Mar 26, 2026

Pivotree Fourth Quarter 2025 Financial Results - Transcript

Peter Milazzo: Good morning everyone and welcome to the Pivotry fourth quarter 2025 earnings call.
Peter Milazzo: All participants are currently in listenonly mode. Following the presentation, we will open the line for a question and answer session for analysts. To ask a question, we would ask the analysts to click the icon to raise their hand. Before we begin, Pivotree would like to remind listeners that certain information discussed today may be forward-looking in nature. Such forward-looking information reflects the company's current views with respect to future events. Any such information is subject to risks, uncertainties, and assumptions that could cause actual results to differ materially from those projected in the forward-looking statements.

Peter Milazzo: For more information on the risks, uncertainties, and assumptions relating to the forward-looking statements, please refer to Pivotree's public filings which are available on Sedar. During the call, we will reference certain nonFRS measures. Although we believe these measures provide useful supplemental information about our financial performance, they're not recognized measures and do not have standardized meetings under IFRS. Please see our MD&A for additional information regarding non IFRS financial measures, including for reconciliations to the nearest IFRS measures. Now, we'd like to turn the call over to Pivotree's CEO, Bill Di Nardo.
Bill Di Nardo: Thank you, Peter. Good morning, everyone. Thanks for joining us on our fourth quarter 2025 conference call. With me today, as usual, is Mo Ashoor, our Chief Financial Officer. As we normally do each quarter, we've published a CEO letter in conjunction with the earnings results. That's available on our website. It's filed on Sedar and I'll be covering a lot of that material today. Going to start a little differently this quarter as we end the year and talk about the results for the year.

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Bill Di Nardo: I know one of the recurring questions that comes up in many of the

conversations I have with investors is can you explain your business in simple terms? And so I'm going to just give you two slides to refresh everybody on what it is we do. I'm going to start by really defining the problem. And the core problem we solve is simple, but it's massive. Businesses lose millions to bad data. Wrong specs, missing details, incompatible data formats across their systems. Ensuring enterprise clients have the right data, particularly product data in the right format, connected to the right systems, all at increasingly AI powered speeds. That's what we do. We're applying AI not as a buzzword, but to automate and accelerate processes we've managed for years. Um, today I'm pleased to say that we're delivering services that are better, cheaper, and faster than ever before. I'm going to try and put this in a little bit more context for you.

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Bill Di Nardo: So when I speak to the importance of having the right data connected to the right systems, really it starts with data at the core. It's at the core of all enterprise transactions. We start by making this data clean and accessible so it can be used across the enterprise systems. Now, it's not enough just to have clean data. And this was pointed out by a number of our clients and some of our own business leaders. Clean data alone doesn't solve problems. It's got to get to the right places. And this is really the integration layer. This seamlessly connects data across all of the commerce systems. I know many of you when you hear the word commerce systems, you think of one or two. Um, there are many systems that complete a transaction. This is the system layer. And this is where the data is activated to execute commerce functions. So really when you look at data where it moves to and how it gets consumed that's the business we're in. We make sure this data moves to the right places and is consumed effectively by the various systems that lead to commercial transactions.

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Bill Di Nardo: Now the other really important thing to recognize is what's been changing. These systems have been in place for decades. These integrations have been done for decades. There's entire business models around iPads or integration platforms as a service to do integration. What's increasingly changing is every single one of these layers and every single one of these processes is being accelerated, augmented, and transformed by the use of AI. And that's really how our business has been transforming for the last few years. We've tried to simplify how we communicate that message. Really, the other thing you should be clear about are there's two different groups that

use these systems in different ways. There are buyer actions that trigger these systems into motion. A buyer looking for a product, they do a product search. You're hearing a lot today about Agentic Commerce, but most of what you're really hearing about is the product search part. It's an augmented search. It's an agentic search and find.

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Bill Di Nardo: Um you have a checkout and you have return. The long-term future of buyer actions will increasingly start to leverage agents and AI in checkouts and return processes. But a lot of what you're seeing and hearing today on the buyer's actions is product search. And the other part of the equation is really the business users. These are our customers, the store associates, all the different systems, users and definers of processes, um, how they want to access data, how they want to present data, how they want to make data available ultimately to help with the search and the checkout process. And so again, we work with both groups, but a lot of our time, effort, and energy is going into automating and improving how we stand up systems, how we integrate systems, and how we get clean data into those systems to improve the processes that you're familiar with today, as many of you are buyers yourself. So this is what we do. We get the right data to the right place to help perform commercial transactions.

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Bill Di Nardo: And we do it primarily with retailers and business to business particularly in industrial manufacturing and distribution. So how did we do last year with that? Well, a big part of 2025 was getting us into a consistent cash flow production state and we did $9.1 million of cash flow from operations in 25. We achieved adjusted EBITDA of 6.7 million. We improved our gross margin by 250 basis points. shifting to a higher margin revenue mix and we added 8.9 million in cash to strengthen the balance sheet. So our primary objective last year was met in spades. We continued investment in managing or in our management and IP solutions. We refer to those as MIPS. We really began converting core delivery models with AI tools for better, faster, and cheaper service. our SKU library which is one of the things we've talked a lot about. It's one of the most advanced AI enabled processes we've been building for a number of years but that library grew to 12 a.5 million SKUs.

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Bill Di Nardo: We added 10 a.5 million last year. That library is also now equipped with an AI agent for its ability to query data. So think about it as an AI librarian sitting on top of that library. And we introduced tower talk which is an AI layer that was added to our control tower and that's really been enabling rapid prototyping, solving business problems with data that's in those systems. And the last thing you know on our our strategy and our transformation last year is we identified long-term growth, starts with having a solid base of new logos every year. Um I would say 2024 was not our highlight. Neither was 23. 25 we really started to see this begin to transform. So we doubled our new logo acquisition in an evolving landscape and really a lot of that is about customers seeking specific outcome oriented solutions with the promise of AI. that has really been helping us drive the conversations with new new prospects and customers and the ability to do demos and P is becoming um much more important in building contracting confidence.

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Bill Di Nardo: So, you know, we really doubled new logo, 25 over 24 up to 18 versus 9 and we've really started this year off well in the first quarter. So, we're seeing this as a trend, not a one-off. So, overall, I'm really really pleased. We've demonstrated the ability to deliver consistent cash flows. We won't step back from that while continuing to make investments in our MIPs and our go to market initiatives. I don't think anybody can escape the transformation that's going on in our industries. You have to have available capital to invest in this R&D and the practical application of AI. And I think we're balancing those two quite effectively. So if we look at again some of the numbers of of 2025 and particularly that last quarter um our Q4 2025 MIP's uh total contract value bookings 4.7 million it's 110% quarter over quarter. it's it's about flat trailing 12 and the reason I show you the two numbers is because I've been really consistent in my communication about this um it's been volatile right uh we have these big bumps and these dips you know as we onboard new customers.

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Bill Di Nardo: Uh but I would tell you consistently when you look at revenue, we're seeing the quarter over quarter in the year-over-year, this is our growth engine. Um it's actually starting to outpace our legacy managed services now in absolute revenue. So again,

we're seeing the trends convert. Uh we're seeing MIPS in its relative importance to the business and we're seeing continued demand in the area, but it continues to be volatile. again our our our MIP's revenue uh 4.1 million in the quarter up 6% quarter over quarter end up on a trailing 12 despite the bookings volatility and our Q4 2025 adjusted EBITDA came in at at 8% and we've been fairly consistent in our message around we're really you know trending and tracking and and managing to between 7 and 10% EBITDA and we want to continue to preserve the capital when we see those opportunities to accelerate growth We want to be able to push that that grow button and we definitely have the capital to do that. And again, if you know, you've read the CEO letter, if you've looked at our financials, we have a nice healthy cash balance sheet, um, which again was a hard work over the course of this year to really take those accumulated um, cash flows and and put them in the bank and make them available for our our future growth initiatives.

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Bill Di Nardo: So, with that, I'm going to turn it over to Mo to take you through some of the financial highlights.
Mo Ashoor: Thanks, Bill. Um, I'll start with an overview of our bookings. Uh, MIP's and Professional Services total contract value bookings were 13.7 million. It was down modestly compared to Q3 and flat on a full year basis. Uh, MIP's bookings were 4.6 million in Q4. Again, as Bill describes, 110% sequentially and relatively flat for the full year. This segment continues to be lumpy due to the contract terms we get, the size of contracts at, you know, relative to its current scale. Many of these Q4 bookings are long-term in nature and should add, you know, more line of sight to future MIP's revenues. Nearly half of these bookings were leveraging AI delivery meth uh methodologies and models and they were on three-year managed service terms. The professional services bookings were 9.1 million down 25% compared to the high that we saw in Q3 of 2025 relatively flat on a full year basis.

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Mo Ashoor: This sequential decline is primarily a comparison effect against a strong Q3. Q3 included 12-month contract terms which extended our average term length relative to what we typically see. Legacy managed services bookings were uh 0.4 million in Q4. and we continue to see this cohort of customers transition away especially from Oracle ATG. So, we will remain focused on new logo acquisition and account expansion

to build multi-year relationships leveraging the recent momentum we've had from our marketing efforts which has yielded growth in our new logo category. Shifting to revenue, total revenue was 14.9 million in Q4. It was down 4% sequentially and down 3.4 million or 18% on a year-over-year basis. Of that 3.4 million year-on-year decline. As expected, Legacy contributed 2.4 million of that decline as that segment continues to be a smaller portion of our overall business. The remainder of the decline is related to our professional services business. It's down 1.8 million and largely due to project completion across some of our commerce and data implementations.

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Mo Ashoor: MIP's revenue was 4.1 million in Q4 representing 6% growth on a sequential basis and up 22% compared to prior year Q4. The key driver to the sequential growth is the additional output we delivered within our SKUs build offering. We delivered a higher volume of SKUs faster than initially expected due to the automation tools and the methodologies we've been applying to help customers meet their business objectives faster. You can expect that the transactional portion of our business will continue to contain some volatility based on our customers demand and as importantly readiness to ingest the volume of skew data as we're able to produce uh and connect it to their systems. We continue to invest in both enhancing our capabilities and our go to market within our category to scale this segment. Moving to profitability, Q4 margin was 46% up from 44% the prior year and maintaining the trajectory we've been on to support our commitment to improve profitability. This was delivered through our investment in technology to drive MIP's revenue growth with stronger and improved margins.

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Mo Ashoor: Looking at the chart on the right, Q4 adjusted EBITDA was 8% of total revenue or 1.2 million and for the full fiscal year was 6.7 million or 10% of total revenue. We delivered this improvement in 2025 through stronger gross margin production and stronger operational discipline following the restructure we executed at the end of 2024. Net income continues to be positive through each of the quarters in 2025 with Q4 delivering half a million. As a reminder, Q2 included 2.3 million. It's related to the sale of WMS. So, we've adjusted that on the screen here. Uh the sequential change also to highlight between Q3 and Q4 is primarily to FX benefits that we received in Q3. I am pleased to say that this outcome is translating to cash generation as I'll outline on the next slide. So on the balance sheet bill we've built we've had a mission of setting out a

stronger balance sheet for 2025 and we've done that. We ended the quarter with cash of about 12.8 million an increase of 1 million of cash in Q4.

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Mo Ashoor: Core operating activities generated about 1.3 million of that cash in Q4. working capital had a positive impact of on cash of 0.3 million. Overall, working capital remains healthy with no concerns. The business is operating cash flow positive while continuing to make the necessary investments to grow our business. As a reminder, uh we've got no debt. We still have access to our credit facility with National Bank of $8 million plus additional access to accordions to support any future investments. I'll turn it back to Bill now for a closing summary.
Bill Di Nardo: Thanks, Mo. We really have three priorities in 2026. The first one is to protect and differentiate the core business. And, and I say that because one thing's not changing. You need all that data in those systems in order to perform transactions. and that's our core business, but it's got to be enabled by AI. We're not going to be able to and nobody in our industry is going to be able to do it the way they've been doing it for the last 10 years.

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Bill Di Nardo: So, this is really about converting our existing service catalog to AI enabled delivery and tools. AI driven integration seems to be leading that. We're getting the greatest response from customers around how we can help them uh accelerate their roadmaps particularly around accelerated integrations through AI enablement. Uh the other thing we're seeing dramatically is an outcome oriented pricing model. Time and materials seems to be, you know, one of the business models that's going to be under the greatest duress. Clients have never liked it. But candidly, they're seeing the opportunity to pay for outcomes. Again, assisted by AI and more of a managed service overlay. Um so this is really uh this year is about building on our current expertise with proven capabilities leveraging AI uh the ability to change outcomes for customers. Um it's obviously going to have an impact on the industry and us as we solidify the new business model types, the new contracting types and the new you know revenue flows that'll be derived from it.

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Bill Di Nardo: The second critical thing here is transforming our revenue mix. So this is about investing in the growth of the MIPS category. We've been doing that for years. We will continue to do that and really accelerate our current MIPS offering with more aggressive go to market. So that AI catalog management once referred to as SKU build you're seeing uh a lot of the ingredients that we've been using over the years like SKU build, Dive you've heard us talk about these different products they're becoming ingredients in the new recipe which is the AI catalog management. So again, we're now out selling more of a complete package, a bundled set of services that include a number of AI enabled capabilities, but ultimately helping our customers manage catalogs. We are getting some good uptake in that and have a number of customers that are starting to work through prototyping, moving from just buying a clean SKU to helping us manage that through their ecosystem. And the other big thing that is really um a focus in transforming our revenue mix uh you've heard it called Control Tower in the past and and a lot of the foundations of control tower are still there.

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Bill Di Nardo: Uh its ability to connect to a variety of different systems um expose and and visualize the data running in those systems. But really now we um superpowered it with our talk. These are AI agents with the ability to build rapid prototypes to show business outcomes with that data. And again, we're starting to see some significant uptake in POC's around Tower Talk capabilities. Um, so we're excited about these two. The practical reality as well is as you start delivering more solutions using AI,, you will start to see new problems manifest. um as you're managing fewer people, you're managing more agents, more orchestration becomes required, and we're starting to see the new problems that manifest which also create new delivery opportunities. So, this is a big year of discovery around what are the implications of more AI across a business and what other solutions can we start to offer customers to help them manage that AI. So, this is really a lot of investment in agentic POC's. Thankfully, with the help of AI, creating POC's is the cheapest it's ever been.

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Bill Di Nardo: And the final piece, which you know remains unchanged as a priority, we've built a strong muscle around building and the ability to manage positive cash

flow. You've seen, you know, our known declines in revenue. We've been able to size the business correctly and manage it effectively to produce cash. You also saw now that one of the biggest, you know, parts of our business in decline for the last two years is now the smallest part. MIPS has overtaken legacy managed services. We've got a bit more stability, that ability now to with more consistency and clarity manage to this positive EBITDA and this positive cash flow. Um, I think our operating disciplines will shine again this year. Um, so again 2026 a continued year of transformation. I know the hot question that everyone's asking is when will we see aggregate revenue growth and again I would suggest to you you're starting to see the signs at least of the bottom of the declining parts of the business and you're starting to see the pieces of business that have been growing consistently for the last couple years taking on more importance.

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Bill Di Nardo: So, I think we're getting closer, but I do still think that this is a year of transformation and we should still expect to see some aggregate declines before we start to see aggregate growth. With that, we'll wrap it up and say thank you for paying attention this year. Um, and, thank you for coming today to hear about our, uh, full year and our Q4 results. Um, we'll turn it over to our analysts now for their questions.
Peter Milazzo: Thanks, Bill. Uh, we'll now take questions from our analysts. To ask a question, please click on the icon to raise your hand. I see our first question is going to come from Daniel Rosenberg at Paradigm Capital. Daniel, please go ahead.
Bill Di Nardo: Did we lose Daniel? Okay. Give him a sec to put his hand up again.
Peter Milazzo: Sure.
Bill Di Nardo: Do we want to jump over to Gavin while we wait for Daniel to get sorted?

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Bill Di Nardo: Okay.
Peter Milazzo: Daniel.
D. Rosenberg: Hi guys, good morning. So I just need permission to speak, but all is good now. So good morning and thanks for taking my question. My first one was just curiosity around the budgets of your customer base. I know there's some chatter about the health of the consumer and I'm wondering what you're seeing on the front lines when it comes to conversations around um, budgets, investing in IT and uh, and such. So, any commentary there,
Bill Di Nardo: Yeah, I'd say some of the most recent conversations I've been having with,

interestingly enough, primarily CFOs, are sort of indicating they have a budget. Um, the budget hasn't changed, but their expectations have. So, I'd say, you know, the best clients we have are telling us, we have a budget to spend, but we want to understand how we can get more for the same dollars. We want to understand how you can help us accelerate our backlog without having to spend more.

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Bill Di Nardo: So I think that's the big theme and where we're seeing sort of delays. You know, I'll give you a couple of examples. AI is rapidly replacing certain processes. And I think where CFOs and IT leaders are feeling like they're getting burned is when they sign multi-year contracts, particularly on middleware types of services only to discover there's now an AI solution that's more lightweight and you know isn't going to hamstring them for three years on licensing. And so as a result I think they're getting a little bit slower to pull the trigger on certain spend for fear that they're going to overspend in areas that AI might be able to save them time and money. Um, and so I think that's where we're still seeing a little bit of the explore. We're not hearing we have less to spend. We are hearing dramatically, I want to know how to get more for these dollars.
D. Rosenberg: Great insight and I guess it gives rise to another question around kind of the AI and how you're exploring solutions for your customers.

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D. Rosenberg: I was curious about you know you mentioned outcomes and pricing. Um, how are you thinking about that pricing, whether it be usage based or outcome based? What kind of things are you measuring? And how are you translating that into your pricing strategy as you know these solutions evolve?
Bill Di Nardo: Yeah, I'll give you what I think should be a simple example. A lot of software implementation historically has been built on the back of a time and materials contract. So you're hiring labor. you think you're, you know, unfortunately having to pay for labor in order to get the outcome. And the trough of disillusionment often ends up becoming longer, it cost more to get the outcome. And increasingly, you know, what we're starting to demonstrate with AI and what our customers are expecting is to show us the outcome and we'll pay for the outcome. Uh they're still willing to pay for a good outcome and they're willing to pay to get it quicker. They are expecting some savings.

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Bill Di Nardo: And a lot of the demonstrations we've been giving recently have been, and I'll use integrations as an example, we can get an integration done 90% faster than before. And so we can start to show the outcome. And what clients are willing to do now is say, great, give us the integration and then we'll pay for you to manage that for the next three years. So they end up spending a similar amount of money, but they get more for that money. They get a managed service, they get a carry-on and support for what it used to cost them to just get the implementation and they're getting the implementation quicker. So, it's the outcome, you know, I I don't want to pay for a person. I want to pay for the integration to be finished and we can start to show that outcome quicker, create more certainty, and then we can also give you some additional services managing that outcome and optimizing it over time.
D. Rosenberg: Okay. good to hear.

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D. Rosenberg: And then, you know, translating that into the internal productivity of Pivotree. I was curious kind of, you know, what are you seeing from your teams and how they're leveraging these new solutions? You know any changes to say there how you're thinking about the size of your team, you know what outcomes are expected kind of internally as they leverage AI solutions
Bill Di Nardo: Yeah, I think it's a great question, Daniel, that a lot of people are going to be grappling with. So using the integration example I just gave you, we are delivering today. So, you know, it's not theoretical, it's not a POC, it's real. um on the delivery portion of an integration, especially a medium to highly complex integration between requirements gathering, planning, documentation, actually writing the code, QA-ing it, an integration could have taken up to about 11 days for an individual full-time equivalent to get that done. Now using our AI factory, that same integration is taking us about a day. And so, you know, the biggest question you might ask is what are you doing with the other 10 person day FTEES?

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Bill Di Nardo: Um, and the short answer I'm going to give you is the people's ability to execute this uh tend to be our most expensive senior architect level folks. They're going to be in the greatest demand. And our view right now is we need to retain them. We

need to train them and we need to go get them 10 more projects in order to leverage that capability. So you know some instincts might say hey cut those costs. Um you're going to see massive improvement in margin especially if you can hold that revenue constant um over an extended period. Our view is hang on to it right now. We're a 400 person organization. I think if you're a 10 or 20,000 person organization you're probably going to have to start looking at how you got those resources. But I think we view the opportunity to grab a share of wallet means we need to hang on to these folks. So, our internal operational gains will be more obvious internally and we're not going to immediately translate that into a labor force reduction.

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Bill Di Nardo: We're investing in their training and getting more projects for them.
D. Rosenberg: Makes a lot of sense. and very interesting to hear. So, I'll leave it there and pass the line. Thanks for taking my questions.
Bill Di Nardo: Thanks, Daniel.
Peter Milazzo: Thanks, Daniel. Our next question comes from Gavin Farweather from ETB Cormar Capital Markets. Kevin, please go ahead.
Gavin Fairweather: Hey, thanks. Can you hear me? Okay,
Bill Di Nardo: We can.
Gavin Fairweather: Awesome. Thanks for taking my questions.
Gavin Fairweather: just on SKU Build. I mean, it sounds like there's a lot of pretty meaningful advancement over the course of 2025. Maybe you can just discuss your plans for that product and that solution over the course of 2026 just from a R&D perspective and commerciality perspective. How should we be thinking about kind of the milestones for this year for that product as you seek to start to ramp up the revenue?
Bill Di Nardo: Yeah, I would tell you that a lot of the R&D is um is at or near completion.

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Bill Di Nardo: Um when we started 2025, end of 2024, um I'll give you a simple example. We had a deal that um we were projecting about 30% margin on. Um, and over the course very quickly of the R&D work we've been doing,, that was a multi-million skew deal, a multi-million dollar deal, we rapidly accelerated both the process, uh, without increasing any cost. We more than doubled our margins on it. Um, and that was really about a confluence and convergence of all the different, um, R&D we'd been doing

manifesting in that deal. What I'll tell you is, you know, we thought that was such disruptive capabilities that, you know, that would accelerate on its own. And I think what we've really become more aware of is for many of our customers, it wasn't just cleaning the SKUs. In fact, the biggest choke point as we were producing rapidly more clean SKUs was their inability to ingest them and start to use them. So, the transformation we're actually going through right now is a lot of the same ingredients, but it's a bit of a new recipe, and the recipe is more catalog management.

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Bill Di Nardo: So, I was hinting at it earlier. We're out now selling more of a let us manage your catalog, which isn't just cleaning the SKUs Those pieces are done. We can go and get you the data. We can complete it and transform it quickly. But really, it's now about let us manage how we integrate it into your systems, how we keep it maintained for you. Um, and ultimately, one of the big things we're doing now is connecting it to Google Analytics and helping you figure out which SKUs are selling, which should be selling more, and how do we clean up the ones that aren't selling more to make them more sellable. So, it's really trying to drive closer to the business outcome and not just the process. I think we've been too backend processoriented and now we're pushing it forward with catalog management to be more revenue oriented
Gavin Fairweather: appreciate that.
Gavin Fairweather: And you talked about 2026 topline as you know a year of transition, but I did you know note that you've basically reaffirmed your EBITDA margin guide for the year.

Gavin Fairweather: So is kind of the takeaway from that that you're expecting kind of gross margins to continue to push higher based on your mix shift and increased automation or or how would you kind of square those two things.
Bill Di Nardo: Yeah, look, I think the biggest part of this year is the revenue mix transformation and the things we're trying to move to are showing.
Bill Di Nardo: you know, higher margin potential and capability. Um and so, yeah, it really is about us getting the right growth solutions and making sure those growth solutions maintain the margin expectations that we've set and we're seeing. So, continue to see legacy managed services. that one is increasingly hitting an asymptomatic part of the curve of I don't know if it's going to shrink a whole lot more. We've even had some customers recently asking us, you know, can you commit to serving this for the next 10 years? So I think we're going to start to see that really slow in its decline. And really the

focus then is on these growers, these MIPS based growth.

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Bill Di Nardo: Um, and it's been lumpy as we've said. It's been a little bit volatile as we uncover the right recipe for the ingredients that we've been building.
Gavin Fairweather: Appreciate that. And then just lastly for me um you as the market starts to shift more towards you know outcomes
Gavin Fairweather: based pricing and it obviously shifts a bit of the risk uh you know over onto Pivotree to kind of deliver on time and and make the economics on the projects that uh you're you're targeting. So how are you thinking about your risk management and project management kind of frameworks to make sure that you're making the gross profit as the economics shift here?
Bill Di Nardo: Yeah. And I'm assuming you chose your words very carefully. Um you know, gross margins don't go in the bank, gross profits do. So even while gross margins are improving, if the revenue profile is smaller, um you're going to bank fewer dollars. And that's something we're paying very careful attention to.

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Bill Di Nardo: It's part of why, you know, again, we've said it's a transformation year again, particularly on revenue. Uh we are seeing projects, PS projects shifting to recurring revenue, three-year deals. We're seeing the PS value now spread over three years. We're seeing the PS costs shrink to a minimal amount. So what you know the risks you're highlighting the ones we're managing is we could see a lower in-year revenue but we're going to see higher absolute margins and and good gross profit in out years with more predictability. So this for us is really a foundation year. Um and it's a land grab which is why the new logo is so important to us. We've got to get more customers on these new platforms because each customer's project value will decline and we expect each customer's recurring value will increase. But just like SAS, there's that transformation time frame. When you go from an enterprise license to a recurring, you do take a bit of a dip in the first year.

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Gavin Fairweather: Yeah, maybe I'll squeeze one more in like any uh pipeline KPIs you'd like to share in terms of the go to market team.

Bill Di Nardo: Yeah, I think you know some of uh without getting in trouble for sharing stuff I'm not supposed to

Bill Di Nardo: the latest feedback from our sales team when they look at the data it's actually client expansions right now that are getting some great traction and the new logos that are still in the pipeline and haven't closed. So we're having a really solid Q1. We have a really solid uh pipeline of new logos and we've seen the largest growth in expansion opportunities with existing clients and I think a lot of that is stemming from us showing them a different way. Our clients are getting really excited hearing from us about an outcome orientation and they're starting to show us more opportunity. So um expansion and new logos are both looking quite healthy in the pipeline.

Gavin Fairweather: Great to hear.

Gavin Fairweather: Thanks so much. I'll pass one.

Bill Di Nardo: Thanks Kevin.

Peter Milazzo: Thanks, Gavin. Bill, I see no more questions, so I'll pass it back to you for the final word.

Bill Di Nardo: thanks everyone again for attending today. Thanks for the questions from our analysts and continuing to show up and pay attention to our business. Um, I think it's going to be another interesting year, not just for us. I think we're going to continue to hear a lot about how AI is transforming a lot of businesses. Um, and we're going to start to see the impact in our clients uh, as well. So, I think the next couple of years are going to make for some of the most interesting times, especially as it relates to commercial transactions. So, stay tuned. Uh we'll try and share what we're learning as well. Uh and while I'm sure you're interested in our results, you're also I think we're hearing a lot of questions about what AI is doing to the industry. So, I think we're becoming a leader in the space and we're happy to share. Thanks everyone. Look forward to seeing you in 60 days.