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**Thomas Keller**

## PRESENTATION

### Operator

Greetings, and welcome to Allscripts' Fourth Quarter and Full Year 2021 Earnings Conference Call. (Operator Instructions) As a reminder, this conference is being recorded. I would like to turn the conference over to your host, Jenny Gelin. Thank you. You may begin.

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**Jenny Gelin** - *Allscripts Healthcare Solutions, Inc. - VP of IR*

Thank you very much. Good afternoon, and welcome to the Allscripts' Fourth Quarter 2021 Earnings Conference Call. Our speakers today are Paul Black, Allscripts' Chief Executive Officer; and Rick Poulton, our President and Chief Financial Officer.

We'll be making a number of forward-looking statements during the presentation and the 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. We undertake no obligation to revise these forward-looking statements in light of new information or future events. Please refer to our earnings release and SEC filings for more information regarding the risk factors that may affect our results. Please reference the GAAP and non-GAAP financial statements as well as the non-GAAP tables in our earnings release and the supplemental workbook that are both available on our Investor Relations website.

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

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**Paul M. Black** - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

Thanks, Jenny. Good afternoon, and thank you all for joining us today. I'd like to start by recognizing my colleagues at Allscripts for delivering such strong results. I want to thank our associates who have continued to demonstrate what it means to be all in. This spirit has driven us forward to success despite all the bizarre, unprecedented and certainly unplanned events that have occurred over the past 2 years.

Looking back over the past 24 months, globally, we have experienced what we hope to be a once-in-a-lifetime event. We began 2020, like everyone, blindsided by the global pandemic but needing to quickly respond to our clients' and our associates' needs. We had a massive pivot during the course of February through June of 2020. There was a substantial amount of work performed, a great focus on unique programs and in new ways of running the business. The outcomes we discuss today were created by all of the dedicated Allscripts associates.

Nowhere, however, for the changes to the daily life fell more directly than with clients who serve on the front line of pandemic and in the research labs where the scientists were studying clinical trial results in an effort to safely but rapidly create a vaccine that would cure the pandemic. Working from home became the norm for most of the functions inside of our business, supporting, selling, collecting, installing, running, operating and upgrading our solutions across all clients across the globe. They all moved to remote virtual environment in most cases, except for the people that were on site with the client that are part of the managed services organizations.

Those were 2 difficult years. I'm very proud of this executive management team and our ability to see through the fog, making the decisions to position Allscripts for the success we are now all collectively realizing.

We invested in the core, focused on creating value and on unlocking value. One year ago, we discussed the prior year of reset at Allscripts, where we reset our client priorities, reset our cost base, reset our portfolio and reset our balance sheet and capital structure. We also highlighted our 2021 priorities focusing on delivering, and this team has delivered consistent results.

Executing the plan on the Allscripts financial flywheel, our performance delivered as advertised, highly recurring revenue, significant improved adjusted EBITDA margins, improved free cash flow conversion and a continuous focus on returning capital while investing for growth in the existing business. I'm pleased with the solid 2021 full year results, which continue the forward momentum at Allscripts into 2022.

we've made multiple investments over the years to create strategic platforms to distinguish Allscripts and make us relevant in today's marketplaces. These EMR-agnostic platforms expand the breadth and the depth of our solution portfolio. Rick will highlight how these investments in payer, data analytics, life sciences and research marketplaces reflect the relevance that we have established around the globe. These investments were supported by our Board and remain strategically important to us and clearly have allowed us to reposition the company to where we are today.

We've also continued to make deliberate investments in our core EMR platforms. This has driven cross-sell opportunities in hosting, cloud, telemed, cyber, interoperability, white space, outsourcing and revenue cycle.

A few highlights for the fourth quarter. In the United Kingdom, Medway NHS Foundation Trust agreed to expand its Allscripts patient administration system footprint by deploying Sunrise clinicals. Its aim was to deploy the solution faster than any other U.K. client, with a Phase I to be live before the end of 2021. Our collective teams met that challenge in a COVID-altered virtual deployment that was completed in just under 5 months. Medway NHS Foundation Trust is now live with Sunrise Version 21.1. They documented more than 1,500 clinical notes in the first 24 hours of deployment.

Also in the United Kingdom, the premier cardiac trust Liverpool Heart and Chest has achieved HIMSS Level 6 designation. As our first HIMSS Stage 6 client in the United Kingdom, this is a major milestone for our company and a significant achievement for the teams who have supported this Liverpool Trust throughout the journey to patient safety and full digitization.

Our long-time client, Northwell Health, expanded its partnership with Allscripts by selecting Sunrise perioperative solution for their 20 hospitals. Our solution will be replacing SIS, a third-party point solution.

All of these wins are important examples of the investment in the core that create white space opportunities for Allscripts and deliver a single unified patient record for our clients, investments that expand our addressable market and simplify business for the client.

SUNY Downstate in Brooklyn signed to migrate to Azure Cloud in Sunrise platform of health. Moving to the cloud allows SUNY to participate in lower cost of ownership while also improving EHR experience for their clinicians and patients. A long-term client, Jennie Stuart Health, a community hospital in Kentucky, signed to move to the Sunrise Community Care platform from their existing Paragon instance. In Iowa, Ringgold Hospital similarly selected Sunrise Community Care to replace their Paragon instance. Hospital leadership in both instances cite the comprehensiveness of the solution and their ability to maintain local control of clinical and financial deployment decisions as key factors in their Sun Comm decisions.

We're proud to also partner with Next Level Urgent Care, who has selected Allscripts TouchWorks on the Azure platform to improve connectivity, better provide better EHR workflows and greatly advanced analytics in all of its locations.

Now on to our communities. A distinctive part of Allscripts is our caring culture of giving back to the communities where we live. When communities are in need, people show up, Allscripts shows up. I refer to this as the soul of our company. In December, Allscripts associates participated in disaster relief fund raising for the Southern and Midwest Red Cross in support of those affected by the tornadoes that devastated these communities across 8 United States. I'm extremely proud of our response. We raised thousands of dollars for relief and recovery efforts.

Over the past few months, we've been successful at introducing 3 new enrichment programs inside of Allscripts: Allscripts Black Alliance, veterans and allies and the Hispanic outreach for Latinos at Allscripts. This is in addition to 2 long-standing enrichment groups, Allscripts Women's Engagement and Generation Next. These enrichment groups, open to all associates, help build a sense of community and foster an environment in which every voice is heard and valued.

In closing, we remain optimistic about our market and our company. With the investments that we have made in expanding and new solution platforms, we believe Allscripts is distinctly positioned to continue to deliver mission-critical outcomes for providers, payers, pharma and research organizations. New client prospects are recognizing our distinct offerings. Selection decisions are increasingly driven by appreciation for our agility, our methodology and our solution-driven capabilities. These attributes should position us well for 2022 and beyond.

Now I'd like to turn the call over to Rick Poulton, Allscripts' President and CFO.

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**Richard J. Poulton** - *Allscripts Healthcare Solutions, Inc. - President & CFO*

Okay. Thank you, Paul, and thanks, everybody, for joining us today. Just one more reminder. As Jenny had indicated, additional financial details are available in the supplemental financial data workbook that is posted to our Investor Relations website. .

In summary, the fourth quarter was, by far, our best quarterly performance in years, and it was driven by both our continued discipline in managing our cost structure, along with the traditional seasonal strength that we experienced in Q4 for both sales and revenue. This combination of forces resulted in significant operating leverage and very strong sequential and year-over-year growth in margin performance, adjusted EBITDA, earnings per share and free cash flow. So with that overview, let me highlight a few items, starting with our bookings and revenue performance.

We reported \$219 million of new bookings in the quarter, which was up 21% year-over-year, and revenue in the fourth quarter was \$392 million, which was up 1% year-over-year. Like the fourth quarter of 2020, we had a very good revenue mix during the quarter, with strong contribution from software sales and workflow-linked revenue, both of which are high-margin contributors. As has been the case for several quarters now, our revenue results continue to be a tale of 2 different stories, with our hospitals and large physician practice segment being down 2% year-over-year and while our Veradigm segment grew by 9% year-over-year.

As I have stated many times now on these earnings calls, our goal is to enhance your understanding and bring greater transparency to investors with what we are doing at Veradigm. In addition to the segment reporting that we initiated last quarter, for several quarters now, I've been providing examples of commercial deals that we executed during the quarter that will be part of driving our future reported results.

In the fourth quarter of 2021, we signed a deal with Moderna to provide research, consulting and data analytics services for 8 separate real-world database studies focused on gaining a better understanding of the impact of different aspects of Moderna's COVID-19 vaccine in the U.S. population. These studies will be conducted using clinical electronic health record data linked to health care claims data. And this project will contribute significantly to the world's deeper understanding of the real-world impact of COVID-19 vaccines.

Additionally, we recently signed an agreement with the Social Security Administration, whose objective is to improve the speed and quality of the disability determination process through more efficient and effective health record acquisition and subsequent data integration processes. Not only do we expect this contract to be a meaningful financial contributor, it will also be a catalyst for us to evolve our capabilities to a point where we will have near real-time chart extraction. Having near real-time chart extraction will benefit both providers and payers as we expedite the ability to close care gaps and manage at-risk contracts.

Overall, the Veradigm provider platform continues its growth trajectory, adding approximately 500 new practices and 5,600 prescribing physicians during the quarter.

So now let me turn to the overall margin performance in the quarter. Consolidated non-GAAP gross margins was 45.2%, which was up 120 basis points year-over-year and almost 300 basis points sequentially. This was driven largely by the revenue mix benefits that I described earlier.

Further down the P&L, we continue to manage our operating expenses tightly, and this helped drive very strong 22% year-over-year adjusted EBITDA growth in the quarter, and it resulted in adjusted EBITDA margin of 23.9%. We also had an excellent quarter of free cash flow generation as we generated \$66 million of cash flow from continuing operations and \$48 million of free cash flow.

Alongside our earnings, we had strong working capital performance as well and ended the year with the lowest days AR outstanding in the company's history. So I really want to thank publicly Chad, Gina and the rest of our cash team for their tireless work improving this measure.

Below the operating line, we recognized a \$61 million gain on the disposition of a minority interest that we held in our investment portfolio. And this also resulted in equivalent inflow of cash from investing activities during the period. This cash inflow, plus the free cash flow generated from operating activities, allowed us to repurchase \$108 million of our common stock during the quarter or 6.5 million shares, with essentially no change in net debt outstanding compared to the end of the third quarter.

On a per share basis, we reported non-GAAP EPS of \$0.79 per share, which was up 295% year-over-year, reflecting both our strong income statement performance as well as our lower share count.

So now I want to wrap up my prepared remarks by commenting on our outlook for 2022. Our consolidated revenue outlook for 2022 is between 1% and 2% growth year-over-year. And our consolidated free cash flow outlook for 2022 is a range of \$165 million to \$175 million.

Lastly, I'd like to remind everybody that our Board approved a new \$250 million repurchase authorization in January, and we would expect to begin to utilize that throughout the year.

And so with that, I'd like to open up the call for any questions.

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## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions) Our first question comes from Michael Cherny with Bank of America.

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**Michael Aaron Cherny** - *BofA Securities, Research Division - Director*

Congratulations on a really strong end to the year. I guess, Rick, maybe just a guidance question to start. You guided on revenue growth and free cash flow generation. It seems like the free cash number is roughly in line and slightly above where consensus is for the year. Is it safe to say that when thinking about some of the other moving down the P&L metrics, that a sustainable level of EBITDA expansion is likely to continue based on what you've generated over the last couple of years?

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**Richard J. Poulton** - *Allscripts Healthcare Solutions, Inc. - President & CFO*

Yes. First of all, thanks, Mike, for the comments. Yes, look, I mean the range, \$165 million to \$175 million is – midpoint of that is right on top of where we came in, in 2021. We think we'll continue to see very similar trends, and we'll continue to have a little bit of, I think, cost improvement

that will make up for some of the – a little bit of onetime good guides that we thought we had in 2021 on the cash flow side. So all in all, I think the free cash flow is a good proxy for what we're expecting on an EBITDA basis.

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**Michael Aaron Cherny** - *BofA Securities, Research Division - Director*

Got it. Certainly helpful. And then maybe a big-picture question, probably for Paul and Rick. 2020 was the year of getting things started in a lot of the portfolio cleanup and capital realization with the divestitures. 2021 was about cost base and driving significant margin expansion. As you think about kicking off this year, what is the theme or the story for 2022 relative to that next pathway of value creation?

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**Richard J. Poulton** - *Allscripts Healthcare Solutions, Inc. - President & CFO*

Yes. I'll start and then see if Paul wants to add anything. I think, Mike, first off, I wouldn't say we're done thinking about the portfolio and making sure we continue to optimize the portfolio, nor are we done continuing to wring out efficiencies from our cost base. So I agree, those were headline themes, but those are not in the past by any means for us.

I think what we're really continuing to emphasize and what you hear through some of our increased cadence around discussing Veradigm is that's a very real adjacency. It's a very real market opportunity. We think it's a large TAM that we are expanding into. And we're not just talking about it. We're actually building on what is years of investment and years of progress in creating the scale that we have. And so I think value creation off of adjacencies, continuing to win wallet share with the clients we have are how we'll continue to grow.

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**Paul M. Black** - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

I don't have a lot to add to that. Very good summary.

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**Operator**

Our next question is from Sean Dodge with RBC Capital Markets.

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**Thomas Keller**

This is Thomas Keller on for Sean. So starting off on bookings, it was a good quarter. Can you give us a little more visibility on maybe the composition? Like what share? Was Veradigm related in the core business? Maybe the relative proportion that are coming from competitive wins?

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**Richard J. Poulton** - *Allscripts Healthcare Solutions, Inc. - President & CFO*

Well, first of all, Tom, thanks for joining the call. Yes. We haven't ever broken out bookings at a segment level or product level, and we're not going to start now. It was a good quarter. We like the year-over-year growth. It was our fourth quarter in a row where we had some year-over-year growth there. So I think that's a nice sign of recovery off of what was the low point of 2020. But it's a mix across the business. There's no one place that's driving it entirely. We are getting business across a lot of our – we still skewed heavy towards provider-centric revenue. We're getting a lot of revenue and bookings off of providers. But our adjacent markets in the payer and life science space are becoming nice contributors as well.

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**Thomas Keller**

Yes. Fair enough. And then on Veradigm, it's very impressive EBITDA margins in the quarter. Is there any way to get any more detail on that 33%, maybe the drivers? And how we should think about that versus any sort of longer-term target for the segment?

**Richard J. Poulton** - *Allscripts Healthcare Solutions, Inc. - President & CFO*

Well, I guess I'd want to start by answering that with by just reminding you. I mean, fourth quarter is a nice mix quarter. It's always the best mix of the year. You tend to have some year-end spending by some clients, and that really gives you significant leverage. So you'd see pattern recognition of Q4 tends to be the best quarter, and you try to build off of – see, you have to start looking back at a year-over-year basis as opposed to just always sequentially.

But it's a nice -- it's a good business. I mean we're very excited about our opportunities there. It's a little lower capital intensity and a nice margin profile, and we really think we'll get good operating leverage as we continue to grow there.

**Operator**

Our next question comes from Charles Rhyee with Cowen.

**Charles Rhyee** - *Cowen and Company, LLC, Research Division - MD & Senior Research Analyst*

Congrats on the end of the year here. Rick, just looking at the hospital business here. And obviously, you had to work through the challenges of some customer attritions, particularly in the academic centers. Is it fair to think – and sort of the attendant runoffs in revenues from those losses. At this point, what do we have left? Or have we – is it right to think, given the revenue guide for the year, we've kind of turned the corner here and we've kind of run off most of revenues that we would expect to kind of go away? And maybe a sense for what the underlying growth for the remaining business has looked like in this segment.

**Richard J. Poulton** - *Allscripts Healthcare Solutions, Inc. - President & CFO*

Yes. Charles, thanks for joining us. I guess here's how I'll try to steer you towards thinking about that answer. Look, if you can see by the segment presentations that we've given you that the hospital business was down 3% year-over-year in Q3 and more like 2% in Q4, but you see – you saw that kind of pattern there.

The way I like to think about attrition or talk about attrition, particularly when you're talking about larger health systems or large practices, which don't transition on any kind of knife edge, it's a long process, is I use a metaphor of like a funnel, how much is going on the top of the funnel. And then it takes a while to kind of come through and ultimately, it comes out the bottom. And you see it in the P&L when it's coming out the bottom.

We, in 2021, had very little go back into the top of the funnel. So in that regard, I feel pretty good about that, but we still had some trickling through the bottom, and we'll still have some trickling through the bottom in 2022 as well. So you can see by our revenue guidance on a consolidated basis, and you can see some trends that we've had at Veradigm, some trends we've had at the hospital segment. When you think about the weighted average, I think you can see that we're not 100% done with that runoff.

**Charles Rhyee** - *Cowen and Company, LLC, Research Division - MD & Senior Research Analyst*

That's fair. But do you think this coming year, we should get through the bulk of it then? And would you – obviously, probably you don't want to speak too much about even beyond '22, but this kind of growth should – would you expect to see maybe some continued acceleration as we think further out into the future?

**Richard J. Poulton** - *Allscripts Healthcare Solutions, Inc. - President & CFO*

Yes. I mean I think what I – I think what we feel comfortable saying, Charles, is that the kind of the image, if you will, or the sort of profile of the customers that we've lost, a lot of academics, as you mentioned, we've kind of run most of our course there. And so we don't anticipate a lot of new going – again, staying with the metaphor, going into the top of the funnel. And so most will have a lot run out in 2022. There may be a little bit of residual left at the end of the year. But that's our best outlook right now.

What we can't really predict, of course, is what could happen in terms of continued consolidation or mergers in the industry and what that effect would have. But looking at the profile of what we have today, I think it's fair to say we're on the – we're in the back half or the back swing or almost done with the March through our client base of attrition.

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**Charles Rhyee** - *Cowen and Company, LLC, Research Division - MD & Senior Research Analyst*

That's helpful. And just to follow up on something – one of Mike's questions which is you mentioned about the '22 free cash flow as kind of a good proxy for EBITDA. You kind of – you made some mention of some good guides in '21. Anything that you'd want to really call out to make sure as we're modeling to take into account?

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**Richard J. Poulton** - *Allscripts Healthcare Solutions, Inc. - President & CFO*

Well, I think it wasn't numbers, Charles, but you may recall, we talked -- I think it was Q3 that we had a recovery of some funds from one of our insurance companies. That would have been an unusual. But this is single-digit million dollars that I'm talking about. So 2021 had a little bit of gyrations but not much. And again, midpoint of our range for 2022 is really on top of what we saw in 2021. And so I think you can think of it as the little bit of impact of the onetime goodness we had in 2021 is offset by business improvement in 2022, to get to kind of the same place.

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**Operator**

Our next question comes from Jeff Garro with Piper Sandler.

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**Jeffrey Robert Garro** - *Piper Sandler & Co., Research Division - Senior Research Analyst*

Maybe I'd ask one more about business mix from a different angle. I was hoping you could discuss the recent international trends and go-forward expectations for OUS geographies.

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**Paul M. Black** - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

Sure. We've had some good wins there. Those are all, if you will, preceded by some good deployments, which is great. Meaning the referenceability of the clients outside the United States – as inside the United States – but specifically outside the United States is quite high. And as those people – other people – the other trusts in the Kingdom, folks in Canada, other people in the Asia Pacific rim are looking for a partner. It helps a lot that we have good solid references outside the United States.

As we've talked about in the past, there are some larger opportunities that are out there that we have been participating in and working on for a long period of time. Those come in, however, at lumpy and somewhat unpredictable phases. So we want to be in and so that we can win them, but it's very difficult for us to forecast and/or predict them, especially given what's going on with the pandemic and now some other things that are happening throughout the rest of the world. So at a global basis, outside the United States, decisions are made at the Ministry of Health level and typically at the government level, and that's typically a longer sales cycle. But there's business there.



So we've had other expansions. So inside of some of our organizations, as we said, in the United States, they'll buy more solutions from us as we make them available, like the perioperative suites and many other adjacent clinical arenas that they're interested in as well as we'll be announcing some additional trusts that have – as they assimilate in certain geographies, they will go, if you will, geography-wide with certain solutions. And we expect to participate in that as well.

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**Jeffrey Robert Garro** - Piper Sandler & Co., Research Division - Senior Research Analyst

Excellent. Great to hear. That's helpful. And then one more for me. Maybe you could just help us reconcile some of the different moving pieces in the revenue guidance for next year and just really thinking about the strong bookings growth this year, not quite the same level of revenue growth expected next year as well as the sequential drop-off in backlog. So just how the different contributors factor into the revenue growth and the timing of different contributions?

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**Richard J. Poulton** - Allscripts Healthcare Solutions, Inc. - President & CFO

Well, I mean, Jeff, there's – it's -- you can't have a very direct line between backlog bookings and in-year revenue. As you recall, bookings is -- what we count in bookings, at least what we count is new business, and it's an aggregation of the contract value of a new deal. So if you have longer-term deals, you're averaging multiple years there and – or you're adding multiple years there, I should say. And it begins to come to revenue when a solution actually goes live. And so you can have gaps in time between a contract and when you go live. So there's always a little bit of gap on bookings relative to revenue.

Backlog, though, on the other hand, includes everything that's just renewal business as well. So when we renew a large, let's say, managed services contract or something like that, it will have 0 effect on bookings but will go into backlog for its full contract value. And then in that instance, backlog can move around depending on where you are in renewal cycles for large contracts.

So you have to just recognize that maybe over a long term, there's a good connection. But in near-term periods, it's hard to draw a straight line between those couple of measures. So our outlook for revenue for next year takes into account what we've done in terms of bookings back half of 2021 as well as what we expect to sell early in 2022, those will be the areas that have the most direct impact on the 2022 revenue. So we've factored that in, and we've factored it in across both segments of our business to come up with our consolidated guidance.

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**Jeffrey Robert Garro** - Piper Sandler & Co., Research Division - Senior Research Analyst

Got it. That's helpful. And just to clarify on the backlog, the sequential downtick, is that attributable to the renewal activity you discussed? Or anything one-off there that we should be considering?

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**Richard J. Poulton** - Allscripts Healthcare Solutions, Inc. - President & CFO

Yes. I would just – I would say it's just a point in time relative to contract renewals. So if you trace back, we had a large – a very large uptick in backlog when we renewed our large managed services agreement with Northwell. And obviously, that – you put it all in and then you start to chisel it away as time goes on. So that's just one example. But you should think of backlog run down as a function of renewal cycle on these contracts.

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**Operator**

Our next question is from George Hill with Deutsche Bank.

**Unidentified Analyst**

It's [Maxie] on for George. So we started seeing a lot of the headlines in the healthcare technology trade press around renewed spending on EMR systems given the last purchasing cycle ended in 2015 and '16.

So a lot of these deployments are already 6 or 7 years old. Are you seeing increasing demand in the market right now? And specifically, what functionalities are drawing most of the interest?

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**Richard J. Poulton** - *Allscripts Healthcare Solutions, Inc. - President & CFO*

I mean, we're – if we understood your question right, you're asking about trends on perhaps the replacement market, given people have been using these systems for several years now. Yes, I mean there's certainly a replacement market opportunity out there. It's one we participate aggressively in. Paul referred to some momentum and some wins in his comments earlier. Those would be largely coming out of the replacement market. Certainly here in the U.S., that would be coming out of the replacement market.

International wins are not always replacement. A lot of those times, that's first-time adoption. But yes, I mean it's a -- there's definitely a demand market out there. I wouldn't say we've seen a significant change in the profile or volume of demand right now in the large health system space.

Ambulatory market has its share of churn. I would say the same thing, that's not a significant change relative to what we've seen in the last year to 2 years.

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**Operator**

Our next question is from Stephanie Davis with SVB Leerink.

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**Stephanie July Davis** - *SVB Leerink LLC, Research Division - Senior MD of Healthcare Technology and Distribution & Senior Research Analyst*

Congrats on not just a good quarter but a clean, good quarter, which has been a while coming. I like it.

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**Richard J. Poulton** - *Allscripts Healthcare Solutions, Inc. - President & CFO*

Thank you.

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**Paul M. Black** - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

Thank you.

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**Stephanie July Davis** - *SVB Leerink LLC, Research Division - Senior MD of Healthcare Technology and Distribution & Senior Research Analyst*

You had a few big wins on the Veradigm side that you called out in the quarter. So I thought it might be helpful just to refresh us on the Veradigm business model. How should we think about the recurring risk of these revenues? And I guess a follow-on to that one, if you think about this as a mostly recurring revenue stream, is improving the top line growth rate going to be a question of improving Veradigm growth, getting that to the low double digits? Or is this going to be more like hot stopping the hospital bleed? Or does Rick have something completely else off of his sleeve that – I haven't thought of that.

**Richard J. Poulton** - *Allscripts Healthcare Solutions, Inc. - President & CFO*

A man said, I can't tell you all my tricks. Yes. Well, so I guess maybe I'll take some of that in reverse order. The Veradigm business opportunity is -- doesn't feed very heavily off of our hospital base or even large physician practice base. There's a little bit of a link to some of our larger physician clients but very little to hospitals. So whatever trend lines are happening in the hospital business doesn't really have a bearing on what we're doing in Veradigm.

The profile of the deals -- yes, I mean, I've continued to provide a few different anecdotes or illustrations of some of the business we're doing there. They'll -- the projects that I've mentioned are kind of -- the way I would think about it, Stephanie, is they're recurring customer relationships, but frequently, in the case of like the Moderna example I gave you, recurring customer relationships with solving a little different study. So these are different studies that are kind of top of mind or very topical to them that we'd be working on. And they're not necessarily long-term recurring.

The example with Social Security Administration, I would expect to think of that -- you should think of that as recurring business. That will be a long-term type of activity, we're doing every quarter for them. So that's what I would describe the current profile as it pertains to our payer and life science clients. There's -- it's a good mix of both recurring and sometimes nonrecurring business.

The Veradigm business is, as we've shared a little bit in the past, is a mix today of about 80% revenue that comes from providers and 20% coming from payer and life science entities or end markets. And the growth on the payer life science side is significantly higher than the growth on the provider side, but provider side is growing. And that's a foundation that really gives us the assets that are interesting to the payer and life science end markets.

So we keep a strong foundation on the payer -- on the provider side, excuse me, and that allows the growth opportunity on the other side. So it's very much a three-legged stool and very self-reinforcing. So that's why we're talking about it more, and that's why we're continuing to invest there. And we think, again, these are very large end markets. So our opportunity to continue to grow in them has a lot of runway to it from where we sit.

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**Stephanie July Davis** - *SVB Leerink LLC, Research Division - Senior MD of Healthcare Technology and Distribution & Senior Research Analyst*

Continuing on that thought then, if you have a lot of opportunity in Veradigm and tend to be more recurring revenue, which I'm assuming comes on at a healthy incremental margin, is there any reason to believe that the margin expansion pace should slow down meaningfully?

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**Richard J. Poulton** - *Allscripts Healthcare Solutions, Inc. - President & CFO*

No. I think we're going to get nice operating leverage, Stephanie. And so I think when we talk about EBITDA margins, those should continue to expand as we grow, in particular. Gross margins, there's probably some room, but I'm not sure that, that will be changing as much, but we'll definitely get the operating leverage down at the bottom line.

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**Operator**

Our next question is from Donald Hooker with KeyBanc.

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**Donald Houghton Hooker** - *KeyBanc Capital Markets Inc., Research Division - VP & Equity Research Analyst*

Quick detailed question given the sizable share repurchases, what is your current share count maybe at -- current to today? I guess I'm trying to get at sort of the timing of the share repurchase through the fourth quarter. What's the sort of baseline going into this year as you're going to be repurchasing more shares?

**Richard J. Poulton** - *Allscripts Healthcare Solutions, Inc. - President & CFO*

It's — so if you look at it on a fully diluted basis, Donald, it's not — if you look at our P&L and look at the Q4 EPS calcs, you're in that ZIP code. I mean that's pretty close to where we are. So we got a lot of repurchase activity done early in the quarter. So we didn't get the full weighting of it in the quarter, but we got a decent weighting to it. So you're not far off when you use those numbers.

**Donald Houghton Hooker** - *KeyBanc Capital Markets Inc., Research Division - VP & Equity Research Analyst*

Got you. And the bookings, obviously, were very strong. You referenced that Social Security contract. Was that a big piece of that? Was there like a big lump sum in that large bookings number?

**Richard J. Poulton** - *Allscripts Healthcare Solutions, Inc. - President & CFO*

No, no. We had a couple of Sunrise wins as well. We had a few things. I mean, the bookings came across the whole company.

**Donald Houghton Hooker** - *KeyBanc Capital Markets Inc., Research Division - VP & Equity Research Analyst*

Got you. And last one for me. I was a little bit — just want to make sure I'm not confused here. The free cash flow guidance for '22, I guess, you're saying is going to be flat versus '21. Are you saying that EBITDA margins are also kind of flattish as well? Is that kind of what we're supposed to imply from that? Just to be clear, I think you mentioned that in a couple of questions, but I just want to be clear.

**Richard J. Poulton** - *Allscripts Healthcare Solutions, Inc. - President & CFO*

I think you can infer that from what I've given you so far, yes.

**Operator**

We have reached the end of the question-and-answer session. I would like to turn the call back over to Paul Black for closing comments.

**Paul M. Black** - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

Thank you very much, Rob. And I want to thank all the associates who are listening, all the clients who are listening, and importantly, all the prospective clients who are listening today, we appreciate your time. We also appreciate everybody who's been on the call who's asked great questions today. We appreciate that as well because we think it's important for us to be able to communicate this, but importantly, for us to be able to tell the story in this environment. So thank you all. Have a good evening, and we look forward to sharing you -- with you our results as soon as we can in 90 days. Thank you.

**Operator**

This concludes today's conference. You may disconnect your lines at this time, and we thank you for your participation.

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