REFINITIV STREETEVENTS

EDITED TRANSCRIPT

MDRX.PK - Q1 2025 Veradigm Inc Earnings Call

EVENT DATE/TIME: JUNE 24, 2025 / 12:00PM GMT

CORPORATE PARTICIPANTS

Jenny Gelinas *Veradigm Inc - Vice President, Investor Relations*

Thomas Langan *Veradigm Inc - Interim Chief Executive Officer, President, Chief Commercial Officer*

Lee Westerfield *Veradigm Inc - Interim Chief Financial Officer*

CONFERENCE CALL PARTICIPANTS

George Hill *Deutsche Bank - Analyst*

Charles Rhyee *TD Cowen - Analyst*

PRESENTATION

Operator

Greetings and welcome to the Veradigm Inc Investor Update conference call and webcast. At this time, all participants are in listen-only mode. (Operator Instructions)

As a reminder, this conference is being recorded. It's not my pleasure to turn the call over to Jenny Glinis, Vice President of Investor Relations. Jenny, please go ahead.

Jenny Gelinas - *Veradigm Inc - Vice President, Investor Relations*

Thank you very much. Good morning and welcome to the Veradig Update conference call. Our speakers today are Tom Langan, Verady's interim Chief Executive Officer, and Lee Westerfield, our interim Chief Financial Officer. We will be making a number of forward-looking.

Statements during the presentation and Q&A part of the call. These statements are based on current expectations and involve a number of risks and uncertainties that could cause our actual results to vary materially from those reflected in the forward-looking statements. We undertake no obligation to revise these forward-looking statements in light of new information or future events.

Please refer to our releases and SEC filings for more information regarding the risk factors that may affect our results. All financial information presented today is estimated and unauuddied. Today's meeting will start with an introduction from Tom, followed by a financial update from Lee, and then lastly, Tom will provide closing remarks.

And with that, I'm going to hand the call over to Tom.

Thomas Langan - *Veradigm Inc - Interim Chief Executive Officer, President, Chief Commercial Officer*

Thank you, Jenny, and welcome to everyone joining the Business update today. 2025 is off to a positive start in the first quarter as we sign deals valued at over $30 million in annual contract value with new customers and increased our upsell with existing customers as we work to grow the business.

This growth was partially offset by client attrition, which was in line with our assumptions. On today's call, we will provide an update on our progress against key strategic initiatives. Including signing new business and delivering quality revenue, continuing to strengthen our products and solutions in the market.

Executing against our operational improvement plan. Regaining current status with our SEC fi financial filings and providing additional liquidity with our debt financing. We see signs of growth in new business which demonstrates market demand for Veritig solutions and services. These successes validate the value of Veritig and highlight what resonates with new customers, supporting our work to build a strong and resilient business.

We provided revenue ranges and net cash for the first quarter of 2025 that are in line with the previously disclosed guidance. We remain confident in the paradigm fundamentals, our business model, and market positioning.

We are pleased that Class and Black Book have recently recognized Veradig for our work. This recognition is gained through our collaborative efforts in the payer and provider markets, demonstrating the value of the Veritig network.

Specifically, Very Payer Insights was recognized with the 2025 class Points of Light award along with Humana and one of our provider customers, Metroplex Medical Centers. The award recognizes the successful collaboration between payers, providers, and healthcare technology companies that have led to improvements in patient experience, cost reduction, and efficiency gains in the healthcare industry.

For a second year in a row, Black Book Research rated Veriton Pairer analytics as the overall #1 provider of payer analytics solutions for health plans. This recognition reflects the power of the Veritigm network's ability to leverage technology to connect data and generate insights in ways that help health plans solve real world challenges and meet their goals.

We are seeing increased momentum in new business in the provider space, primarily in three key areas specialty practices, especially in neurology and orthopedics, our EHR agnostic revenue cycle portfolio, and our value-based care solutions where we help to close gaps in care such as generating reminders to complete preventative screening to support our clients in providing their patients with better outcomes at lower costs.

Now let's look at our performance during the first quarter of 2025, starting with Provider. Examples of new business in delivering quality revenue include We closed over $19 million in annual contract value deals in the first quarter of 2025, which is an increase of 25% as compared to the first quarter of 2024.

More specifically, new client provider sales increased nearly 60% as compared to Q1 of 2024. Customer retention remained in line with our 2025 plan. We signed the largest wound care organization in the United States to both the Veradig Practice Management and a Veradig revenue cycle Analytics Agreement.

Growth in specialty markets continues as we signed another multi-million dollar 5 year contract with a large urology practice. One of the largest provider deals we've signed in recent years.

Secondly, we continue to strengthen our product and solutions in the market. To take advantage of an unmet market need, we have completed the go live of our first customer using our integrated Practice Fusion EHR, Practice Fusion billing software, and payer path clearinghouse solution. This new offering provides full end to end revenue cycle management, specifically tailored for the small independent provider market.

Our Veronim Intelligent payment solution continues to exceed expectations. We signed over 30 new customer deals in the first quarter. This new payment solution provides healthcare practices with a streamlined path to digital billing and payments and meets a critical market need.

Finally, we recently held our Verdig Customer summit in Austin, Texas, where we increased attendance by over 50% from our 2024 annual meeting. This event provides the opportunity to connect with our customers face to face, share our paradigm vision, and highlight our solutions and services while showcasing our unique market position.

Revenue cycle continues to be a consistent unmet need and market opportunity for Veradig. The Feedback from some of the attendees validates Veradig's unique position in the provider and prepare space, supporting the optimization of value-based care, especially being able to provide higher quality of care at a lower cost while facilitating more efficient workflows for providers.

Transitioning to parer in life science, we closed over $14 million in annual contract value deals in the first quarter of 2025, which is a 22% increase over the first quarter of 2024. We're generating interest in both payer and provider markets as we execute against our value-based care strategy.

The Veritig Payer Insight Solutions integrates alerts from payers nationwide directly into existing EHR work flows to support the closure of care gaps, such as routine health screenings.

Health plans can share valuable insights that helps healthcare providers identify and address care gaps proactively, ultimately improving patient outcomes. Specifically, we signed two new Blues plans for our clinical data exchange portfolio in the quarter.

Additionally, two other Blues plans who are current Veritim customers added Veritim Payer Insights to their Veritim solution set. We had over 10 health plan clients go live with Verity Payer Solutions in the first quarter, including our first ACO analytics client.

Moving on to our life science business, we recently signed several contracts leveraging our Veritim network ambulatory EHR data set. And our subject matter expertise in real world evidence studies. We signed multiple data deals through a channel partner and a large multi-year deal with the nation's largest member-driven healthcare services company.

We signed three revenue real world evidence deals with a mid-tier pharma company for Nash studies and a COVID railroad evidence study with another pharma company. In our digital health media solution, we signed a multi-million dollar deal with a TOP10 biopharma company.

Now turning to our AI strategy and development, I'd like to discuss the significant market opportunities for integrating artificial intelligence capabilities into our solutions. Our product and development teams have targeted areas of AI focus which are currently under development and an early testing.

These include premium therapeutic specific data offerings and data analytics in our life science business. Provider workflow efficiencies such as Veritive may be inscribed. And financial and revenue cycle enhancements for both the payer and provider markets.

We believe the fully integrated AI capabilities that we are building into our solutions is where the market is headed. As I mentioned in March, Paradigm continues to build upon a solid foundation of growth, anchored by high recurring revenue and delivering sustainable value to our customers.

We are also driving operational improvements across the business. We continue to review and refine our organizational structure to ensure our employees and technology resources are optimally deployed. Another operational enrichment is the implementation of our new ERP system, which is currently undergoing initial user testing and is scheduled to go live in 2026.

We've completed the first phase of our operational review and are implementing our findings. As an example, we consolidated our IT organization which supports both our customersA architecture as well as our internal support teams.

We have improved our cost structure through reductions in headcount and by optimizing the geographic distribution of our teams. We continue to review all aspects of our business to ensure we have the right resources and the right functions at the right time.

Let me turn it over to Lee, who will walk through the 2024 and 2025 first quarter on audited revenue and cash positions, debt financing, and a progress update on our audit. Then I'll come back to provide some final comments.

Lee Westerfield - *Veradigm Inc - Interim Chief Financial Officer*

Thank you, John. Before reviewing our financial performance with you, I'd like to take a minute to talk about our fundamentals and our top priorities for 2025. With all of the accounting remediation and IT implementations, it's easy to lose sight of the fact that Veradym operates attractive businesses.

My message is this Our fundamentals are sound. How so? First, our recurring revenue. Nearly 80% of our revenue is recurring, generated from an installed base of EHR and health technology solutions. And looking ahead, new solutions coming to market will help elevate top line growth.

Second, our operating profitability reflects our mix of software, revenue, and services. This year actions are underway to improve efficiency and contribute to profitability in future years. Finally, We are appropriately capitalized. We are net cash positive. Our leverage is light. We have ample cash on hand with additional available liquidity should the need arise for the road ahead.

These are the qualities I see anchoring our fundamentals. Our top priorities are well under way too in accounting. Our goal is to regain current status with our SEC financial filings and to remediate. To that end, we've engaged a new public accounting firm BDO, and we are installing a new ERP and IT systems.

Treasury, our priority is to ensure ample liquidity. With our recent financing, we've met that objective. Now, I will review our financial performance. My comments will focus on three areas. Our first quarter 2025 financials, our recent debt financing. And our audit and accounting remediation.

First, turning to our recent financial performance. Revenue in the first quarter of this year was essentially flat versus a year ago. Top line performance in that way is consistent with our expectations for the year for approximately flat growth in 2025. Let me provide you more detail about our first quarter revenue.

In Q1, estimated revenue is in the range of $145 to $147 million. Growth was essentially flat versus the prior year up 1% at the midpoint. Revenue quality remained high. Recurring revenue was an estimated 78% of the total, consistent with 80% in the prior year.

Drilling further down into our business segments. Provider, which is by far our largest segment with a broad array of products and revenue streams, generated an estimated $113 million to $115 million in revenue, essentially flat with the prior year.

To add color, a decrease in follow my health product revenue was offset by increases in our repair path and practice fusion solutions. Payer and life science is where we see growth. Estimated payer in life science revenue in Q1 is in the range of $31 to $32 million up 8% at the midpoint with the prior year. Growth was led by increases in our payer health analytics services and in our clinical data exchange solutions.

Now turning to our cash and debt. As of March 31, 2025, debt on the balance sheet was $208 million which consisted of the principal amount of convertible notes. I should also say that amount does not include the repurchase price that would be due to noteholders when they are repaid. I will speak more about that aspect of our debt in a few minutes.

Cash on the balance sheet was $272 million which declined by $23 million from year end 2024. I'll walk through three major sources and uses of cash in the first quarter. One, a net outflow for acquisitions of $13 million. Which consisted of the deferred payments for the prior acquisitions of Science IO and COA Health. There have been no new acquisitions since Q1 2024.

An outflow for CapEx of $6 million mainly for software development three and finally. A net outflow for operating activities of $4 million. That covers a broad array of items, so let me break this down further. Ordinary items such as interest income, taxes, and working capital netted to an inflow of $11 million.

Offsetting that net inflow or outflows for nontypical transaction and other expenses. That totaled approximately $15 million. The transaction and other expenses included items such as audit and accounting, professional fees for the restatement of fiscal 2022. Which is now concluded The strategic review also now concluded.

And for legal fees associated with each of these items. In short, Typical networking capital inflows largely offset nontypical transaction and other outflows. Now, let's talk about the debt financing in more detail. As you saw on the 8-K filing last week, we entered into a credit agreement with Francisco Partners, which provides up to $100 million.

The process we undertook over the past few months was thorough. Before selecting Francisco, we met with more than six lenders and evaluated multiple term sheets. Francisco, we feel brings exceptional expertise in health technology and relatively favorable terms.

Let me share some key insight into the terms of our deal. The loan is senior secured. With a borrowing cost of sour plus 750. With interest payable in cash or in kind. There are no warrants or equity derivatives attached. In short, No dilution.

The initial draw at closing was $75 million. There is an additional $25 million undrawn, which we can access at our option until December 18, 2026. Short, more available liquidity. Should the need arise. The loan matures in five years.

With early termination provisions.

After you're one that provide us with flexibility if we choose to refinance with lower cost capital at an earlier date. In short, added flexibility.

All that said, the estimated cost of debt to maturity is in the range of 12%, including OID, and assuming sour remains consistent. Please though, refer to the 8K filed last week for further details. Now why did we pursue the debt financing? Well, first, we sought a long term capital partner to support us along the journey ahead of us through our accounting remediations, IT implementation, and our profitability improvement initiatives.

Second, as you will recall, our convertible notes mature at the beginning of 2027, but these can be put to us for repayment semiannually as soon as next week on July 1st. If all of the company's convertible notes are put for repayment next week on July 1st, our obligation will be an estimated $228 million. Which is the sum of the principal amount of the notes, $208 million plus a repurchase price of $20 million.

The company has cash on hand to fully fund our obligation to note holders. And if all note holders put. Our debt would then be $75 million consisting solely of the new senior term loan with Francisco. Moving on to share account. I'll provide you with a near current updated count. As of June 10, 2025, the company had 108.6 million basic shares common stock outstanding.

In addition to basic shares, There were also equity grants to employees. As of June 10, there were 10.9 million of unvested restricted stock units issued to incentivize employees. Turning now to our financial outlook. Our outlook for 2025 remains unchanged.

I'll reaffirm now that we expect to remain net cash positive throughout 2025 and reaffirm our expectation for revenue to remain approximately flat versus 2024. Finally, I'd like to update you all on the progress we've made towards regaining current filing status with the SEC.

As we announced in mid-April BDO has been selected by our audit committee as our independent registered public accountant. BDO has been actively engaged with me and our accounting team over the past couple of months, working towards the annual audits for both fiscal 2023 and 2024.

Once we complete and file the 2023 and 2024 audits, we will turn our attention to completing the 2025 audit. We have material weaknesses to remediate. Work is progressing on the design and execution of new controls to remediate.

Today we also reaffirm that we anticipate becoming current in our SEC financial reporting sometime during 2026 and plan to subsequently re-list our common stock. To wrap up, I want to remind everybody that our top line is stable. We have a high quality mix of recurring revenue.

We've undertaken profitability improvement initiatives. And we're appropriately capitalized for the road ahead of us. Lastly, we plan to continue providing periodic business updates until we are current with our financial reporting obligations.

I will now pass the call back to Tom. Thank you.

Thomas Langan - *Veradigm Inc - Interim Chief Executive Officer, President, Chief Commercial Officer*

Thanks Lee, to summarize, our financial foundation remains solid. Through our ongoing operational reviews, we continue to seek ways to improve our cost structure and operational efficiency.

Our solutions align with the needs of the markets where we compete. Paradigm's compelling value proposition is that our solutions are aligned with the convergence of the payer, provider, and life sciences and markets.

We continue to earn the trust of our customers and shareholders every day through our actions. Our employees remain the strength of our company, while it may be our solutions that meet our customers' needs is the paradigm team that keeps them here.

We continue to make progress in our financial remediation efforts. We are resolute in our quest to regain financial reporting currency in 2026. I am pleased with the progress we're making. However, we still have a lot of work to do.

I want to provide you with an update on the CEO search. The board is actively engaged in the CEO search process by conducting interviews with potential candidates, and I am working with the board to ensure a smooth transition. A final and more personal comment, I'll be leaving at the end of July, and this will be my last investor call as a member of the Veradigm Leadership team.

I am leaving with the knowledge that Veradigm is well positioned in the markets we operate in and the confidence that we have the solutions and team to compete and win.

I'd like to thank our investors, our customers, and our employees for their continued support of Veradigm. I know Veradigm is at the right place at the right time, and I will continue to have a vested interest in the success of Veradig as I continue to be a shareholder.

Thank you for your time and attention, operator. We will take questions now.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

George Hill, Deutsche Bank.

George Hill - *Deutsche Bank - Analyst*

Yeah, good morning, Tom and Lee, and thanks for taking the question. I guess Tom and Lee I'd start off with kind of noticeably absent in the presentation was any expectations of earnings for 2025, and I guess can you kind of talk about how the business is trending from a margin expectation kind of at the aggregate level and by segment level, and maybe just think about what are the puts and takes around profitability, excess investments this year, excess cost, kind of anything about how to think about the about the balance of the income statement would be helpful.

Lee Westerfield - *Veradigm Inc - Interim Chief Financial Officer*

Sure, Tom, do you want to kick off?

Thomas Langan - *Veradigm Inc - Interim Chief Executive Officer, President, Chief Commercial Officer*

Sure, actually you can comment.

Lee Westerfield - *Veradigm Inc - Interim Chief Financial Officer*

All right, our basic commitment as a rule, George is to provide financial information while we're in the midst of our remediation and our auditing work that we're fully confident that we can provide with accuracy and credibility. So our reason for not providing yet an outlook on on profitability is because there are a number of factors in 2025.

Profitability that will be influenced by the rolling forward balance sheets and and audit work that will be underway for 2023 and 2024. I hope that resonates, but that's the basic reason, commitment to accuracy and quality of our information that we provide on a forward basis. As far as trends is concerned, we've.

Lee Westerfield - *Veradigm Inc - Interim Chief Financial Officer*

Undertaken cost initiatives. That we've spoken about. Tom's spoken about that will intend to improve our profitability in the future. Those actions were begun in the first quarter and are continuing throughout this year.

Our commitment there is to continue to work towards efficiency that will improve our profitability. We did provide, back in three months ago, a range for IEA. Estimated even for 2023 and 202,024. So I think you can use those starting points. As you build forward.

George Hill - *Deutsche Bank - Analyst*

No, that's helpful. I guess it's good to hear that those kind of those numbers haven't changed. I guess, Tom, if I could kind of ask a question in your wheelhouse, I'd be interested in your comments on the life sciences market, given kind of the disruption we've seen at a high level, as a result of policy changes and and kind of R&D investment changes and kind of, what's driving, I know the payer market is strong, but we would love to hear about what you're seeing in the life sciences space and then I might have a quick follow up if we have time after that.

Thomas Langan - *Veradigm Inc - Interim Chief Executive Officer, President, Chief Commercial Officer*

Sure. Thanks, George. Good morning. So we obviously saw some headwinds. There's a lot going on in life sciences space as you stated. We're seeing, a solid first quarter, as I mentioned in my opening comments, both in the pair and the life science, segment of our business.

We're continuing to see opportunities in our digital health media solutions, which is, high profit, profitable solution for us. We continue to see, emerging opportunities around. Our premium data sets, so the clients are definitely looking for therapeutic specific data assets as well as our ability to leverage that data for prospective and re retrospective studies. So, I'm pleased with what I'm seeing so far to date. There were obviously were headlines last year, but we're starting to see, some good good opportunities in the market, in so far this year.

George Hill - *Deutsche Bank - Analyst*

Okay, and if I can sneak one more in on the provider space, I guess 11 more, one more question in two parts. One is I, I'd love to hear you talk about the competitive environment in our CM. And what's driving demand there and then if we just think about the core provider space, I would love to hear you talk a little bit more about where you're seeing attrition and where you're winning and kind of would love to hear you kind of characterize what's driving the success and like what's where, wherever you're having weakness with retention is that like industry consolidation which is something that you can't control or something happening from a competitive product perspective. Thanks.

Thomas Langan - *Veradigm Inc - Interim Chief Executive Officer, President, Chief Commercial Officer*

So let me start with the revenue cycle. So we're definitely seeing an increase in revenue cycle opportunities. We had our recent customer summit. It was a top issue and challenge for our practices. Where we're seeing opportunities is in both the mid segment as well as the small independent physician practices. So that's where we're seeing opportunities to compete against other players in the market.

As I stated, we also have an M10 solution in the practice fusion segment, which is a small independent practice, so we see opportunities with the HR PM rev cycle in our clearinghouse solution.

So overall I would say it's in the mid and small market where we're seeing, rev cycle opportunities, agnostic to the EHR in some cases or fully integrated across both the clinicals and the financials, so that continues to be an opportunity.

When I look at the macro kind of provider trends around where we're winning and where we're seeing maybe, some headwinds, we continue to see some headwinds in the larger physician segment, which were the assets that we divested Touch works, so we continue to see some challenges there, which is consistent with, last year, so that continues to be a challenging trend.

We are seeing opportunities, for new business within different specialty markets as I commented on, particularly around orthopedics, as well as urology and some other emerging specialties. So when we typically see attrition, it's usually, in the larger physician segment, but we do see some within the HR segment as well.

George Hill - *Deutsche Bank - Analyst*

Okay, I appreciate the call guys. Thank you.

Lee Westerfield - *Veradigm Inc - Interim Chief Financial Officer*

Thank you.

Operator

Charles Rhyee, TD Cowen.

Charles Rhyee - *TD Cowen - Analyst*

Oh yeah, thanks for taking the question. Maybe Lee just following up to to George's question, obviously or or Tom, I think you one you just mentioned that we can look at 2023, 2024, comments previously on profitability and if I remember correctly, I think you had said that estimated sort of 85 to 90 million of adjusted even done in 2024. Is it fair to think with a flat revenue guide. That even that number should be roughly in the same range.

Lee Westerfield - *Veradigm Inc - Interim Chief Financial Officer*

Hey, Charles, good morning. I, we're not providing an outlook on our guidance on IIA. So what I would say to you on this basis is the 2023 and 2024 ranges to set a starting point for you, but I wouldn't want to make an outlook for you that's not already in our materials.

It is our commitment as a theme and a really important initiative to improve profitability going forward and that's a multiple year effort, in our, in our time horizons.

Charles Rhyee - *TD Cowen - Analyst*

Okay, then I guess maybe you mentioned sort of investments in IPs and a new ERP. Can you help size maybe the cost of this initiative, because I'd imagine once that is live, sort of, costs related to that would fall off any way to quantify the size of that?

Lee Westerfield - *Veradigm Inc - Interim Chief Financial Officer*

Well, sure. The, there are two, I mean, essentially two parts of the of the of what we code name Atlas initiative but the ERP and and app.

Enterprise app rationalization efforts. The first is is what's underway now, which is the implementation, and the second is the management and operation of it going forward. So there will be standard kind of licensing of of of apps in future, Workday among them, Swaaa we've named.

The implementation plans aim to be completed in the early first quarter of 2026, and so we anticipate that time frame for transitioning to our new ERP and and and IT systems along with that there is a change in the way we do our work internally and and this is a qualitative point. That should be significantly more efficient with information.

Disseminated around the organization, less hands needed to be able to pull and analyze data, pretty standard things with regard to enterprise data, but there'll be efficiencies for us from that initiative once we go live with with our new IT systems in 2026.

Charles Rhyee - *TD Cowen - Analyst*

Are we talking maybe like 10s of millions or like. Low double digits. I mean, any way to kind of, I mean, I imagine it's not, we're not talking like, close to $100 million, right? I mean, is it any way to kind of give us a ballpark sense, I think maybe you did like $12 million of investments in 24 is are we talking sort of the same kind of range?

Lee Westerfielf - *Veradigm Inc - Interim Chief Financial Officer*

Well, again, I'm not going to provide sorry for this, I appreciate the question a lot, Gerald. It's a, it's a kindly spirited question, but, and more specifics on financials than we've already, I printed in our press releases in 8 cases, but Again, I would say that the major reason for this initiative, the two major reasons for this initiative, ERP and IT Systems initiative, is number one, the really obvious, which is to remediate our material weaknesses in our accounting.

So that's a must do. And the second is a corporate fitness is is improving our productivity and and And improving the speed and pace that business decisions can be made, and furthermore manage our customer relationships and in a more streamlined fashion. So how to quantify that efficiency it's a subjective point, but I think it'll be significantly more efficient, for, efficiency gain, in the period after 2026 going into 2027.

Charles Rhyee - *TD Cowen - Analyst*

Okay, maybe ask in a different way, if we think about the pieces then within sort of OpEx that are maybe one time in nature, right? We obviously have.

Accounting, sort of audit fees related to BDO we have, ERP investments, these would be sort of the one times also and then cost related to, fixing the material weaknesses. Now I imagine on the other side though, some of those costs for.

Material, fixing material weaknesses are permanent, right? The new structures and new infrastructure in place, any, anything else that would be sort of an ongoing cost that's kind of coming this year that we should not assume as so and and then obviously then there's efficiency gains from the implementation on the plus side, anything that we're missing that I'm missing in that regards.

Lee Westerfield - *Veradigm Inc - Interim Chief Financial Officer*

The transaction and other expenses that I mentioned were $15 million of cash outflow in the first quarter. There were three buckets, audit and accounting.

The residual portion of our strategic initiative, and I guess if you think of it as a third bucket, the legal fees associated with each of those two areas. Obviously, the restatement and the strategic review itself as each are behind us. The, accounting remediation is in front of us, until we regain our current filing status.

The amount of that spending, I think is quite manageable on our part, and.

And we've already said we anticipate, regaining current filing status during 2026. So if you say that we're about midway through 2025, midpoint of next year, maybe there's 12 months worth of that form of portion of our transaction and look through expenses going forward.

But not as intense as the restatement period that's behind us. If you're trying to normalize, which I think is what you're really trying to do, our, ongoing expenses, obviously we'll be a public company and we we will have a public company audit fee.

That's very ordinary. We'll have very ordinary levels Of ERP licenses and and and CRMs Salesforce licenses. I would expect, just as a qualitative point that our, expense metrics, will, begin to look quite similar to an ordinary software and service company, in the, Period, in, more than a year out, but about that time frame.

Charles Rhyee - *TD Cowen - Analyst*

And so, okay, that that's helpful. So when you think about the 15 million sort of in the, outflows, right, you talked about 3 buckets are the expenses related to BDO, would that be in the range of a normal audit costs, or is there extra cost to the BDO because there they have some initial maybe ramp up time getting to know the company?

Lee Westerfield - *Veradigm Inc - Interim Chief Financial Officer*

Oh, well, BDO is performing the audits, on 2023 and 2024 fiscal years and in due time 2025 as well. So basically that's three audits, in a single roughly 12 month period of time. So, I, so there is a there's an idea there, I think that you've said, it's their fee like, which I'm not going to comment on really specifically, but it's, if it were annualized, for one year, it would be quite ordinary and fair as a fee.

Charles Rhyee - *TD Cowen - Analyst*

Okay, and then maybe the last question for me. Unless I pairer then to follow up on on George's question, obviously a lot of turmoil going on, in this field, we've started to hear a little bit more caution coming from, not exact peers of you, but others that are in sort of the commercials then part of the farmer market, I'm thinking, like proximity and Viva, not not that they're seeing anything yet, but they're starting to suggest that there's a potential of maybe slow down demand. Anything you can tell us in regards to what you're seeing from clients, on the demand side in sort of this, post-approval kind of commercial part of the spend.

Thomas Langan - *Veradigm Inc - Interim Chief Executive Officer, President, Chief Commercial Officer*

I'll say, listen, we're, I mean, there's. Definitely to your question, Charles, there's definitely, some concern in the market. People are cautious because of, some of the uncertainty. We're not necessarily in the commercial segment as much as we're in like the research and, different parts of the market. So, we're seeing good momentum as I said earlier. But we're keeping an eye on what the market trends are and, what's going on in the industry, so, we're not seeing anything right now that we're concerned about, but we're definitely monitoring it.

Charles Rhyee - *TD Cowen - Analyst*

Okay, I'm sorry, one more for me, you mentioned earlier, right, obviously we're starting, we're seeing growth, you, you're having, new business wins, in provider particularly, but revenue is still pretty much flat, so you're saying retention is in line, meaning that you know you had some expected attrition, you mentioned headwinds for the larger end of the market, what, where.

Does that flatten out at some point? You're kind of, you're going to lose or you, you're going to expect to lose the whatever amount that you think it's going to be, but when does that kind of flatten out and where you kind of reach sort of a steady state where you think it's, your attention goes back and let in the 90s.

Thomas Langan - *Veradigm Inc - Interim Chief Executive Officer, President, Chief Commercial Officer*

I mean we have a pretty good view of where the top customers are on the large segment and you know which ones are stable and which ones might be at risk. So there's still, as we said it, our our view on 25 is consistent from a, retention perspective. I think it's still going to take a little bit of time for that to normalize, but I would say I'm not going to give a prediction, but I would say we're continuing to see.

Attrition in that large segment which is impacting Follow My Health, which is impacting, payer pass and some of our other products that are attached to Touchwork. So I think it's still going to be some time that we're going to continue to see attrition in the large segment.

Charles Rhyee - *TD Cowen - Analyst*

Would you say we're more of the way through most of the way through kind of thing, or.

Thomas Langan - *Veradigm Inc - Interim Chief Executive Officer, President, Chief Commercial Officer*

I think we're more the I think we're, you know, we're through a lot of the larger clients but they're still, those tend to be pretty large clients so we're still seeing, attrition in that segment.

Charles Rhyee - *TD Cowen - Analyst*

And sorry, one more, and when someone makes a switch, how long does it take for that revenue to roll off typically?

Thomas Langan - *Veradigm Inc - Interim Chief Executive Officer, President, Chief Commercial Officer*

It really varies for the client. It's not, it's typical it doesn't happen with, yeah, it doesn't happen within a. A short period of time, it usually takes time for them to transition off. Our platform to another platform, in some cases they will stay with, and they might switch off the HR and keep the PM rev cycle and patient engagement assets, but it, these are large clients, so typically, there's there's a pretty long runway for them to actually transition off just because of the complexity of the integration and the migration of the data to a new platform.

Charles Rhyee - *TD Cowen - Analyst*

Okay, that, that's really helpful. Thanks a lot guys. I really appreciate it.

Operator

Thank you. We reached end of our thank you. We reached end of our question as she said you'd like to turn the floor back over for any further closing comments.

Thomas Langan - *Veradigm Inc - Interim Chief Executive Officer, President, Chief Commercial Officer*

It's just, I just like to thank George and Charles and, all our investors, as I said in my closing comments, this will be my last call, so I appreciate the support from the investors, from our customers and our employees, and we look forward to continuing to give you periodic updates on the progress that we're making as a business, so I appreciate the call today.

Operator

Thank you. That does conclude today's teleconference and webcasting we disconnect your line at this time and have a wonderful day. We thank you for your participation today.
