But – and partially it's because, as we've learned from last year, we just discussed, we're trying to be more data dependent, trying to be more balanced in the approach of inheriting and looking at the guidance last year, like I said, chasing Canada down all year long...

00:08:57 Question – Darrin Peller: Yeah.

00:08:57 Answer – Cosmin Pitigoi: ...felt that, let's be sort of transparent and balanced about how we look at that.

00:09:02 So, sort of three components to the guide. So first, Canada and Australia. So, those make up

everyone because I think most people assumed, well, you've dropped once. How many times can

00:09:44

Question – Darrin Peller:
Right third quarter every
year. Yeah. 00:09:46

Answer – Cosmin
Pitigoi:

that the government would do that, given that the education sector is under pressure.

But nevertheless, saw that and saw the data. So again, being data kind of driven in our approach,

there. In Australia, a bit different. The government and the education sector were sort of, almost looked like all through, early part of Q4, pretty balanced and had agreed to sort of not put caps in place and then suddenly

that impacted pretty much every part of the education sector, large universities as well as smaller. We have some – we have an insurance product there. We have admissions kind of product. So, those are all going to be impacted. So again, learning from Canada, while not seeing Australia down at that level at this point, we've assumed 30% decline, again, seeing that.

00:10:50 So, those two alone. If you just looked at those (00:10:53),

00:10:56 Question – Darrin Peller: Yeah.

00:10:57 Answer – Cosmin Pitigoi: ...versus what I think, most of us were thinking kind of through Q4. 00:11:01 Question – Darrin Peller: Right, that alone gets you from what?

saw, as I said, some pressure from visas entering into January, new administration in place, hard

00:11:02 Answer – Cosmin Pitigoi: Right, that alone, that alone is sort of – that alone will sort of get you. So, we keep talking about the fact that we don't need these headwinds to turn into tailwinds. We just need sort of a stable environment. And you could be sort of at a very different kind of growth profile. And then I'd say US and healthcare are the next two. So, I think US in particular, while we

for us to really pin down kind of what's coming next from that. So, again, felt prudent to sort of last year, visas were down 10% in the US, we were up 13%. So, still expanding. US domestic is an area of growth and investment for us, continuing to cross-sell. And that's – we've assumed sort of single digit growth in the US because I think we're going to see more uncertainty. Again, I realize understatement of the day around what's happening. And we'll wait to see how the new administration and how visas play out. But felt prudent to sort of say that, we've said (00:12:09) and be transparent about it as far as that assumption.

00:12:11 Question – Darrin Peller: Yeah.

they've signed a really big client, eight figure client for a \$30 million business is a significant

00:12:05 Answer – Cosmin Pitigoi: Healthcare, good, good to see that. We'll talk maybe a bit about the fact,

win. But it's more second half weighted. So again, kind of assumed, not a ton of growth upfront and assuming that it starts to pick up, but again, didn't want to bake a lot of that and we're going to be, again, data dependent, watch that ramp. And then the rest of the business, if you sort of strip those out, you end up with basically everything else is growing, well into the 20s and some things obviously even higher than that.

00:12:49 So, travel, B2B will continue to be, much faster growing. But again, we've tried to – we've assumed kind of a balanced growth rate because overall, if I step back and think of the guidance as more trying to be balanced, trying to be transparent and trying to be sort of data-driven and just kind of unpack as much as we can and provide updates, as we see it, because you're sort of, you're in an environment where when it's a macro driven factor, if you're trying to forecast like I am on a day-to-day basis, you're having to look at a number of different factors. So, trying to update everyone as often as we can around that.

00:13:28

00:13:40 Answer – Cosmin Pitigoi: So, last year was 13%. So, we've assumed sort of single digits this year... 00:13:44 Question – Darrin Peller: Okay.

00:13:44 Answer – Cosmin Pitigoi: ...in the US education business.

00:13:46 Question – Darrin Peller: So, you're saying you're already incorporating a further deceleration... 00:13:49 Answer – Cosmin Pitigoi: Yes.

00:13:49

Questio

n –

Darrin

Peller:

...from

the

teens

down...

00:13:5

0

00:13:56 Question – Darrin Peller: Right. Okay. When we think about the, what is in your control, I mean, adding customers obviously has been something that you've still done pretty well. I mean, I think you added around 800 total customers or clients across your segments last, if

globally right?

00:14:17 Answer – Cosmin Pitigoi: Yeah.

00:14:17 Question – Darrin Peller: Just help us understand the client acquisition strategy and how it's

00:14:27 Answer – Cosmin Pitigoi: Yeah.

00:14:27 Question – Darrin Peller: ...20%, almost 20%. And so, what's been the strategy around that? Where are you in that? What's – is it mostly education as a travel? What categories is it also?

00:14:36 Answer – Cosmin Pitigoi: Yeah. So, record number of clients, we – both our education and travel teams are being our biggest kind of contributors.

internally, one quarter was education, another quarter was travel. But net-net, I think where we ended the year was travel actually added most of the clients.

00:14:55 So, the way we look at it is, travel is now, sort of second largest vertical, adding the most number of clients, and from a sort of approach, there has just

been like, I mean, travel has a great machine, if you will, from all the way from marketing down to kind of converting that into an actual sale and signing. And also now, of, because the name is out, sort of we're at the size where you have existing clients say, hey, if you've traveled to this area, maybe you should use these guys, they do a great job simplifying kind of your back end kind of operations.

00:15:36

00:15:51 So, still adding even in the areas where, because again, we're solving for exactly the problem they're having, which is if you're under pressure and you're trying to figure out how to be more efficient, we're there to help. The other thing that we're seeing is, there's this kind of emerging trend with international students, staying in areas where they are.

growth. And so, we continue adding in those areas or continental Europe. So, as students are maybe choosing not to go to some of the normal four kind of large destinations, maybe they're – we're seeing sort of countries like France and others doing well. So, continuing to add there and strengthening kind of our diversity sort of outside of the core four countries. So, adding a lot of clients in those areas too (00:16:37). Whereas healthcare, big new client, not...

00:16:41 Question – Darrin Peller: Yeah. Hospital.

00:16:42 Answer – Cosmin Pitigoi: ...you don't need to add a lot of those to make a big difference. So, that's a kind of a different dynamic on that side.

00:16:47 Question – Darrin Peller: So, from your perspective, I mean, the trend line on adding customers continues to be similar to what you've seen.

00:16:52 Answer – Cosmin Pitigoi: Yeah, yeah, certainly.

00:16:53

Question – Darrin Peller: All right. That's good to hear. And then on just the NRR trends, I mean, again, going back to the 20 bps (00:16:57), typically 120% NRR levels of the business. I know without Canada, it still remained at that level, I think, right?

00:17:06 Answer – Cosmin Pitigoi: Yeah.

00:17:06 Question – Darrin Peller: And now, we're

going to see how things go going forward. But could you just talk about any support, potential growth opportunities you're seeing? And then your expectation, I know

again, is that all just Canada or anything else going on in the business and in the end that's impacting that as well?

00:17:25 Answer – Cosmin Pitigoi: Yeah, look, I think underneath NRR, we've always had a very sort of stable kind of our growth algorithm that we've talked about for a while. And

growth in student, just in overall students, international students. And if you look at Open Doors' data, kind of growth rate, that's been sort of a plus, single plus low single digit to mid-single digit growth rate over many years, 20, 30 years. That's kind of the trend.

00:17:54 Question – Darrin Peller: Yeah.

00:17:54

Answer – Cosmin Pitigoi: In addition to that, there's tuition growth. And what I think has supported in – for us on top of that is the fact, as you said, if you do channel checks, our clients love us. That's one of the things that I love about the business as you talk to any of our clients, certainly in education, they love us, they love the product.

retention, which plays into that. And then you have a ton of upsells and expansions that happen. You heard us talk about land and expand. You start with one part of the university, you expand another part.

00:18:31

So, in Canada and Australia is where you're seeing that the most dramatic, what we've assumed for this year is technically across all four of our markets, we're going to see visa pressure.

Obviously, quite a bit more assumed in Australia and Western Canada, but even in the US and UK, which last year also saw 10 to sort of low teens kind of visa pressures. So, year. But again, we're assuming that, that continues this year. So, NRR – but again, we're have to – we're going to have to see kind of how it plays out. But we feel that we've now adjusted for (00:19:34).

00:19:34 Question – Darrin Peller: I was just going to say, I mean putting it all together in terms of NRR and the guide you gave and what you assume for visas like, do you feel as of what you're seeing today or that you've captured, what you need to capture in the outlook?

Answer – Cosmin Pitigoi: I mean, look, we guided Q1 with that in mind, where – we're in the middle of the quarter. And so, we're kind of, like I said, data dependent, looking at kind of where we are and felt that we've again – and when you're in an environment like this, the best thing you can do is look at where things are trending and when things are and try not to sort of get too hopeful, but also not in the other direction sort of take every headline and run away with it.

Question – Darrin Peller: Right. Let's shift to travel, which is a category that's now, I think your second largest vertical. It's done well. I mean, piece of the business when you guys went public, obviously.

from very – from a pretty small

00:20:25 Answer – Cosmin Pitigoi: Yeah.

00:20:26 Question – Darrin Peller: So, what's been so successful? What are you doing there that's differentiated for travel, for just travel outlets in general. Help us explain understand the business model and then maybe you can touch on the recent deal and Sertifi also that I think complements it.

00:20:40 Answer – Cosmin Pitigoi: So, I think if I go back to the origin story, I think again, a lot of people think of us as maybe education, but I think the focus for us has always been this intersection of software and payments. So, solving a complex operational kind of problem and really we looked at poorly digitized kind of verticals and yes, education fits into that, but so does travel, so does healthcare. Think of large payments where it's not enough just to get the payment in and actually receiving the payment in...

00:21:12 Question – Darrin Peller: Sure.

00:21:13 Answer – Cosmin Pitigoi: ...a foreign country actually is quite complex, but also tying that into your system of record. So, that is one of the things that differentiates us, is that accounts receivable view of the world and tying it into a system of record travel was that for us during COVID? Funny enough, I think we're – we seem to be formed in these periods of tumultuous times. Travel for us was that vertical that we leaned in with those clients during travel, built the business and they loved us ever since. And we started out with smaller sort of, call it luxury travel, but it's really think of it as kind of multi-day bespoke travel.

00:21:53

So, a group of people goes on a, I don't know, a heli-skiing trip or something or just on a trip. And different markets, different countries trying to, if you're a travel operator, you just want to deal with your business. You don't want to deal with the complexity of receiving those payments and the different currencies, translating them and then booking them into your system of record.

00:22:13 And that – so, that same software that resonated with universities, dealing with some of that

multiple students receiving wires and checks, that also resonated with travel operators. So, that's

where

We saw that in travel.

and we saw the same curves that we saw in EDU early on.

00:22:39

that and sort of creating what is going to be almost a quarter of our business into next year and growing quite a bit faster than the rest of the business is kind of a natural kind of extension of that.

00:23:03 Question – Darrin Peller: Just what is Sertifi? What does it do? What does it add for you guys?

Help us understand.

So, what does this bring to the table?

00:23:12

Answer – Cosmin Pitigoi: Think of it as both expanding and deepening our moats in sort of travel, because we started with those smaller travel operators. Sertifi is sort of accommodations and billing for the largest names in hotels. You can think, any sort of name

you can think of, they're probably they're – they focus primarily on hospitality flows and solving those types of billing kind of issues related to it. But it also, it's a – so it's a different product, but also a different, so high-end clients.

00:23:46

So, suddenly you have depth of product, breadth of clients that you can bring to the table. In addition, they are actually quite US focused. As you can imagine, our existing travel business is more international focused. So, as you look at the complement of those together, there's a few immediate sort of synergies that we looked at. First, our usual, so think of the WPM kind of acquisition. Again, that was – it feels like – a lot like that where you kind of have the software, they are down the payments kind of monetization journey. So, there's about \$3 billion of payments volume that we can monetize.

00:24:26

So, that's a sort of a, again, they've started down that path. That's kind of what we do well. So, together we can do much better there. International, so we're mostly existing is mostly international. Our work is just sort of our sales force is international in travel. So, being able – for them being able to tap into that and being able to go to sort of the luxury boutiques to – if you're planning a wedding somewhere outside the US, that type of stuff, we can now, we have that

looking

00:25:09

So, lots of opportunity across the board. We think, again, we can sort of more than double that

00:25:40 Question – Darrin Peller: Nice. Just the third, I guess, becoming one of the quick, vertical is B2B, right? It's another category that you went into, I think a little bit really after the IPO timeframe.

00:25:51 Answer – Cosmin Pitigoi: Yeah.

00:25:51 Question – Darrin Peller: But where are you on that? And what are you doing in B2B when you think everyone here talks about B2B payments all the time? Help us explain understand a little more of your differentiation in it, what value you bring to the table and what the trajectory is.

00:26:04

Answer – Cosmin Pitigoi: Yeah, I mean, so, I think every business needs sort of a core part of the business, some adjacencies that add to the core and then you need sort of an innovation lab, if you will, or some part that's growing kind of new businesses. And for us, B2B, I think of that as kind of our innovation lab. That's where to some extent travel came out of that same idea where we look at different industries that are in that same kind of place that we talked about.

00:26:30 So, they're looking to automate their accounts receivable, their invoicing, their billing, their time to automate sort of their back office. And they're trying to do this large payments international. And so, think of industries like insurance or manufacturing or others, where this is starting to look a lot like kind of the issues that we're trying to solve for.

00:26:51 So, B2B has been that for us.

grower. Again, more of a receivable kind of view of the business. And that's where we added the Invoiced acquisition last year, which is a smaller sort of acquisition, but it's been

a powerful

product addition where again, we're adding software to our payments capabilities and we're that we're hoping there. By the way, Invoiced, some of our travel clients are also asking for that same capability. So, there's kind of again within B2B, but also outside B2B. So, continuing to see good progress there. Again, very kind of multiples growth on a smaller base, but excited about the opportunity there.

Question – Darrin Peller: Okay. And then just from a vertical standpoint, wrapping it up with healthcare, which I guess is your third largest vertical now, but close to travel, right? Obviously, you secured a strong relationship with the hospital, major hospital system and just hopefully that kickstarts strong growth, again, on an area that used to grow well, it moderated a bit. So, just maybe catch us up to that. What went into, first of all, securing that win, what was the differentiation that allowed you to take that business? And then just how do we think about that segment going forward?

00:28:11

Answer – Cosmin Pitigoi: Yeah. So, as you said, we've been transforming both the product, the sales team and making changes to that business. And now we've started – we've started to see some stabilization. Getting this client on board, I can tell you is a full team, cross-functional, very competitive RFP. But think of this as a hospital system that is a marquee name. This is the kind of name, it's not just large from a obviously, eight figures on a \$30 million base is, a sort of a pivot in sort of growth potential, but it's a marquee name that others will be – it will be a reference client for us. And it kind of changes the profile of the capabilities, but it's at the same time complementary to existing capabilities that we have in the healthcare business, where think of our healthcare business is not just solving that operational problem, but it's an – client – and or I guess, it's a patient affordability issue when you need to – you get this large bill, if you're in an emergency room

or surgery center, and where their ability to split that payment, book that into the system of record, we work with the largest kind of providers out there and integrate with them directly. That provides a unique capability. And this client will be, I think, transformational for that vertical, too.

00:29:31

Question – Darrin Peller: So, the overall segment growth, I don't know what you guys have provided in terms of expectations on it, but...

00:29:36

Answer – Cosmin Pitigoi: Still sort of, I would say single digit for now. And so again, because we're sort of starting slower, as you saw last year, sort of flat. So, starting from that base, but this client sort of ramps in the second half of the year into next year.

00:29:50 Question – Darrin Peller: Okay.

00:29:50 Answer – Cosmin Pitigoi: So, it's more kind of and again, we're going to learning and providing that visibility into the guidance. It's assuming that we're seeing that into the second half into next year.

00:30:02 Question – Darrin Peller: Okay. Cosmin, let's just shift to the capital allocation side for a minute. I mean, I think regarding the Sertifi deal, I think you expect to pay down the entire drawdown by the end of the year, if I'm not mistaken, right?

00:30:13 Answer – Cosmin Pitigoi: Yeah. Yeah. That's right.

00:30:14 Question – Darrin Peller: I think you also have, what, \$100 million authorization for buybacks...

Answer – Cosmin Pitigoi: (00:30:18).

00:30:19

Question – Darrin Peller: ...that you announced in August. So, just maybe help us understand

how you're prioritizing dollars now going forward, how anything might change from here, just

given the backdrop of the market we're in?

00:30:29

Answer – Cosmin Pitigoi: Yeah, look, I think, our priorities remain sort of organic investment, M&A to some extent and then buyback. Obviously, on the M&A side, I think our focus will be on integrating, obviously, Sertifi, working on that. And that's going to be a big focus for us over the next coming months in particular and even Invoiced, too. So, integrating all of those acquisitions, I think for us will be a focus on that side.

00:30:56

that we're going to be, especially at these prices, we feel from a value perspective, we're going to be quite active in the market from a buyback perspective. So, we'll continue to do that.

00:31:29

Question – Darrin Peller: And if we look ahead by the end of 2025, and you're sitting here or even in the, let's call it next year, March of next year, sitting here next conference, what do you want to have seen throughout this year to succeed, to call the year a success, really? What is your main milestones you hope to achieve?

00:31:40

Answer – Cosmin Pitigoi: Look, I mean, I think even, whether it's capital allocation or sort of the everything that we're going through right now, the portfolio review and optimizing is really with the goal in mind to drive long term shareholder value. And I think the same as we started down the path last year for me sort of success as we emerge stronger, I think as a single

kind of phrase, as we emerge stronger out of this, I don't think easy times are sort of, what makes us stronger, I think, is tough times where you kind of show who is resilient. And I think we've shown that resilience already last year where we exceeded our margins and expectations there. And I feel like emerging out of this even stronger. And like we said, we we're going to focus on what we can control. That's the other thing. I think, it's hard to pay attention to the headlines and look at all that. But at the end of the day, focus on what you can control, drive long term shareholder value and emerge stronger out of this is what I expect from us.

00:32:42

Yeah. Okay. All right, guys. I think we're about out of time now anyway, but thank you so much for joining us. I appreciate it.