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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the SS&C Technologies Fourth Quarter and Full Year 2019 Earnings Call. (Operator Instructions) Please be advised that today's conference is being recorded. (Operator Instructions)

I would now like to hand the conference over to your speaker today, Justine Stone. Thank you. Please go ahead.

Justine Stone - *SS&C Technologies Holdings, Inc. - Head of IR*

Hi, everyone. Welcome, and thank you for joining us for our Q4 and full year 2019 earnings call. I'm Justine Stone, Investor Relations for SS&C Technologies. With me today is Bill Stone, Chairman and Chief Executive Officer; Rahul Kanwar, President and Chief Operating Officer; and Patrick Pedonti, our Chief Financial Officer. Before we get started, we need to review the safe harbor statement.

Please note that various remarks we make today about future expectations, plans and prospects, including the financial outlook we provide, constitute forward-looking statements for the purposes of the safe harbor provisions under the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those indicated by these forward-looking statements as a result of various important factors, including those discussed in the Risk Factors section of our most recent annual report on Form 10-K, which is on file with the SEC and can also be accessed on our website.



These forward-looking statements represent our expectations only as of today, February 12, 2020. While the company may elect to update these forward-looking statements, it specifically disclaims any obligation to do so.

During today's call, we will be referring to certain non-GAAP financial measures. A reconciliation of these non-GAAP financial measures to comparable GAAP financial measures is included in today's earnings release, which is located in the Investor Relations section of our website at www.ssctech.com.

(Operator Instructions)

Thank you, and I will now turn the call over to Bill.

William C. Stone - *SS&C Technologies Holdings, Inc. - Founder, Chairman of the Board & CEO*

Thanks, everyone, for joining us today. Our results for the fourth quarter are \$1.212 billion in adjusted revenue and \$1.08 in adjusted diluted earnings per share. Our adjusted consolidated EBITDA was \$490.5 million, and our adjusted consolidated EBITDA margin was 40.5%, up 180 basis points from Q3. Q4 organic revenue growth was 4.7%. The beat was largely driven by revenue growth in our software businesses and strong growth in our fund administration business.

2019 net cash from operating activities came in very strong at \$573 million for the fourth quarter and \$1,328.3 million for the year. Our 2019 adjusted net income was \$1,010.9 million, giving us a 131% cash conversion rate. We paid down \$1.123 billion in debt last year, and over \$2 billion since the April '18 DST acquisition.

Our secured net leverage ratio was 2.7x, and our total net leverage ratio was 3.77x. In January this year, we repriced our secured credit facilities from LIBOR plus 2.25% to LIBOR plus 1.75%. We expect to save over \$25 million annually in interest costs.

We closed on the Algorithmics acquisition, which brings a host of software and services covering market risk, credit risk, balance sheet risk, asset management risk and insurance risk. These solutions cater to the existing SS&C customer base as well as significantly extends SS&C's reach into financial risk management.

Algorithmics has developed sophisticated ways of calculating and managing large amounts of data at scale. Additionally, Algorithmics offers a variety of micro services which we can embed into SS&C's reporting engines, further enabling our clients.

Now I will turn it over to Rahul.

Rahul Kanwar - *SS&C Technologies Holdings, Inc. - President & COO*

Thanks, Bill. We had a good quarter in revenue growth, cash flow generation and exited the year with over 40% EBITDA margins. Advent, Institutional and Investment Management, Intralinks and SS&C GlobeOp all contributed nicely to overall strong results across our business. We remain focused on innovation to constantly deliver increased functionality to our customers and differentiate our products and services.

Our Asset Management solutions business developed advanced bank verification, which enhances account security, and we expect the majority of our asset management client base to adopt this capability throughout 2020.

In Health, we piloted a fraud, waste and abuse tool used to identify and prevent the payment of suspicious claims. This further diversifies our health care offering and expands our target market.

Our Intralinks business released new Deal Marketing WiFi due diligence and investor vision platforms as well as frictionless deal prep. The frictionless deal prep allows our customers to easily spin up virtual data rooms without time-consuming contracts or license commitments. We look forward to delivering significant enhancements across our product suite in 2020 to help us drive revenue growth.

Now I'll mention some key deals for Q4 2019. A global asset manager based in Boston chose SS&C's full suite of hedge fund services. They were particularly impressed with our e-Investor and investor vision products. An existing private equity client switched from a Big 4 accounting firm to SS&C for tax services.

An \$8 billion U.K.-based family office chose a suite of Advent products to satisfy their portfolio management and trading needs. A European fund administrator, an existing client, greatly expanded their commitment to Advent Geneva. An asset manager with \$4.5 billion in assets chose to partner with SS&C Eze to build out asset management functionality in Eze Eclipse. A health plan out of New Mexico chose SS&C Health BPO services. A \$50 billion-plus in asset -- asset manager and an Advent client since 1992 expanded their Moxy license for additional seats. An existing U.K.-based client expanded their use of our workflow product, AWD.

I will now turn it over to Patrick to run through the financials.

Patrick J. Pedonti - *SS&C Technologies Holdings, Inc. - Senior VP & CFO*

Thanks, Rahul. Results for the fourth quarter of 2019 were GAAP revenues of \$1,203.5 million. GAAP net income of \$141.6 million and diluted EPS of \$0.54. Adjusted revenue was \$1,212.2 million, excluding the impact of adoption of the revenue standard 606, required revenue adjustment for DST, Intralinks and Algorithmics acquisitions.

We had a strong quarter. Adjusted revenue was up 7%. Adjusted operating income increased 11.5%, and adjusted diluted EPS was \$1.08, a 13.7% increase over the fourth quarter of 2018.

Adjusted revenue increased \$79.4 million or 7% over Q4 2018. The acquisitions of Intralinks, Investtrack and Algorithmics contributed \$48.1 million in the quarter.

Foreign exchange had an unfavorable impact of \$1.4 million or 0.1% in the quarter. Organic growth on a constant currency basis was 4.7%, driven by our strength in the Institutional and Investment Management, alternatives and the Advent businesses.

Adjusted operating income for the fourth quarter was \$470 million, an increase of \$48.5 million or 11.5% over the fourth quarter of 2018. Foreign exchange had a negative impact of \$0.4 million on expenses in the quarter, and adjusted operating margins improved from 37.2% in the fourth quarter of 2018 to 38.8% in the fourth quarter of 2019.

Adjusted consolidated EBITDA, defined in note 3 in our earnings release, was \$490.5 million or 40.5% of adjusted revenue, an increase of 10.3% over Q4 2018.

Net interest expense for the quarter was \$100.5 million. It includes \$15.1 million of noncash amortized financing costs and OID. In addition, we expensed deferred financing costs associated with the payoff of our B1 term loan.

The average interest rate in the quarter for the credit facilities, including the senior notes, was 4.53% compared to 4.77% in the fourth quarter of 2018.

We reported a GAAP tax provision of \$19.3 million or 12% of pretax income. For the full year, the GAAP tax provision was \$93.2 million or 17.5%.

Adjusted net income was \$284.6 million and adjusted EPS was \$1.08. Adjusted net income excludes \$162.2 million of amortization of intangible assets, \$16.7 million of stock-based compensation, \$15.1 million of amortization of noncash amortized financing costs and OID, \$11.2 million of purchase accounting adjustment, mostly deferred revenue adjustment and depreciation related to the revaluation of assets for acquisitions, \$6.7 million for revenue adjustments related to adoption of standard 606 and \$13.3 million of nonoperating costs, including \$7 million of foreign exchange impact, \$3.8 million in legal settlements and \$4.5 million in severance costs related to staff reductions. This was offset by a \$4.5 million gain in mark-to-market adjustments on investments. And the effective tax rate we used for adjusted net income was 26%.

Diluted shares increased 3.4% in the fourth quarter, mostly due to the shares issued for the Intralinks acquisition in 2018 and option issuance, and this was offset by the third quarter 2019 share repurchases.

On the balance sheet and cash flow, as of December 31, we had approximately \$153 million of cash and cash equivalents and approximately \$7.2 million (sic) [\$7,228.9 million] of gross debt for a net debt position of \$7.1 billion.

Operating cash flow for the 12 months was \$1,328.3 million, a \$688.2 million or 107% increase compared to the same period in 2018. Highlights for the 12 months are, we paid net debt of \$1,123.8 million, and that brings the total to \$2,046.6 million of debt paid since we did the DST acquisition. For the year, we paid \$353 million of cash interest compared to \$268.1 million in 2018.

On cash taxes for 2019, we paid \$222.7 million compared to \$143.4 million in the same period last year.

Our accounts receivable DSO was 49.7 days as of December compared to 51.2 days as of September 2019. We used \$130.4 million in cash or 2.8% of revenue, adjusted revenue, mostly for capitalized software, IT and leasehold improvements. For the year, we declared a paid \$107.7 million in common stock dividends compared to \$70.9 million last year. And we received option exercise proceeds of \$125.7 million compared to \$84.9 million in 2018.

Treasury stock buybacks. We made treasury stock buybacks of \$60.3 million or 1.3 million shares at an average price of \$45 in the third quarter of 2019. The impact on diluted share in the quarter was \$1.3 million for the full quarter -- in fourth quarter of 2019.

Our LTM consolidated EBITDA, which is used for the covenant compliance, was \$1,877.5 million as of December and includes \$49.6 million of acquired EBITDA and cost savings related to the acquisition. Based on the net debt of approximately \$7.1 million, our total leverage ratio was 3.77x, and the secured was 2.7x as of December.

For outlook for the year, for the first quarter of 2020, our current expectation for the first quarter is adjusted revenue in the range of \$1,150 million to \$1,190 million. Adjusted net income of \$248.5 million to \$264.5 million and diluted shares in the range of 267.5 million to 268.5 million, and we expect the adjusted tax rate to continue at 26%.

For the full year 2020, our current expectation is adjusted revenue in the range of \$4,692 million to \$4,852 million; adjusted net income of \$1,084.5 million to \$1,139.5 million; and diluted shares in the range of 270 million to 273 million. Organic growth for the year is expected to be in the range of 0.5% to 3.9% for the full year.

And for the full year, we continue to expect the adjusted tax rate to be 26%, and cash from operating activities to be in the range of \$1,220 million to \$1,260 million, and capital expenditures to be in the range of 2.9% to 3.1% of adjusted revenues.

And I'll turn it over -- back to Bill for final comments.

William C. Stone - SS&C Technologies Holdings, Inc. - Founder, Chairman of the Board & CEO

Thanks, Patrick. 2020 is off to a good start. Just the other day, we announced that Ares Management, an alternatives client with \$144 billion in assets, has extended its outsourcing relationship with SS&C. Originally selected to provide fund administration and middle office services for a portion of Ares' business, SS&C now supports Ares across credit, private equity and real estate. Ares is an important client for SS&C, and we remain focused on delivering innovation and expertise to help Ares fulfill its strategic objectives.

We have also entered into a multiyear renewal agreement with Humana, one of SS&C Health's flagship clients. This agreement extends our relationship with the health care provider to engage SS&C Health as a technology partner beyond pharmacy claims processing. We will deliver a range of digital technologies to support Humana's strategy of providing an integrated health care approach, simplifying the health care experience and reducing health care expenses. SS&C Health is marching to a different drummer, and we appreciate Humana's recognition.

Now I'll open it up for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Your first question comes from Brad Zelnick with Crédit Suisse.

Brad Alan Zelnick - *Crédit Suisse AG, Research Division - MD*

And congrats on a strong finish to the year, guys. My question, first, is just on pricing. Last quarter, you talked about being more methodical about price increases. Can you give us an update on your initiatives across the businesses and the time line for when these changes might actually be -- take an effect? And what are the opportunities across the portfolio? Which businesses would seem more ready to take price increases?

Rahul Kanwar - *SS&C Technologies Holdings, Inc. - President & COO*

So Brad, this is Rahul. Just to give you an update, we've been working pretty methodically through that price process, I'd say, probably for 2 months or so now. And we expect to continue working on it through the end of the quarter and maybe into April. In our software businesses, Advent and Institutional and Investment Management, et cetera, we already had a reasonably good process for contractual price increases. So while we're taking a look at those businesses, I think the biggest opportunity for us is in some of our outsourcing businesses where we haven't, in the past, been as diligent. So that includes fund services and others. And we're working through that with customers. And thus far, they've been pretty receptive to that process, and it's going well.

Brad Alan Zelnick - *Crédit Suisse AG, Research Division - MD*

And just maybe to follow up on software-enabled services versus revenue that appears in the license maintenance and other line. I think just the mix of what we were modeling and perhaps others came in a little bit differently than expected. Can you just remind us, Patrick, maybe the rhythm of the business and, as we model these lines going forward, how we should think about where the value and the revenue ends up showing up?

William C. Stone - *SS&C Technologies Holdings, Inc. - Founder, Chairman of the Board & CEO*

Well, Brad, I think when you look at our business, I would say that the software-enabled services business is, by far, our largest business, and that is primarily a monthly pay business. And I think it's almost all recurring revenue. And then, obviously, in the software businesses, more and more of that is becoming term licenses rather than perpetual licenses, so that has a much higher recurring cases in it aside from maintenance. And that business still has some end-of-the-quarter types of accelerations.

Operator

Your next question comes from Rayna Kumar with Evercore ISI.

Rayna Kumar - *Evercore ISI Institutional Equities, Research Division - MD*

You called out a pretty large range for the organic growth for 2020, the 0.5% to 3.9%. What factors have to be in place to get you to the high end versus the low end? And then secondly, if you can just call out your expectations for the first quarter organic growth?



William C. Stone - *SS&C Technologies Holdings, Inc. - Founder, Chairman of the Board & CEO*

Yes. I think, Rayna, as far as the spread is -- we're getting into larger deals, and I think that, as we close these deals, I think the organic revenue growth goes up. But we're not trying to get ahead of ourselves, and we're trying to make sure that our guidance to you is both directionally the right way. And then also from a magnitude standpoint that we're giving you how we look at it. And then I think the first quarter -- Patrick, do you have that right in front of you maybe?

Patrick J. Pedonti - *SS&C Technologies Holdings, Inc. - Senior VP & CFO*

I do. The first quarter is very similar to the full year. On the low end, it's 0.4% increase. And on the high end, it's 3.8% increase.

Rayna Kumar - *Evercore ISI Institutional Equities, Research Division - MD*

Great. That's very helpful. And just as a follow-up, what are your expectations for top line growth for alternatives business and DST and software? So we can have a good breakdown of the drivers for the organic growth.

William C. Stone - *SS&C Technologies Holdings, Inc. - Founder, Chairman of the Board & CEO*

Well, I think, Rayna, what we have traditionally thought is that the fund administration business is going to be mid-single digits. The DST business is going to be flat to plus 1% to minus 1%. And then our software business will probably range somewhere in the 3% to 5% range.

Operator

Your next question comes from Andrew Schmidt with Citi.

Andrew Garth Schmidt - *Citigroup Inc, Research Division - Senior Associate*

First question on DST. You guys have made some sales changes there last year, well, DST and then across the business as a whole. But wondering if you could talk about just any changes in the pipeline you've seen or just generally how the pipeline is shaping up across health care, financial, the financial institution segment, things like that. Any color on the impact that the sales changes have had would be helpful.

William C. Stone - *SS&C Technologies Holdings, Inc. - Founder, Chairman of the Board & CEO*

Yes, I would say, again, that I think our biggest acquisition prior to DST was GlobeOp, and GlobeOp had about 2,500 people, and DST had 16,500. So we're not finished. So there's still a lot of work to do, but we're making progress. And I think that we worked hard on Humana. We spent hundreds, if not thousands of hours on working with Humana. And that's pretty rewarding to see that they signed up with us, and we think we're going to have a larger and larger relationship with them, and they're very demanding, which helps our business. So we have some pretty high hopes in the health care space. I think there's still some fundamental things going on in financial services and the mutual fund industry as far as active to passive and sub-accounting versus full mutual fund accounting. But again, we're innovating. We're bringing new people into it. We're adding apps and other things that we think are going to help us over the long term, and over the short to medium term, we're making a whole lot of money.

Andrew Garth Schmidt - *Citigroup Inc, Research Division - Senior Associate*

Got it. That makes sense. And then just my follow-up, you guys did a good job delevering in the fourth quarter and quickly reaching targeted debt levels. With your cash flow this year and reaching targeted debt levels, could you talk a little bit about just priorities for use of cash? And then just

any comments about -- around the M&A pipeline, whether there's any sizable deals out there you think are -- can be realized or -- just anything of that nature would be helpful.

William C. Stone - *SS&C Technologies Holdings, Inc. - Founder, Chairman of the Board & CEO*

Yes. I mean we have a strong pipeline on acquisition prospects. I wouldn't say we have anything of \$1 billion size or such. But we have several in the \$100 million range and similar to Algorithmics. And I would say that we're active. And we try to be disciplined in that process, and that's gone pretty well for us. And I think that we will probably execute on a couple -- in the first couple of quarters. And the other stuff about -- I'm sorry, the other stuff about using our cash is, is that I think in the first quarter, we maybe have already paid down another \$100 million or so. And we have so much cash flow that share buybacks look increasingly attractive when we make this much money and we have this much value, we think, in our share price. So I think that, that's something that we might use some more of that \$500 million authorization we got a few quarters ago. But again, we're very disciplined about it. We want to make sure that financially we remain very, very strong.

Operator

Your next question comes from Alex Kramm with UBS.

Alexander Kramm - *UBS Investment Bank, Research Division - Executive Director and Equity Research Analyst of Exchanges, Ebrokers*

Just coming back to the organic growth outlook for a second here. Not to put you too much on the spot, Bill, but I think last quarter, you made a comment that you're hoping to get back to 3% to 5% in 2020 already. It was probably more of an off-the-cuff comment, but now that we have like more exact guidance, maybe bigger picture what do you think the biggest difference are now versus what you were thinking? Obviously, you've done better in the fourth quarter, is it a little bit of a base effect? Or are some businesses still doing a little bit worse than you originally had thought maybe 90 days ago?

William C. Stone - *SS&C Technologies Holdings, Inc. - Founder, Chairman of the Board & CEO*

Yes. I think, Alex, is that some of the stuff came in, in Q4 that we might have thought was going to come in, in Q1. And this -- the accounting in this stuff is the Byzantine at best, right? So when you look at 606 and some of these other things, to be able to truly predict for you, when somebody goes from a 3-year deal to a 5-year deal and, all of a sudden, you're recognizing 2x or 3x as much money as what you were expecting to recognize, it becomes a little more of a guess. And so I think we have plenty of stuff in the pipeline. I think there's all kinds of stuff. And it's a little bit like last year, it's you start looking at things, and they're not closing. You start -- want to give you guys and gals more information, and then they start closing, and then it looks like whipsaw. So I think that, that's more of the nature of the businesses that we're in, the size of the deals that we have opportunities of, and then the impact of win on our financial statements is pretty unique and pretty impressive.

Alexander Kramm - *UBS Investment Bank, Research Division - Executive Director and Equity Research Analyst of Exchanges, Ebrokers*

Okay, fair enough. And then very quick one for Patrick, I guess, can you just -- how much interest expense are you building into your budget? And does that contemplate or does your guidance contemplate further debt pay down from here? Or is it as of today?

Patrick J. Pedonti - *SS&C Technologies Holdings, Inc. - Senior VP & CFO*

No. When we provide our guidance, we just assume that all free cash flow is going to go to pay down debt. That's what's assumed in our guidance. And then on interest expense, we think it's a plus or minus, in the range of \$290 million for the year.



Operator

Your next question comes from Surinder Thind with Jefferies.

Surinder Singh Thind - *Jefferies LLC, Research Division - Equity Analyst*

Congratulations on a strong 4Q here, gentlemen. I'd like to start off on a question about the margin profile of your expenses. Can you provide a little bit of color in terms of how we should be thinking about the trajectory forward or what the current baseline is? As I look back over the couple of quarters, it seems like your ability to generate additional cost savings continues to surpass expectations. And so how should we think about margins and maybe margin improvement in the year ahead?

William C. Stone - *SS&C Technologies Holdings, Inc. - Founder, Chairman of the Board & CEO*

Well, we prefer to outperform than to underperform, so that is consistent with our objectives. It's a big place now, right? And so there's lots of ways to manage costs and keep people aware of things that we can do in a bit more efficient basis. We're still a very high-margin place, and we don't toss nickels around like they're manhole covers. But we do pay attention to expenses, and we have a solid management team, and Patrick's got a solid finance and accounting team that pays attention. And so I think that we will continue to get more efficient, continue to get more productive, and I think that will translate into additional cost savings.

Surinder Singh Thind - *Jefferies LLC, Research Division - Equity Analyst*

That's helpful. And then one on -- I kind of think about the year ahead. Any color you can provide on just kind of how as in Intralinks ended 2019 versus 2018? And kind of how you're thinking about them in the year ahead at this point?

William C. Stone - *SS&C Technologies Holdings, Inc. - Founder, Chairman of the Board & CEO*

Well, I think, in general, we have new management in each one of those businesses. And I would say that right now, the Intralinks business is quite strong. They brought out a number of new products, and Bob Petrocchi and Ken Bisconti are doing a great job. And Mike Hutner over in Eze is also doing a great job. He's got some headwinds still about how much volatility we're having in the equity markets. And the more the merrier for Eze as far as that's concerned. And so -- but we have -- Eclipse is gaining momentum. We got a talented team. And I think, overall, those will prove to have been wise decisions.

Operator

Your next question comes from Crispin Love with Piper Sandler.

Crispin Elliot Love - *Piper Sandler & Co., Research Division - Director*

So it was definitely a strong quarter for revenues relative to your 4Q '19 guidance. Can you talk about some of the drivers you saw there? I heard your comments earlier, Bill, about strength in the software businesses and fund administration, but is there any other detail that you can provide?

William C. Stone - *SS&C Technologies Holdings, Inc. - Founder, Chairman of the Board & CEO*

Well, again, I think that the we signed a couple of multiple year deals with 606. You're recognizing \$10 million and other things of that nature that are coming into the business, and you're going to have some strength in certain quarters, and you're going to have a little less strength in other quarters. And reality is the business was the same in both quarters. It's just a question of did the contract get signed on June 28 to July 3. And so I think that's -- before, it wasn't quite as much of a swing, but it's pretty dramatic now.



Operator

Your next question comes from Dan Perlin with RBC Capital Markets.

Daniel Rock Perlin - *RBC Capital Markets, Research Division - Information Technology Analyst*

And congrats on ending the year so strong. The question I had is around this license and maintenance line. I mean it was a big quarter. I'm just trying to make sure I understand kind of what's in it. So you did \$48 million of acquired revenue. How much -- is there a big chunk of that, that falls into that, Bill? And naturally, it's the first. I'm trying to understand kind of what's embedded in that significant step-up. And I understand the whole cadence idea about 1 quarter is better than the other. But it's -- I mean it's been dramatic.

William C. Stone - *SS&C Technologies Holdings, Inc. - Founder, Chairman of the Board & CEO*

Well, again, we won some pretty big deals that we got to recognize pretty significant money in the fourth quarter, in the third and fourth quarters. And that's been something that has driven that line. And I think that we have increasing numbers of products that we're selling that is giving us opportunities to have pretty dramatic changes. Hopefully, they're dramatic to the upside, but they won't always be. It's just not the nature of how this all operates. But we're bigger and bigger, and we're more extended with better people all over the world. And I think we're going to have -- we're going to have a really good 2020.

Patrick J. Pedonti - *SS&C Technologies Holdings, Inc. - Senior VP & CFO*

On acquisitions in that line. I think there's about \$3.8 million of Algorithmics in that maintenance and term license line, and the rest of it is all large multi-year contracts we signed.

Daniel Rock Perlin - *RBC Capital Markets, Research Division - Information Technology Analyst*

That's awesome. So to that same extent, just extending on that theme for a second. You have talked about, when you're looking at opportunities, they are more sizable than maybe they have been in the past. This quarter, obviously, which -- what you just described clearly indicates that you're winning those. So how do we think about SS&C going forward when you're talking about winning these deals? I mean, in the past, they were smaller. Now they're clearly much, much larger. Does that mean it's going to be -- the duration between these are going to be bigger or longer? Is it going to be that much more lumpy? Is it going to skew more towards this license now, do you think? I'm just trying to get a handle on how we frame what 2020 looks like.

William C. Stone - *SS&C Technologies Holdings, Inc. - Founder, Chairman of the Board & CEO*

Yes. I mean, I think that there's -- you have to stay close to the market, you have to be willing to present to that market the way in which it wants to consume your products and services. Some -- it used to be the big debate between perpetual and term. Now it's a big debate between full outsourcing, some outsourcing, some hosting, what year contracts, some are 2 years, some are 4 years, some are 1 year, some are 3 years, some are 10 years. So Dan, depending on what that mix is in any particular quarter is what's going to really determine how big of amplitude you're going to have in the change from quarter-to-quarter. So I don't think it's that much different, although we're bidding on \$400 million a year stuff, right? And again, it's not -- we're not right at the precipice of signing one of those. But we're knocking on the door, in enough of them, and we're getting better each time and I think that we manage our business pretty well. And I would guess that the next 5 years will look like the last 5 years.

Operator

Your next question comes from Mayank Tandon with Needham.

Mayank Tandon - *Needham & Company, LLC, Research Division - Senior Analyst*

Bill, Rahul mentioned several deal win, and maybe Rahul can answer this, but just wanted to get a sense of those deal wins. What are the determining factors on those wins? Is it product capabilities? Is it price, other factors that may have played a role in tilting the balance in your favor versus your competition?

Rahul Kanwar - *SS&C Technologies Holdings, Inc. - President & COO*

Mike, if I kind of just look down the list, I would say that the fund services wins -- and there's a number of them, right? There's a family office, there's an asset manager, that's a private equity client. In general, we have, we think, much more capability in that marketplace than the folks we compete against. We're the only software company, we're the biggest fund administrator. We have, over any number of years, built a pretty impressive array of additional modules and services so that when a big organization looks at us, not only can we address their core requirements, but also -- we do lots of other little things that are sources of operating leverage to have us do them. On the software side, and we had a number of large software deals as we've talked about. I think it -- once again, it's a combination of that software is benefiting from the user base that we have collected both in our license customers and the fact that many of these systems we're using ourselves and continuously improving. So when we go out in the marketplace and we're constantly looking at our sales force and making sure we've got the right people showing up for the right meetings and going through their presentation in the best way possible, and as Bill said, we're getting better, right? And I think that's really what's reflected in these deals.

Mayank Tandon - *Needham & Company, LLC, Research Division - Senior Analyst*

Right. Okay. Great. That's helpful. And then, Bill, what does the health care growth and margin profile look like versus your core financial focused business? And just given the success you've had with Humana, should we then look for the next big deal to come on the health care side, where there seem to be a lot of opportunities, versus on the core financial services side?

William C. Stone - *SS&C Technologies Holdings, Inc. - Founder, Chairman of the Board & CEO*

Well, from your lips to God's ears, Mayank, we think there's a number of big deals in health care. We run that business, did, I think, about 30% margins. We have opportunities to improve that, and we're working on those. Sean Hogan, who runs that business, has done a really nice job for us, and he's got a good team. And we have a bunch of people that are out there knocking down doors, and we have some new applications that are coming out that I think are being well received. And it's -- those tend to be pretty big revenue opportunities. And the more innovation, the more technology we can bring to bear, I think, the more our margins go up and our revenue profile improves.

Operator

Your next question comes from Chris Shutler with William Blair.

Christopher Charles Shutler - *William Blair & Company L.L.C., Research Division - Research Analyst*

How much do you expect pricing to contribute to revenue growth in 2020? And how much did it contribute in 2019?

Rahul Kanwar - *SS&C Technologies Holdings, Inc. - President & COO*

I think that I don't know that we have completely quantified yet because we're still working through the process of discussing with customers, things like that. But I would say that out of the revenue range that -- or the organic growth range that Patrick laid out, maybe 15%, 20% of that on the high end might come from pricing.

Christopher Charles Shutler - *William Blair & Company L.L.C., Research Division - Research Analyst*

Okay. How fast did the alternatives business grow in the fourth quarter?

Rahul Kanwar - *SS&C Technologies Holdings, Inc. - President & COO*

About 5%, I think, right? I think...

Patrick J. Pedonti - *SS&C Technologies Holdings, Inc. - Senior VP & CFO*

It's a little -- it's higher than that.

Christopher Charles Shutler - *William Blair & Company L.L.C., Research Division - Research Analyst*

Okay. Lastly, can I just ask about the share count. I think it was 264 million in the quarter, fully diluted. Why the jump in Q1 and further for the full year? Just wondering how conservative that is.

Patrick J. Pedonti - *SS&C Technologies Holdings, Inc. - Senior VP & CFO*

Well, the diluted share count is very sensitive to stock price. And I think the average stock price in Q4 was \$56, right? Yes, so that has a big impact. So it's really not -- there's going to be some option exercises, but typical most likely. But the big difference is our diluted shares is calculated based on the stock price.

Operator

Your next question comes from Peter Heckmann with Davidson.

Peter James Heckmann - *D.A. Davidson & Co., Research Division - Senior VP & Senior Research Analyst*

Congratulations on that Humana extension. That was one we were looking at. Has there been any developments as regards the Cigna piece, which I think is scheduled to renew here within the next 20 months or so?

William C. Stone - *SS&C Technologies Holdings, Inc. - Founder, Chairman of the Board & CEO*

I think we have a contract with Cigna through 2022. So I -- it's not quite 20 months. But I mean, come on, they bought Express Scripts. We're not hanging our hat on Cigna continuing to have us handle their pharmacy claims. But we have other great relationships with Cigna, and we have other ways to replace that revenue. And we're a big customer of Cigna's. So we'll replace some of it. But we will be such a big customer of Cigna's. So I mean that's how that game works, and we can play it, too.

Peter James Heckmann - *D.A. Davidson & Co., Research Division - Senior VP & Senior Research Analyst*

That's right. That's right. And Patrick, just from a housekeeping standpoint, the revenue at DST that stemmed from customer contracts that have traded out prior to the close of the deal, can you quantify any trailing drag here into 2020?

Patrick J. Pedonti - *SS&C Technologies Holdings, Inc. - Senior VP & CFO*

Yes. I think at 2020, it's \$42 million.

Peter James Heckmann - *D.A. Davidson & Co., Research Division - Senior VP & Senior Research Analyst*

And more front half-loaded, I would assume?

Patrick J. Pedonti - *SS&C Technologies Holdings, Inc. - Senior VP & CFO*

I think it's pretty even. Pretty -- I mean, it's a little bit front-loaded. There's probably like -- I think it's \$46 million for the whole year, and the current estimate is that it runs \$15 million, \$11 million, \$10 million and \$10 million.

Operator

Your next question comes from Ashish Sabadra with Deutsche Bank.

Ashish Sabadra - *Deutsche Bank AG, Research Division - Research Analyst*

Let me add my congratulations as well to such a strong quarter. A question on innovation. So Rahul, you mentioned a number of new product innovation that you've introduced in the market, and maybe you can just talk about the receptivity of that product. And as we think about the innovation building up and helping drive more wins, how should we think about the contribution from innovation in the midterm? So over the next 3 years, how should we think about the contribution from these new product innovation?

Rahul Kanwar - *SS&C Technologies Holdings, Inc. - President & COO*

So I think on the first part of it, right, the way, Ashish, we go about building these things is we try to get some anchor clients, and we try to get market buy-in, right? And that's how we embark on some of our largest projects. So we -- certainly, when we complete them, already have validated that there will be good market reception. And that's been the case. That's been the case for some of the development we talked about in the Intralinks business. It's certainly the case of what we do with our portfolio systems and things like that. We expect that to continue. One of the biggest ways in which we differentiate ourselves from the others in the marketplace and really bring a lot of value is continuing to add product, continuing to add features and functions and just try to understand what customers are dealing with, whether it's demands of big institutions or demands of regulators and how we help them solve that. So that's a big part of our sales and revenue growth process, and we expect that to continue over the next several years.

Ashish Sabadra - *Deutsche Bank AG, Research Division - Research Analyst*

That's great. And then maybe just a question on pricing. Should we think about these pricing increases as one-time? Or is there opportunity for you to continue to have pricing increases on a more annual basis going forward? I just want to better understand the pricing power in the business. It seems like it's pretty good, but if you can just provide some more color on that front.

Rahul Kanwar - *SS&C Technologies Holdings, Inc. - President & COO*

I think the way we're doing this with our customers, particularly in businesses where we haven't done it in a consistent way is we are setting the expectation that this is an annual conversation, right? So -- which is kind of why we're being thoughtful about it, right? We're really not trying to annoy people or get into long discussions. We're just trying to have cost of living type increases and take a look at an account review and do that

in a pretty formal way once a year. And we think the customers that -- are receptive, and we'll make that a part of our normal practices going forward.

Operator

Your next question comes from James Faucette with Morgan Stanley.

Jonathan Lee - *Morgan Stanley - Equity Research Associate*

This is Jonathan on for James. Congrats on the quarter. I want to dig in a little more on pricing action. You mentioned that you're working through the pricing process for about 2 months. Have you seen any customer attrition because of that?

Rahul Kanwar - *SS&C Technologies Holdings, Inc. - President & COO*

We have not. In fact, I would say that the conversations we've had, the targets we set by customer, we're pleasantly surprised by how close and, in some cases, how much better we can get. So it is going pretty well. But we're being thoughtful about it. We really value those relationships. We want to make sure that we're bringing a lot of value. But no, we really haven't had any negative fallout as a result.

Jonathan Lee - *Morgan Stanley - Equity Research Associate*

Got it. That's helpful. And you mentioned some of the deals that came in during the quarter or expected to be in Q1. Can you give us the impact of that benefit to the quarter?

William C. Stone - *SS&C Technologies Holdings, Inc. - Founder, Chairman of the Board & CEO*

Yes. I wouldn't say that we have that as a number for you. And even that, as to how much revenue, you'd almost have to go back deal by deal, and we haven't done that.

Operator

(Operator Instructions) Your next question comes from Jackson Ader with JPMorgan.

Jackson Edmund Ader - *JP Morgan Chase & Co, Research Division - Analyst*

I apologize if you addressed this on the call, we just bounced around a little bit. But was there any impact from some of the market volumes coming, the year-over-year comparison in the fourth quarter relative to the fourth quarter of 2018 on the Eze business in terms of trading volumes?

Rahul Kanwar - *SS&C Technologies Holdings, Inc. - President & COO*

Very little. Probably some, but really not material, either to Eze or certainly not to the company.

Jackson Edmund Ader - *JP Morgan Chase & Co, Research Division - Analyst*

Okay. Fair enough. And then an update on the RIA business, we know that this has been certainly a tailwind over most of 2019. What should we be expecting here in 2020 from that business?

William C. Stone - *SS&C Technologies Holdings, Inc. - Founder, Chairman of the Board & CEO*

I mean, that's been growing at 20%, 25% a year for a number of years. And I would guess it will continue to do that in 2020. Obviously, the Envestnet situation is something to -- we monitor closely. And so I think that, that's a good business. It's going to continue to be a good business. There's a lot of activity there. And Black Diamond and our team is a strong team.

Operator

There are no further questions at this time. I will now turn the call back over to Bill Stone.

William C. Stone - *SS&C Technologies Holdings, Inc. - Founder, Chairman of the Board & CEO*

So again, thanks to all of you for listening in. We feel very good about our Q4. We feel very good about 2020, and we look forward to talking to you at the end of the first quarter. Thanks.

Operator

This concludes today's conference call. You may now disconnect.

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