Q4 2021 CBIZ, Inc. Earnings Conference Call

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Corporate Speakers:

- Lori Novickis; CBIZ, Inc.; Director of Corporate Relations
- Jerome Grisko; CBIZ, Inc.; President, CEO & Director
- Ware Grove; CBIZ, Inc.; Senior VP & CFO

Participants:

- Christopher Moore; CJS Securities, Inc.; Analyst
- Andrew Nicholas; William Blair & Company LLC; Analyst
- Marc Riddick; Sidoti & Company, LLC; Analyst

PRESENTATION

Operator: Good morning, everyone, and welcome to the CBIZ Fourth Quarter and Full Year 2021 Results Conference Call. (Operator Instructions) Please also note, today's event is being recorded.

At this time, I'd like to turn the floor over to Lori Novickis, Director of Corporate Relations. Please go ahead.

Lori Novickis: Good morning, everyone, and thank you for joining us for the CBIZ Fourth Quarter and Full Year 2021 Results Conference Call.

In connection with this call, today's press release and quarterly presentation have been posted to the Investor Relations page of our website, cbiz.com. As a reminder, this call is being webcast and a link to a live webcast as well as an archived replay and transcript can also be found on our site.

Before we begin our presentation, we would like to remind you that during the call, management may discuss certain non-GAAP financial measures. Reconciliations of these measures can be found in the financial tables of today's press release and in the investor presentation on our website.

Today's conference call may also include forward-looking statements, including statements regarding our business, financial condition, results of operation, cash flows, strategies and prospects. Forward-looking statements represent only estimates on the date of this conference call and are not intended to give any assurance as to actual future results.

Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties. Many factors could cause future results to differ materially, and CBIZ assumes no obligation to update forward-

looking statements. A more detailed description of such factors can be found in the filings with the Securities and Exchange Commission.

Joining us for today's call are Jerry Grisko, President and Chief Executive Officer, and Ware Grove, Chief Financial Officer.

I will now turn the call over to Jerry for his opening remarks. Jerry?

Jerome Grisko: Thank you, Lori. We're proud to share our fourth quarter and full year results for 2021 and our outlook for this year.

From nearly every measurable perspective, 2021 was at or near our strongest performance in recent history. Most notably, for the full year, total revenue was up 14.6%, organic revenue grew 7.7%, adjusted earnings per share was up 16.9%, our adjusted EBITDA improved 12.4%. Our stock price increased 47%. And with the additions of Marks Paneth announced in early January of this year, we made seven acquisitions adding over $200 million in annualized revenue. And our strong revenue growth for the first nine months of the year continued into the fourth quarter, where our total revenue was up 15% and our organic revenue grew 9.4%.

Our full year results are the direct outcome of the strategic direction that we established for the business over five years ago, the investments that we've made to support that strategy, the fundamental attributes of our business and the commitment and character of our over 6,000 team members across CBIZ. And, of important note, our full year growth came from nearly every major service line across the business.

Our results demonstrate important alignment and focus among our team, our commitment to sustained growth and our success in 2021 provides important momentum for the coming year.

Within our Financial Services group, demand for our essential accounting and tax services remained strong throughout 2021. Our clients rely on us for these services to conduct their businesses, and they turn to us to provide them regardless of the business climate.

An important difference in 2021 versus the prior year was a significant increase in demand that we experienced for our advisory services, much of which are project based and more discretionary. We saw a decline for those services in the first half of 2020, as businesses navigated the uncertainty of the pandemic. Demand for those services began to return in the second half of 2020, and that trend continued and gained momentum throughout 2021.

We also benefited from the multiyear investments that we've been making to improve our processes, systems, tools, support and training that better equip our teams to improve pricing and profitability on our client engagements. We saw the impact of these

investments in 2021 as more consistent and disciplined approach to pricing helped to fuel growth across many of our service lines.

One area where we experienced somewhat slower growth than in prior years was our government health care consulting business, where the rate of growth was in the low single digits. The slower rate of growth in this business was caused by a number of factors, including the loss of a large federal contract that we were awarded, but was then subsequently canceled and the number of states that had not yet fully reopened following the Omicron variant surge.

While we've proven to be quite effective when working remotely in this area, being present on-site often improves productivity and enables us to be more proactive in identifying opportunities to better serve our government clients.

Now turning to our Benefits and Insurance division. We experienced strong growth and performance across nearly every major service line, payroll being the one exception, as I will explain in a moment.

I want to start with our Employee Benefits business, where we experienced our strongest rate of organic growth in six years. Our growth in this area is being driven in large part by the investments that we've been making over the past several years to increase the number of producers, enhance and standardize the sales and marketing and services process, and leverage digital marketing strategies.

Client retention rates are over 90%, and they improved even further last year. Further, our producer count, a key growth indicator for this business, is also up by 15% over the prior year, with the new hires added through 2021.

Our Property & Casualty Insurance business also experienced high client retention rates and strong production in 2021. The commercial side of the business continues to perform well, and improved demand for our program services line bolstered our performance in this area.

Similar to our Employee Benefits business, we're also investing in standardizing our sales management processes and increasing the number of producers within our P&C business.

The Retirement and Investment Solutions business experienced similar trends with strong production contributing to growth, while favorable market conditions aided the defined contribution investment strategies components of this business. And while they make up a small segment of our Benefits and Insurance division, our advisory and project-based businesses, such as our executive search and compensation consulting business, also benefited from strong demand in 2021 and are off to a similar start this year.

Now turning to payroll. While we continue to experience strong demand for our payroll platform targeting larger clients with more complex payroll needs, the impact of the

pandemic on our legacy payroll platform, which generally serves our small business clients, dampened our overall performance within the service line in 2021.

Overall, as I mentioned in my opening remarks, we are exceptionally pleased with the outstanding performance of the business throughout 2021. While a number of significant factors that could impact the business climate remained uncertain for 2022, based on our strong financial performance over the past two years, the high demand for our services that we continue to experience, the investments to accelerate growth that we've made in the business, our strong balance sheet and outlook for 2022, we will once again be providing financial guidance for the year.

Similar to last year, I want to caution that we do expect more volatility in our financial results from quarter-to-quarter than we've historically experienced, due in part to the significant number of acquisitions completed in the past 12 months. As a result, we advise against comparing any given quarter to the same period in the prior year.

With this, I will turn over to Ware Grove, our Chief Financial Officer, to provide more specific details on our financial performance for the fourth quarter and the full year of 2021. Ware?

Ware Grove: Thank you, Jerry, and good morning, everyone. Let me take a few minutes to go through the highlights of our fourth quarter and full year results for 2021, and also comment on our outlook and guidance for 2022.

The strong revenue growth we reported through third quarter of '21 continued through the fourth quarter. With fourth quarter total revenue up 15% compared with fourth quarter a year ago, same unit revenue grew by 9.4% in the fourth quarter. For the full year, total revenue grew by 14.6%, with same unit revenue up 7.7% for the full year.

As we reported earlier in 2021, eliminating the second quarter net impact of the $30.5 million legal settlement with UPMC and eliminating the $6.3 million gain on sale of M.T. Donahoe, the wholesale insurance brokerage business that was divested in the second quarter, earnings per share adjusted for these items was $1.66 per share for the full year, up 16.9% from the $1.42 reported a year ago.

We will continue to say that it is our goal to achieve margin improvement of 20 to 50 basis points a year or more. In 2021, however, there were unique year-over-year COVID influenced patents to expenses. In addition, the second half of the year and particularly the fourth quarter was impacted by the seasonal nature of the midyear acquisitions we made during 2021, combined with a higher level of related acquisition fees and legal expenses. The acquisition activity that occurred in 2021 will position us for strong growth in 2022. The full year impact expected in '22 will be very accretive and this will help fuel our growth in 2022.

However, with the seasonal nature of these Financial Services businesses that were acquired during midyear '21, this caused a larger fourth quarter loss. Also, with

heightened acquisition activity, we incurred an increased level of legal and acquisition-related expenses in the fourth quarter this year. And combined, these two factors impacted earnings per share by $0.10 a share in the fourth quarter this year.

Beginning midyear '21, we also talked about the expected second half normalization of expenses, such as health care benefits, travel and entertainment, and marketing expenses. That would present headwinds in the second half of '21. When compared with a lower level of expenses during the same period of 2020, these higher expenses impacted earnings per share by $0.04 per share in the fourth quarter compared with the prior year.

In comparison with 2020, these expenses in '21 had a negative impact. In 2022, these expenses are expected to level out at close to pre-pandemic levels, with the exception of travel and entertainment expense, where our migration to virtual and digital communications with clients and prospects is expected to result in a future travel and entertainment expense at approximately 50% to 60% of pre-pandemic levels.

Within Financial Services, total revenue grew by 18.7% in the fourth quarter and grew by 16.6% for the full year. Same-unit revenue grew by 11.7% in the fourth quarter, and for the full year, same-unit revenue grew by 9.3%. Growth was recorded across all lines of service with exceptionally strong same-unit growth reported within our advisory services, which includes private equity consulting, risk and advisory services, valuation, and others.

Within our Benefits and Insurance Services group, total revenue grew by 9.0% in the fourth quarter and grew by 11.6% for the full year. Same-unit revenue grew by 5.3% in the fourth quarter and was up by 4.6% for the year. With the exception of payroll services, all services contributed to growth.

Most notably, the Property & Casualty service line were strong market conditions, combined with strong new client business development and strong client retention factors, all favorably aligned. Within Benefits and Insurance, we're happy to see positive results gained traction with our continued investment in new business producers.

I spoke earlier on the seasonal nature of the midyear 2021 acquisitions and the impact on earnings in the fourth quarter. There is a normal seasonal pattern for these businesses to record strong first half results, followed by a relatively weaker second half. These acquisitions are performing in line with expectations and contributed 5.6% of total revenue growth in the fourth quarter and added 6.9% to total revenue growth for the full year of 2021.

Cash flow and liquidity continued to be very strong. During '21, we used $83 million for acquisition purposes, including earnout payments on prior acquisitions. With the Marks Paneth transaction occurring in early January 2022, we used an additional $72.5 million for a payment upon the close of that transaction.

During 2021, we used approximately $97 million to repurchase a total of 3.0 million shares. Depending on a number of factors, including our future acquisition pipeline, we intend to continue to repurchase shares. Fully diluted weighted average shares for 2021 was approximately 53.7 million shares. And we expect a share count within a range of 53 million to 53.5 million fully diluted shares for 2022.

Total debt outstanding on our $400 million credit facility was $155 million at year-end 2021. After giving effect to the payment to close Marks Paneth in early January, the outstanding balance was approximately $228 million.

As we indicated during our investor call on January 12th, unutilized borrowing capacity on the credit facility was approximately $160 million at that time with leverage measured against adjusted EBITDA at approximately 1.5x. This leaves sufficient unused capacity to enable us to continue with acquisition activities and conduct future share repurchases.

Looking forward, estimated future payments for earnouts, including future payments estimated for Marks Paneth, are $24.5 million in 2022, $40 million in 2023, $43.6 million in 2024, and $23.1 million in 2025. Capital spending for the full year of '21 was $9 million, with $2.5 million in the fourth quarter. We expect capital spending within a range of $10 million to $12 million, looking ahead to 2022.

Performance on receivables continues to be good. Day sales outstanding at year-end 2021 was 71 days compared with 72 days the prior year. Bad debt expense for the full year was 32 basis points of revenue compared with 46 basis points of revenue the prior year. The effective tax rate for the full year of 2021 was 23.8%.

Going into 2022, considering increased operating activities within New York and California, both of which have relatively higher state income tax rates, we expect the consolidated effective tax rate to be approximately 25%. But we should note that the effective tax rate can be influenced either up or down by a number of unpredictable factors.

Adjusted EBITDA was $148.5 million or 13.4% of revenue in 2021 compared with $132.1 million a year ago.

As we turn to 2022, there are a number of items to consider. With annualized revenue of $75 million, the acquisitions made in 2021 will have a positive full year impact to revenue and will be accretive to earnings for the full year of 2022. The core Financial Services and Benefits and Insurance businesses are continuing to perform very well, with improved margins expected in 2022.

On January 10th this year, we announced the acquisition of Marks Paneth. The Marks Paneth acquisition is expected to contribute $138 million to revenue growth in 2022.

In our conference call on January 12th, we outlined our expectation that due to anticipated first year transaction and integration costs, the GAAP reported earnings

impact from Marks Paneth is expected to be minimal in 2022. Adjusting to eliminate the impact of these first year costs, the expected earnings impact will be approximately $0.10 per share. Longer term, we expect the contribution to be in the $0.20 to $0.25 per share range by 2025 once the initial earnout and integration activities are fully addressed.

In 2022, we expect the adjusted EBITDA contribution from Marks Paneth similarly adjusted to eliminate first year integration costs at approximately 11% to 12% incremental revenue or approximately $15 million, growing to a range of 16% to 18% of future projected revenues by 2025.

As you look at adjusted EBITDA outlined in our release for 2021, depreciation and amortization expense was approximately $27 million. With the expected increases associated with Marks Paneth in 2022, the level of depreciation and amortization expense is expected to increase to approximately $34 million. We project adjusted EBITDA for '22 to increase approximately 24% over the $148.5 million reported for 2021.

So, in summary, as we look at '22, we are projecting continued strong performance of our core business further enhanced by the impact of Marks Paneth. Revenue growth will be in a range of 19% to 21% over the $1,104.9 million reported for 2021. The full year effective tax rate for 2022 is expected at approximately 25%. And, of course, this can be impacted either up or down by a number of unpredictable factors.

The fully diluted weighted average share count is projected within a range of 53 million to 53.5 million shares for 2022. Compared with the adjusted $1.66 per share reported in 2021, we expect GAAP reported earnings per share in '22 to grow 14% to 16% or within a range of $1.89 to $1.93 per share. With the expected earnings contribution from Marks Paneth, adjusted to eliminate first year transaction and integration costs, adjusted earnings per share in 2022 is expected to grow within a range of 20% to 22% or within a range of $1.99 to $2.03 per share over the adjusted $1.66 earnings per share reported for 2021.

So with these comments, I'll conclude, and I'll turn it back over to Jerry.

Jerome Grisko: Thank you, Ware. Given the importance of acquisitions on our growth strategy, I wanted to spend a few minutes on our approach to M&A, what we accomplished over the past 12 months and our outlook for 2022.

We started 2021 with one of the strongest M&A pipelines in our recent history, a testament to our ongoing investment in our internal team that focuses on identifying potential acquisitions, along with improvements in the processes and systems that support our work in this area. We also continue to see increasing interest in CBIZ as a potential partner, which is both the product of the overall acceleration of M&A activity in our industries, but also our long track record of making successful acquisitions.

We've talked before on how,on our earnings calls, about how our performance through the early onset of the pandemic created an opportunity for us to better tell our story.

Firms now see our long track record of growth and success, the resilience of our business and our ability to perform well and continuing to invest regardless of economic conditions, all of which leads CBIZ to being recognized as an acquirer of choice.

As a quick reminder of our M&A strategy, we look for acquisitions that will allow us to enter attractive and growing geographic markets, strengthen our presence, scale and capacity in our existing markets, expand our service offerings to include additional services or specialties that we know our clients want and need and to access top talent.

For the six acquisitions that we completed during 2021, totaling $75 million in annualized revenue, each of these deals were aligned with these strategies. These acquisitions also demonstrate our ability to identify, cultivate and pursue acquisitions that will make us a stronger company and adds to our long-standing record of achieving sustained growth and delivering meaningful shareholder value, which brings me to our most recent acquisition, which caps off a year of exciting M&A activity.

A few weeks ago, we announced the acquisition of Marks Paneth, a leading accounting and tax firm with multiple locations in Metro New York, and with offices in Philadelphia, Boca Raton and Washington, D.C. This acquisition brings over 600 professionals to our team and annualized revenue of approximately $138 million.

Similar to the transactions we completed in 2021, Marks Paneth aligns to our strategic goals around expanding our presence in attractive markets, strengthening our service offerings and adding valuable talent. One of the many reasons that CBIZ appealed to the Marks Paneth's team is the unmatched depth of expertise and breadth of services that CBIZ offers and that Marks Paneth can now bring to their clients.

Further, Marks Paneth's team recognized our commitment to continuing to invest in technologies, tools, products and services that will be necessary to bring differentiated value to our clients, while at the same time, strengthening and developing our outstanding team.

Finally, an acquisition of this size always raises questions around integration. Over the years, we've made substantial investments to continue to improve our approach and processes in this area. We recognize that the integration experience is critically important to welcoming teams to CBIZ and to realizing the desired value from acquisitions. I am confident that we've committed the resources and capacity to successfully integrate and onboard a firm with the size and complexity of Marks Paneth and similar sized firms in the future.

We've already made important progress in this short time with Marks Paneth, and we look forward to accelerating these efforts at the end of the traditional busy season this spring.

Our acquisition of Marks Paneth was a great way to begin the new year and speaks to our prospects for the future. Our M&A pipeline remains very strong, and we are constantly

speaking with new prospects. We have the financial capacity to remain aggressive in pursuing acquisitions, and we look forward to sharing more information on our success in this area during future calls.

With that, we will move to Q&A.

QUESTIONS AND ANSWERS

Operator: (Operator Instructions) Our first question today comes from Chris Moore from CJS Securities.

Christopher Moore: Yes. So maybe we'll start on the same-store growth. So strong 7.7% in fiscal '21. When you look at the 19% to 21% guide for '22, kind of what are you embedding in there on the same-store growth side? And the relative contribution between Financial Services and B and I, kind of maybe you could talk to that, obviously, it was higher. Same-store growth was higher from Financial Services in '21. So maybe we just start with kind of what the same-store growth is embedded in the guide?

Jerome Grisko: Chris, it's Jerry. I'm going to step back a little bit and give a little bit of perspective on our guidance, and then we'll delve into the question a little bit deeper.

We purposely set out -- when Ware gave his comments, we purposely set out and we look at it, by the way, in this way, is we're excluding Marks Paneth -- we first exclude Marks Paneth. So if you look at our total revenue growth in our guidance for next year, it's about 6.5% to 8.5%. As we typically do, we look at that at about half organic and half acquired, right? So while there is no specific new acquisitions, we've got the wraparound impact of those deals that we did last year.

We also look to increase our margin year-over-year by 25 to 50 bps -- basis points. And within that guidance, we are actually over-exceeding the 50 basis point margin improvement.

Now you put on top of that, so that would be kind of that ongoing operations. You then layer on top of that Marks Paneth, which is approximately $138 million in top line growth. But we'll have, as you would expect, nominal impact on our earnings next year as a result of the normal expenses associated with, onetime expenses associated with onboarding and integrating that unit. That's how we get the year-over-year guidance that we're providing.

Specifically, as between Financial Services and Benefits and Insurance, we would expect continued organic growth proportionate, relatively proportionate to what you saw this year. So again, strong organic growth within the Financial Services side. Strong contribution from both our core services there and our advisory services. And the same thing on the Benefits and Insurance side, nice organic growth year-over-year.

And what we're really encouraged by when we look at the Benefits and Insurance side is the return on the investments and now the growth that we're seeing from those investments that we've been making in the producer team. So really pleased with the results that we saw last year, I'm very encouraged by the momentum that we have going into this year and really optimistic about how the business is going to perform into '22 as well.

Christopher Moore: Got it. Very helpful. So Marks Paneth, you're talking about $138 million contribution this year. I'm just trying to get a sense of kind of the cross-serving cadence. Does it normally take a year or so for meaningful cross-serving to happen? Is there some low-hanging fruit that could happen in '22? Is that incremental to what you, the $138 million, is that already kind of incorporated in there?

Jerome Grisko: No, Chris, any cross-serving that would occur in Marks Paneth would be incremental to the $138 million. With that said, we announced that transaction, I think, on January 6. They are just beginning, and now they're full into their busy season. We typically, well, not typically, certainly in this instance, what we will do is really not overly burden them with a lot of learning around CBIZ and all the other services that they can bring to their clients. We'll begin those discussions promptly after the busy season, so kind of mid-May, early June and be working on that certainly for the remainder of the year.

With that said, I don't expect that those things don't typically happen immediately, although we have had transactions where we do have pretty significant cross-serving opportunities right in the blocks, but we don't count on that.

Christopher Moore: Got it. Last one from me. Just government health care services, you kind of walked through the reasons why low single-digit growth in '21. I guess I'm trying to understand, are you looking for better than that in '22? I know on-site helps. Are you on-site more and more these days? Just kind of a sense in terms of what you're seeing on the growth on that side.

Jerome Grisko: Yes. Remember, one of the reasons we didn't see stronger growth was that we actually were awarded, actually, we were awarded two contracts. But one really significant federal contract. We awarded it. There's an appeal process. They pulled that contract back. We don't know if it will come back or not. So we would have seen stronger growth even then in '21 on the government health care business, but for a couple of pretty unique situations.

With that said, it's difficult to predict what the government is going to do as far as bringing people back into the offices. In certain states and in certain areas, we are back and fully working side by side with our government partners on the other side of those transactions. In other cases, we're not. We've really kind of stopped trying to predict when that will fully happen. Although, yes, to answer your question, we are expecting stronger growth year-over-year than we experienced last year.

Operator: And our next question comes from Andrew Nicholas from William Blair.

Andrew Nicholas: First one I had was just on recruiting and sourcing talent. In the current environment, it seems like, across the professional services space, that's top of mind for a lot of management teams. So I'm curious how that's going. How adding talent in a tight labor market is impacting your outlook for this year and beyond? And then also kind of tangentially related to that, is there -- is difficulty or any difficulty in sourcing talent or adding new employees impact how you think about the attractiveness of acquiring assets or acquiring talent?

Jerome Grisko: Yes. Thank you, Andrew. Listen, I think across the country, certainly within our industry, it is a very competitive labor market. And we're not immune to that, right? We're seeing the same thing. So I do think we provide some compelling advantages over many others in our industry. And we're working on pulling a bunch, a lot of levers to be as competitive as we can in that environment.

As far as recruiting is concerned, we've had a considerable amount of success and continuing to recruit talent across CBIZ. I will tell you the one thing, most recently, that we've really pleased with the results of is the work that we're doing through our digital outreach program. So being proactive, reaching out digitally to prospects and helping them find us and helping them learn more about us. And we've seen some real success in some areas where we've seen some attrition there in replacing talent.

With that said, the labor market is, in fact, like I said, very competitive. We are working proactively on wages and timing of wage increases, agile in our work environment, both as to where they work and how they work. I think one of our competitive advantages is the quality of the work that we are able to provide our associates as a result of our scale. So I think the type of work that they do, here, I think is often times more interesting than certainly many of the smaller competitors that we face off against.

And then always, right, we talk a lot about our culture, 93 Best Place, 93 awards for Best Places to Work last year. Very proud of our culture, and we think that's compelling as well. So while we're not immune, we're going to continue to pull a lot of levers to be as attractive as we can to the workforce that's out there.

The second question was, as it relates to acquisitions, your question was, does it change our view as to how we look at things? I will tell you, we are always looking at culture within those organizations. So we look at turnover there as well. And if we were to see an organization with a high degree of turnover, that would certainly be a note of caution for us, and we would delve deeper into that.

But the firms that we've acquired that have joined us are outstanding organizations with strong cultures, again, facing the same kind of competitive labor shortages that everyone else is. One of the kind of compelling values that CBIZ brings is our approach around sourcing talent, particularly our national recruiting offices and the success that we've had there, both on-campus and with lateral hires.

And the other thing I would say that allows us to be more competitive in that area is because of our size and scale and our systems, we can share work from among offices really around the country. So where one office might be particularly challenged in a particular area, often times, we have availability in some other office. So we're able to share resources across the country, and that certainly helps as well.

Andrew Nicholas: Makes sense. No, that's really helpful. And then for my follow-up, you touched on government health care consulting a bit. But maybe to speak to another piece of Financial Services and kind of the outlook for '22 organically. Obviously, M&A-related activity was really strong in 2021. Is that something that you're expecting to slow down just given the difficult comps? Or how are you thinking about advisory solutions in 2022, given all those dynamics?

Jerome Grisko: Okay. So there were a number of questions there, Andrew. Let me make sure I understand. So I'm going to, if I heard you correct, at the end, you're saying within all of the growth that we experienced within Financial Services, what is our view on advisory services for 2022?

Andrew Nicholas: Yes. Sorry. I'm just asking, obviously, M&A and private equity investments were elevated last year. And so I'm just wondering, as you're looking ahead to organic growth within project-based work and advisory solutions, in particular, how you're thinking about those difficult comps and kind of the persistence of that kind of investment cycle or mega cycle within private equity investments impacting your business next year?

Jerome Grisko: Yes, that's a great question because we look at that very carefully. Look, what I will say is we're headed, we're off to a really strong start this year. So we had a very favorable climate for transaction type work last year that obviously bolstered our organic growth and contributed significantly to the results that we posted. We're seeing strong demand continue across the board really for our advisory transaction type of services. We typically have about 90- to 120-day visibility at best into that area. So that's what we're really commenting on now.

Beyond that so, we really don't know, right? So long as the business climate remains favorable, there'll be a high demand for those types of services, and we will continue to enjoy success there. If they slow, if it slows, then obviously, that area will slow a little bit. So we are somewhat more vulnerable to the outlook of the business climate and the amount of transaction work certainly as it relates to those advisory services. But even when they slow, we typically do pretty well. It obviously would slow our growth a little bit.

Operator: (Operator Instructions) Our next question comes from Marc Riddick from Sidoti & Company.

Marc Riddick: So I wanted to touch briefly on as far as the tax season generally, is there anything that we should be thinking about as to year-over-year timing differences, complexity of rules, things like that, that could be either helpful, harmful or something we should be thinking about as far as the type of work you're going to be doing for the key season?

Jerome Grisko: Yes, Marc, interesting question and particularly insightful in light of what we experienced in 2020, right, when the pandemic hit and that season was pushed off and we had some anomalies as to how we might look at that relative to our typical cycle. I would tell you that unless something dramatic changes in the regulatory environment, we would expect that this season would look more like pre-pandemic.

So more like the seasons that we saw prior to 2020. So a typical busy season kind of through April 15. And then obviously into the fall, we have plenty of work to do between those two periods of time, but a more traditional cycle.

Marc Riddick: Okay. Great. And then one additional follow-up. You kind of touched on some of the digital outreach as far as from a recruiting standpoint. But one of the other areas that sort of, one of the things that took place during the pandemic that seems to be benefiting you now is the significant amount of digital outreach that took place during the pandemic.

I was wondering if you could spend a little time sort of talking about that a little bit? And I'm not sure if that's something that's quantifiable as to the benefits to your organic growth that you saw this year and what you think you might see going forward? I was wondering if you can sort of talk about that a little bit and how that helped or what your experiences and views are as to the benefits in that time frame.

Jerome Grisko: Yes. Thank you, Marc. We look at that in some of the lessons that we learned through the pandemic. And the question came up earlier on cross-serving. What we've learned, particularly with some of our mid-market clients. So our larger clients, we're really proactive account planning. We're in front of them all the time. We have teams assigned to them. But as the clients get smaller, sometimes, it's hard to get to them, right? And where we really saw a significant opportunity in growth and reception into the communities was through our digital outreach really beginning in the pandemic.

Our clients, obviously, we're facing a very challenging business climate. We had solutions for them. We weren't able to pick up the phone all time or get in front of those clients. We reached out to them digitally and have really, really tremendous success. So we've built on that kind of throughout 2021. We will continue to build on that into 2022. We saw a significant incremental revenue through those efforts last year in 2021, and we would expect for that to continue. So that's a great observation and one that we're very focused on and very encouraged by the results that we're seeing.

Operator: And ladies and gentlemen, with that, we'll be concluding today's question-and-answer session. I'd like to turn the floor back over to Jerry Grisko for any closing remarks.

Jerome Grisko: Yes. Thank you. Before we wrap up today, I want to thank our shareholders and analysts as we always do, for your continued support.

As a reminder, there are additional investor relations resources available on our website, including a recording of the virtual Investor Day presentation that we hosted in the fall of last year and a recording of our discussion last month on our M&A strategy and our recent acquisitions, including Marks Paneth.

I also want to take this opportunity to express my sincere gratitude to our team. We are now over 6,000 professionals strong nationwide, and I could not be more proud of what this team has accomplished over the past couple of years. At our core, we're a people business. And the results that we discussed today are the direct outcome of the hard work and dedication of each of our team members, and we couldn't thank you more.

As we look forward to 2022, we have a great deal of momentum to propel us to even greater heights. We're excited about the transaction we're seeing within our businesses as well as our very strong pipeline of increasingly larger M&A opportunities.

Most importantly, our strong financial position provides us with the ability to capitalize on these opportunities, while continuing to invest in the areas of our business that will bring differentiated value to our clients, our team members, and our shareholders.

With that, we'll conclude our comments. Thank you and enjoy your day.

Operator: Ladies and gentlemen, with that, we'll conclude today's conference call. We do thank you for attending today's presentation. You may now disconnect your lines.