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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by. Welcome to the Sapiens International Corporation Fourth Quarter and Full Year 2019 Results Conference Call. (Operator Instructions) As a reminder, this conference being recorded, February 24, 2020. It is now my pleasure to introduce your host, Mrs. Yaffa Cohen-Ibrah, Sapiens' CMO and Head of Corporate Communications. Thank you, Mrs. Cohen, you may now begin.

Yaffa Cohen-Ibrah - *Sapiens International Corporation N.V. - CMO & Head of Corporate Communications*

Thank you, and good day, everyone. Our quarterly earning release was issued before the market opened this morning. It has been posted on the company's website at www.sapiens.com. Representing Sapiens today are Roni Al-Dor, President and CEO; and Roni Giladi, our CFO. Before we start, I would like to remind everyone that this conference call may contain projections or other forward-looking statements and the safe harbor provision in the press release issued today also apply to the content of the call. Sapiens expressly disclaims any obligation to update or revise any of these forward-looking statements, whether because of future events, new information, a change in its view or expectations or otherwise.

During the course of the call today, we will refer to non-GAAP financial measures. A reconciliation schedule showing GAAP versus non-GAAP results has been provided in our press release issued before the market opened this morning. A replay of this call will be available after the call on our Investor Relations section of the company's website or via the website link, which is available in the earnings release that we published to date. I will turn the call over to Roni Al-Dor, President and CEO of Sapiens. Roni?

Roni Al-Dor - *Sapiens International Corporation N.V. - President, CEO & Director*

Thank you, Yaffa, and thanks to everyone who are joining us today to review our fourth quarter and full year 2019 financial results. I will start with review of fourth quarter, followed by an overview of our progress in 2019. Roni Giladi will share our outlook for 2020 in his prepared comments.

Sapiens finished 2019 on a very strong note with revenue growth accelerating in the second half of the year, highlighted by fourth quarter year-over-year growth of 80%, one of our strongest quarter top line gains in the recent years. Sales growth came from expansion in our P&C businesses in North America and EMEA as well as improvement in our loss and annuity businesses. Recent acquisitions and internal investment in our core software product, improve our competitive position with a wider range of insurers' solutions supported by technology-led services for pre and post production.



As I've said in the past, our business is benefiting from 2 key trends in the insurance industry. The continued migration from legacy systems to modern flexible core and cloud-based solution as well as the need to meet their customer expectation for digital, personalized experience. The insurance carriers see Sapiens innovation insurance solution as essential to gaining a competitive edge by providing superior outcomes for all their stakeholders, including their internal teams, policyholders and agents. We further increased our leverage in fourth quarter by driving more capacity to our offshore entities, which produce improvement in gross margin. We continued to experience improvement, economy of scales with control over spendings, resulting in non-GAAP operating margin rising year-over-year to 16.5%.

As a result, fourth quarter non-GAAP net income increased 34.8% to \$10.6 million or \$0.21 of diluted earnings per share. This way, by all means, an outstanding quarter and fantastic finish to the year.

Let's shift to new businesses and expansion for -- of existing partnership recently announced. We signed a new P&C wins as well as new businesses in Life & Pension and add a few go-lives in the quarter and add another exciting partner to our fintech ecosystem. We announced 2 wins in U.S. for our P&C and life & Annuity businesses. Farmers Union Mutual Insurance Company of Michigan announces a part of digital transformation project that the company will replace its 30-years old legacy system with Sapiens' core suite for property and casualty as well as our advanced analytics solution delivered over the cloud. Sapiens' solution are expected to reduce overhead costs and decrease time to market for future products in the insurer as well as provide a digital and personalized experience to its policyholders. (inaudible) insurance of Montana upgrade its life & annuity underwriting capabilities with Sapiens' underwriting pull and is a good example of our ability to partner with a third-party to deliver seamless integration. This solution improves the customer experience and by accelerating agent's ability to make policy decision, provide a more cost-effective underwriting process for the insurer. The EMEA team saw notable wins in the fourth quarter in both P&C and life. (inaudible) selected Sapiens IDITSuite for Property & Casualty and Sapiens' reinsurance smarter for digital transformation program. The insurer is replacing its legacy IT system with Sapiens' solution to facilitate the digitalization of its entire P&C and health insurance segments as well its claims handling. Sapiens' advanced analytics solution, digital tools will increase productivity and reduce time to market.

Hollard Group Risk of South Africa expanded strategic long-term partnership with Sapiens by adding our flagship core suite for Life & Pension to transform its business and improve flexibility, speed of process and enhance the customer experience, important differentiation in a very competitive market. Another anticipated benefit is reduced operational costs from streamline automation for all customers, partners and personnel.

Overall, during 2019, we signed 34 new logos across all of our products and territories. Today, over 500 customers worldwide are using Sapiens' solution. We welcome continue to work closely with this customer to help them to maintain their system and maximize efficiency. We support them with the introduction of new capabilities or expansions of their businesses. In the fourth quarter, we had go-live with Equitable Life in Canada, one of the Canadian's largest life insurance companies. Equitable Life has modernized its new business process with Sapiens' underwriting pull for Life & Annuities. The insurance expect to significantly decrease its turnaround time with our web-based solution for automated underwriting and new case management.

During 2019, more than 30 customers have gone live and moved into production, which means our solution is being used as the core operational system. Go-live is a major event for both Sapiens and customer. It is a major demonstration of our ability to deliver -- of a customers' ability to adopt and roll out a new technology across the organizations. We continue to expand our insurtech partnership ecosystem with Lightico platform that allows us to deliver our solution, including our core P&C and Life & Pension and annuities offering with a customer-facing solution that achieved the time incentive, redundant paperwork process to completely digital platform, to increase sales close ratio and improve the customer experience. We also continue with our M&A activity in 2019. In October, we expanded our European footprint with the acquisition of Calculo, a leading insurance software solution and services provider to Iberian region. We see this acquisition as a catalyst for long-term growth by selling Sapiens' core and digital suite into the market with high percentage of in-house system and where we see good growth potential for both our P&C and Life & Pension core suite. This acquisition checks all boxes of our M&A growth strategy with geographical expansion in new markets, growing our customer base and improve our existing product and services by onboarding Calculo teams of expert consulting and solutions. 2020 started off with announcement in January that we are expanding our footprint in the DACH region with acquisition of a German-based insurtech company sum.cumo. Sum.cumo services insurance in Germany, Switzerland and Austria, helping them to set up their businesses model and obtain marketing engage with successfully e-commerce environment. Sapiens will cross-sell its complete product and services portfolio, alongside the sum.cumo offering to their customer in the region. Sum.cumo is the -- one of the most innovative insurtech companies in the large DACH region in an area that has been part of Sapiens' long-term growth strategy. Our investment in R&D and enhancement across all platform are paying off and lead once again to recognition from



industry experts. During the quarter, Sapiens core suite for Life & Pension won an XCelent awards for its advanced Life & Pension technology in EMEA. Celent report indicates Sapiens heavy investment in Sapiens core for Life & Pension as well as suite-cloud readiness, future richness and neat user interface.

In the previous quarter, our Sapiens IDITSuite was recognized again as a leader in Gartner Magic Quadrant for nonlife insurance platform in European for Sapiens IDITSuite. On the marketing front, in October, we hosted our Global Client conference in Rome, more than 150 participants from approximately 33 organization, including insurance and financial services customer and prospects, discussed the future of insurance, industry trend and safety and strategy and vision. For the year, we advanced our businesses globally in 2019, growing revenue by 12.2% to \$325.7 million, the high-end of the annual guidance range. Increased revenue combined with significant operating leverage from our offshore operation, improved Sapiens' non-GAAP annual operating margin by 240 basis points to 16%, the high-end of our guidance range. This was a strong, exceptional year of execution on many fronts, and I want to congratulate the Sapiens global team for their outstanding work in 2019. The results we delivered in 2019 show that our strategy is working and that by focusing our investment to deliver profitable growth, we can significantly enhance shareholder value. We remain focused on building [Unifin] global platform of innovating digital insurance solution to advance our competitive position as one-stop shop of insurance software with finance product and services. The pipeline for 2020 is very robust, and we see further opportunity to increase operating efficiency and improve margins.

With a strong balance sheet and expanding portfolio of product and solution, a deep support team to meet the end-to-end needs of our clients support our growth and growing globally footprint. Sapiens is well positioned to deliver long-term sustainable growth.

I would like now to turn the call over to our CFO, Roni Giladi, to provide more details on our financial results. Please go ahead, Roni.

Roni Giladi - *Sapiens International Corporation N.V. - CFO & VP*

Thank you, Roni. I will begin my commentary with a review of the fourth quarter non-GAAP result, annual result and then followed by comments on the balance sheet, cash flow and at the end, our outlook for 2020. Revenue in the fourth quarter of 2019 totaled \$86.7 million, up 18.1% from the fourth quarter of 2018. The 18.1% revenue growth was positively impacted by the Calculo acquisition and the first time consolidation and the organic growth this quarter was 14.7%. Our revenue in North America totaled \$41.8 million, an increase of 19.5% compared to last year.

Revenue in Europe totaled \$37.5 million, up 21.6%, increased compared to last year and up 13.5% if we eliminate Calculo first time consolidation.

Moving to gross profit. Gross profit this quarter totaled \$38.4 million compared to \$31.3 million in Q4 of last year. Our gross margin this quarter increased to 44.3% and from 42.7% in the fourth quarter of last year and 44.4% in prior quarter. We have delivered continuous improvement in gross profit in every quarter of 2018 and plan to continue to improve it in the future.

Moving to operational profit. Operating profit totaled \$14.3 million, this quarter, compared to \$10.8 million in Q4 of 2018 and \$13.5 million in prior quarter. Operating margin increased in the fourth quarter and rose to 16.5% despite the impact of Calculo, low profitability and was above Q4 2018 by 170 basis points. The improvement in operating margin was mainly due to improvement in gross margin. Net income attributed to Sapiens' shareholders for the quarter was \$10.6 million or \$0.21 per diluted share compared to \$7.8 million or \$0.16 per diluted share in the fourth quarter of last year, which reflect 31.3% EPS growth.

Turning now to the full year results for the 12 months ended December 31, 2019. At the beginning of 2019, we stated that our goal for the year were: double-digit growth of our P&C revenue with Life & Annuities revenue stabilizing and the remaining segment stable; organic growth of approximately 10%. On the margin front, we stated operating margin improvement that would come from offshore operation and improved economics of scale, supporting higher top line.

I'm very pleased to say that we exceeded all our 2019 revenue and margin goals. I will explain in detail our progress in these metrics. Our annual 2019 revenue were \$325.7 million, up 12.2% and slightly exceeding the high-end of our guidance range of \$323 million to \$325 million that was updated last quarter. Each quarter in 2019, we delivered increased revenue year-over-year. Our annual organic growth in 2019 was 12.5%, eliminating the 1.9% negative impact of currency and 1.6% positive impact of M&A. We delivered strong double-digit growth in P&C.

In addition, we stabilized our Life & Annuities revenue with small growth towards the end of the year. In 2019, we saw our organic growth rate rise from 3% in 2018 to 12.5% this past year, putting Sapiens back on track as a growth platform. Our operating profit in the full year was \$52.2 million compared to \$39.6 million in 2018, an increase of 32%. Our operating margin improved sequentially throughout the year from 15.3% in Q1 to 15.8% in Q2 to 16.4% in Q3 and reaching 16.5% in Q4. On an annual basis, operating margin reached 16%, an improvement of 240 basis points compared to last year. Tax expenses for the year were \$10.3 million, representing an effective non-GAAP tax rate remained at the same level of about 20.8% as in last year.

EBITDA increased 28.4% to \$55.7 million in 2019 from \$43.4 million in 2018. Our adjusted EBITDA margin was 17.1% for the year compared to 14.9% last year. Net income for the year was \$38.9 million or \$0.77 per diluted share compared to \$28.1 million or \$0.56 per diluted share in 2018. EPS increased by 37.5%, respectively, compared to last year.

Turning to our balance sheet. As of December 31, we had cash and cash equivalents of \$66.3 million. Our cash does not include \$22.9 million that was on escrow for the acquisition of sum.cumo. Total debt was \$68.7 million at the end of the year. And on January 1, 2020, we paid the annual principal payment for our Series B debenture in the amount of \$10 million. The remainder of our debt will be paid over the next 6 years.

I'd like to touch on adjusted free cash flow. In the fourth quarter, we reached \$18 million of free cash flow and \$58.9 million for the full year of 2019, reflecting our ability to convert net profit to cash generation, which is another positive indicator for Sapiens' performance.

I would like to turn now to our guidance for 2020. In 2020, we anticipate non-GAAP revenue in the range of \$377 million to \$383 million and non-GAAP operating margin in the range of 16% to 16.5%. On the revenue side, we expect continued double-digit growth for our P&C revenue, single-digit growth for Life & Annuities revenue and stability in the rest of the business. Our long-term target for the company is organic growth of 10%, which will be accelerated additionally by M&A.

In 2020, our midpoint growth target is 16%. We expect organic growth to be around 10%. And in addition, we will have a positive impact of the last 2 acquisition in Spain, with the full year impact in Germany starting February 2020. We expect that the investment in these 2 territories to provide revenue growth in 2021. Our operating margin improvement is anticipated to come from continuous improvement in Sapiens' activities, and we expect Sapiens' stand-alone margin to pass 17%. This improvement will be offset by the low profitability of the acquired companies, which we expect to improve, mainly in the second half of the year.

This year, we trade-off higher improvement in operating margin for the benefit of higher revenue growth. We anticipate that our annual tax rate will be similar to last year. In addition, we anticipate that the number of diluted shares will grow by about 300,000 shares every quarter as we continue to recruit talented people and following the shares issuance on behalf of sum.cumo acquisition. On the M&A front, we started 2020 with the announcement of the acquisition of the German-based insurtech company, sum.cumo, and we are continuing to look for M&A opportunities across Europe and North America with small to mid-sized companies.

In August 2019, the company announced its dividend policy that states that the company will pay out up to 40% of our annual non-GAAP net profit. We will announce our dividend amount after publishing the annual audited financial report on Form 20-F, which is expected towards the end of March. Many of you may question on the potential impact of Sapiens' business from the coronavirus. At this time, we see minimal impact on our business from the coronavirus. Sapiens does not have revenue in China and overall, has limited exposure to the APAC region. Our revenue in Singapore, Thailand, Hong Kong and Japan represent about 3% of our total revenue.

We continue to monitor the situation and update the market as needed. To summarize, 2019 was a year of strong growth for Sapiens as we exited the year with double-digit growth and operating margin above 16%. As we enter 2020, we expect to accelerate our growth rate, while continuing our progress of margin expansion. I would like now to turn the call back to Roni Al-Dor for closing comments. Roni?

Roni Al-Dor - Sapiens International Corporation N.V. - President, CEO & Director

Thank you, Roni. We are off to a strong start in 2020 with new European acquisition and the mean to continue investing to further growth. Our global sales team is focused on executing our to sales priority of landing new customers across selling to existing one. The customer success team

provides critical support of our customers globally. The leadership remains focused on delivering growth and margin expansion as we execute against our long-term objective of improving shareholder value. I would like now to close our prepared remarks and open call for questions. Operator?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) The first question is from Tavy Rosner of Barclays.

Tavy Rosner - Barclays Bank PLC, Research Division - Head of Israel Equities Research

I want to discuss the long-term forecast a little bit. You introduced (inaudible) talking about 10% growth in (inaudible) and you touched on the 16% at the midpoint, when including for the multiple acquisitions. So I guess, can you run through the different moving parts?

I mean, you discussed a little bit about the different segments. I mean, can you give some granularity of what's going on across the segments by geography? And if you can talk a bit on an organic basis, that would be helpful.

Roni Giladi - Sapiens International Corporation N.V. - CFO & VP

Tavy, this is Roni G. The starting point your remarks, we -- it was very hard to hear you. I will try to answer, and please let me know if I answered all of your questions. So we mentioned that our organic growth going forward will be around 10%, and this will be accelerated by additional M&A -- of course, what we did and what is -- will be on the forward.

This year, 2020, we are presenting about 16.7% total growth combined from M&A and organic, and we mentioned that our organic growth, excluding sum.cumo or Calculo is 10%. The rest, representing about \$24 million, will come from this -- through acquisition during this year. We expect that the fruits from these 2 acquisition will come into 2021. In terms of the business nature, we see significant growth in the state, North America, coming from our P&C -- mainly from our P&C and good pipeline there. I would say, double digits, the highest in the company today.

In terms of Europe, we see growth in P&C double-digit and life moving from stability to mid-small organic growth on the life, which is a change compared to last year and stability in the other business, meaning technology and decision. This is our main 2 focus area, North America and Europe. Anything that you would like to ask on top of this?

Chris Reimer - Barclays Bank PLC, Research Division - Analyst

That's very helpful. This is Chris. Tavy got disconnected. So I was just following on his question. That's very helpful. No further questions.

Operator

The next question is from Mayank Tandon of Needham & Company.

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

Congrats on a strong finish to 2019. Maybe for Roni Al-Dor first. Roni, what does the pipeline look like this year versus, say, 12 months ago? And are you seeing increased adoption of cloud-based modern systems within the insurance client base versus 12 months ago? Or is it pretty much status quo with what you've been seeing the last 6 to 12 months?

Roni Al-Dor - *Sapiens International Corporation N.V. - President, CEO & Director*

Yes. This is Roni Al-Dor. In terms of the pipeline, the pipeline is definitely stronger than previous year. And it's also based on our investment in the sales and marketing and also in the customer success. And as the company revenue grow, the grow in numbers, we need more pipeline in terms of -- to achieve the double-digit growth that we are looking for. So that's about the pipeline.

As Roni mentioned, it's coming from EMEA, South Africa, Asia and U.S. And as Roni mentioned, strongest in P&C, but we also see more opportunity on the life. In terms of cloud, there is more open for the cloud option. And also, we build our managed services. So it's also -- gives us some advantage in the market right now. So there are systems that we are supporting, not just cloud. We are giving all the applications support around it based on our management -- managed service capability.

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

Great. And then as a follow-up, I just was curious if you're seeing some of your Tier 3 to Tier 5 clients, maybe push more towards a subscription-type model.

Is that something that's of interest to the clients? Or is that not something you anticipate in the near to medium-term? You still expect to be primarily focused on term license sales? I'm just curious in the context of some of your competitors who've been talking more about subscription-type deals, especially within that Tier 3, Tier 5 client base?

Roni Giladi - *Sapiens International Corporation N.V. - CFO & VP*

Mayank, this is Roni G. We do not see any material requests from our customer to move to subscription, and we are continuing with our term license, both in Europe and in the states and on top of this, provided the managed services that Roni mentioned. We are looking into this, but we will do this -- move into subscription base. But if we'll do this, we'll do this very gradually only for the new business at the beginning in a special area first. So if we move to subscription, again, gradually, over time, not in rush as it will have impact on the financial results.

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

Great. And then one final question in terms of competition. Again, just looking at Guidewire and some of the other larger players in the market, are you seeing them become more active in that sweet spot for you when it comes to the competitive landscape? Or is it still pretty much -- in terms of the competition, still being confined to some of the smaller players when you're going head-to-head against them in these type of deals?

Roni Al-Dor - *Sapiens International Corporation N.V. - President, CEO & Director*

We continue to see Guidewire everywhere, but we are also in those areas -- we are in most of the case, definitely in Europe, we are in the final -- most of the time together with Guidewire. In the States, as you know, there is few other players like Insurity, Majesco and others. So we are competing with them. But we are in a very good shape today.

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

Excellent. So no change?

Roni Al-Dor - *Sapiens International Corporation N.V. - President, CEO & Director*

No.



Operator

The next question is from Bryan Bergin of Cowen.

Bryan C. Bergin - *Cowen and Company, LLC, Research Division - Director*

Wanted to start on margins. So just as far as the guidance goes, curious how you expect to open the year, just understanding that sumo.cumo comes in at a lower level, and it'll take you some time to work that up. So help us understand how the cadence of margin will flow through 2020.

And then in -- heard your comment on 17% or so of standalone margin. What are the levers you still have in your base there to continue to help on margin?

Roni Giladi - *Sapiens International Corporation N.V. - CFO & VP*

Brian, this is Roni G. I will start with Q4. We announced a Q4 operating margin with 16.5% operating margin. If we look at the entire year, the improvement in operating margin came almost -- only from the gross margin improvement. The acquisition of Calculo is another territory in Europe that we'd like to have present for future growth. But the operation today is breaking even, and therefore, shifted the operating margin of the company in Q4 downwards. Without Calculo, our operating margin was 17%.

If we look further how we can improve. Today, we have about 41% of our team offshore capabilities. We still can have 2%, 3% going forward in the next mid-terms in order to improve our operating margin. In terms of 2020 on top of Calculo, sum.cumo is at the same concept we'd like present in the DACH region, which we do not have today in order to accelerate and grow our revenue in the future. The operation today is below 5% operating margin profit, and therefore, have it on our margin. Therefore, what we see is small improvement towards the year from 16% on the full year to a guidance between 16% to 16.5%. Obviously, management target is to reach the higher level of this may -- summarize this by 50 basis points above what we have in 2016 -- in '19.

Bryan C. Bergin - *Cowen and Company, LLC, Research Division - Director*

Okay. That was helpful. And then with some of these larger wins, the Tier 1 wins, Tier 1 and 2 carriers. Can you talk about just how the nature of those engagements may be different than your traditional base in the Tier 3, Tier 5? I'm thinking in terms of the teams you require to service those, the potential profitability over the longer term, can you can give us a sense of color around that?

Roni Giladi - *Sapiens International Corporation N.V. - CFO & VP*

In the Tier 1 customer that we are signing, also having managed services on top of our core system implementation, obviously, this require further investment in the beginning. But after going live, the managed services and post-production support is supposed to increase our revenue. Overall, the deal size is, I would say, close to \$20 million and can -- even to \$20 million to \$ 30 million and can go up to 5 years.

Operator

The next question is from Bhavanmit Suri of William Blair.

Bhavanmit Singh Suri - *William Blair & Company L.L.C., Research Division - Partner & Co-Group Head of Technology, Media and Communications*

Nice job there. I just want to follow-up a little bit, starting off on gross margin. So Roni G this'll be for you. But you've talked about sort of the managed services model, you've talked about cloud a little bit. You've talked about subscription and term licenses. As you think about gross margin,

you mentioned offshore, but does the license part, the managed services part and the cloud part provide better gross margin than the professional services part of the business, and so does that provide a lever? So some color just around how those gross margins for those businesses are and how as they grow, will that be a lever for gross margin expansion.

Roni Giladi - *Sapiens International Corporation N.V. - CFO & VP*

Bhavan, the managed services will provide leverage in gross margin perspective, but it will come mainly after going live, not in the first 1 or 2 years. So potentially in year number 3, we're supposed to have a higher gross margin in terms of our profitability. In terms of subscription, we did not start the (inaudible). This is -- have negative impact on financial. If we'll start, we'll do this very moderately and which -- check one location, then move to another. And only on the new business, not on the -- all the existing ones.

So potentially, the managed services, we'll have leverage in year number 3, subscription will do this in a way that will not impact financial. And on top of that, there will be the offshore operation that will improve our services profitability.

Bhavanmit Singh Suri - *William Blair & Company L.L.C., Research Division - Partner & Co-Group Head of Technology, Media and Communications*

Got you. Got you. Got you. Okay. And then I want to touch now sort of fundamentally on the business. If we look at the Life & Annuities business, you have seen some improvement, your guidance some growth. I guess, what's changed in that business? What are you seeing in the pipeline? What's changed from decision-making from customers to sort of drive that improvement that we've seen over the last couple of quarters, and now you're sort of projecting into 2020?

Roni Al-Dor - *Sapiens International Corporation N.V. - President, CEO & Director*

Bhavan, the issue is not the market, it's more in Sapiens. We -- 2 years ago, we decided to put -- to stabilize the Life & Pension business as we have some issues. So we put more effort on the R&D and make sure that's -- our customers are satisfied. We stabilized the system in-house. And then we started -- then we start to go to the market. And what we are seeing relatively -- and after 2 years, we see a lot of interest in the market. We signed a few deals in 2019. We started this year with -- a few selected us, still not signed.

So that's the positive that we are seeing. All what I mentioned is mainly in what we call EMEA, South Africa, rest of the world. But right now, we are starting to put more investment also in U.S. So overall, it's not just because the market it's because Sapiens' internal.

In terms of competition, is we don't have here Guidewire. So we have good competitors like (inaudible), like FAST, like Accenture. But we -- in terms of our products, we are -- can be proud of what we offer.

Bhavanmit Singh Suri - *William Blair & Company L.L.C., Research Division - Partner & Co-Group Head of Technology, Media and Communications*

Got it. Got it. And then touching on P&C for a little bit. You touched on Guidewire as a competitor everywhere, Tier 1 all the way down to Tier 5, are you seeing Duck Creek as well? Or is that sort of still tied to Tier 1, Tier 2? Because obviously, they do offer sort of a subscription cloud-based model across all tiers. I was wondering if you see them, run into them? Or if that's something you see less of?

Roni Al-Dor - *Sapiens International Corporation N.V. - President, CEO & Director*

In Europe, we understand the -- start to put investment in what we -- they call it, come back to Europe, but we still don't really see them. Maybe once out of 20 or 30 deals. And in U.S., definitely, we are seeing them a lot.

But in Europe, we don't see, but I believe in the long term, we will start to see them.

Bhavanmit Singh Suri - *William Blair & Company L.L.C., Research Division - Partner & Co-Group Head of Technology, Media and Communications*

Got it. Got it. That's very helpful. And then just touching lastly on DECISION a little bit. It's not what you talk about a lot, but obviously, the product is very applicable. And I think we've talked about it last time of that being -- now seeing interest in the insurance base, just an update on how DECISION is doing and sort of the cross-sell into the insurance base for that product.

Roni Al-Dor - *Sapiens International Corporation N.V. - President, CEO & Director*

In DECISION, we are doing okay. We are not as -- grow as we want to. But again, the people, it's the people that start to use it really love it, but it's still -- we see challenges to enter to a new client. But when the clients start to see it, we can see more and more and more client. So what we are doing right now, we are putting Sapiens' sales force and not just DECISION sales force to help to bring DECISION to the insurance market. And we -- as you know, we have some big win in very large clients that can be referenced, and we can go to other clients as well.

Operator

(Operator Instructions) There are no further questions at this time. Before I ask Mr. Al-Dor to go ahead with his closing statement, I would like to remind participants that a replay of this call is scheduled to begin in 2 hours. In the U.S., please call 1 (888) 295-2634. In Israel, please call 03-925-5901. And internationally, please call 9(723) 925-5901. Mr. Al-Dor, would you like to make your concluding statement?

Roni Al-Dor - *Sapiens International Corporation N.V. - President, CEO & Director*

Yes. Thank you, operator, and thank you to all the participants for joining us on the call today. Have a good day.

Operator

Thank you. This concludes the Sapiens International Corporation Fourth Quarter and Full Year 2019 Results Conference call. Thank you for your participation. You may go ahead and disconnect.

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