Cerner Corporation
First Quarter 2020
Earnings Conference Call
April 28, 2020

Moderator

Welcome to Cerner Corporation's first quarter 2020 conference call. Today's date is April 28, 2020, and this call is being recorded.

The Company has asked me to remind you that various remarks made here today constitute forward-looking statements, including without limitation, those regarding projections of future revenues or earnings, operating margins, operating and capital expenses, bookings, new solution, services and offering development, and capital allocation plans; cost optimization and operational improvement initiatives; future business outlook, including new markets or prospects for the Company's solutions and services; the expected benefits of our acquisitions, divestitures or other collaborations; and the expected impact of the COVID-19 pandemic. Actual results may differ materially from those indicated by the forward-looking statements. Please see Cerner's earnings release, which was furnished to the SEC today and posted to the investor section of cerner.com, and other filings with the SEC for additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements. A reconciliation of non-GAAP financial measures discussed in this earnings call can also be found in the Company's earnings release. Cerner assumes no obligation to update any forward-looking statements or information except as required by law.

At this time, I'd like to turn the call over to Brent Shafer, Chairman and CEO of Cerner Corporation.

Brent Shafer

Thank you. Good afternoon everyone and welcome to the call.

Like most of you, we are doing this call from different remote locations, so bear with us through any technical challenges. I'll spend the first few minutes providing my thoughts on the business and current environment, then hand it over to the leadership team, including our CFO, Marc Naughton; Chief Client and Services Officer, John Peterzalek; and President, Don Trigg.

It would be an understatement to say this was an eventful quarter. Since we last talked at our virtual investment community meeting the week HIMSS was canceled, the coronavirus pandemic has affected nearly all aspects of our daily lives. In mid-March, we made the decision to transition our associates to a remote workplace. As part of our long-standing business continuity plans, we seamlessly moved the vast majority of our 27,000 associates to a virtual environment and we've been pleased with productivity and performance since taking this important step. So, first and foremost, I'd like to express my appreciation for the incredible dedication of all Cerner associates working tirelessly, while balancing home commitments, to ensure we are delivering on our mission during this critical time. The drive of our associates to support our clients and improve health care has always been impressive, but over the past six weeks, it's been simply humbling. I'm am grateful for all that our associates do for Cerner and our clients.

In addition to enacting our virtual workforce continuity plans, we also immediately activated a COVID-19 taskforce to inform our clinical, business, and operational decision-making. The taskforce has regular interactions with the CDC, the World Health Organization and other global health agencies to guide their input. Protecting the health and well-being of our associates is a paramount concern as they provide critical support to Cerner's global client base.

Never before has our mission been brought to life more than during the past couple of months. Cerner has engaged rapidly to support health care providers around the world as they respond on the frontlines. In the United Kingdom, for example, there's been tremendous pressure on the ability of the National Health Service to manage surging demands for care. Cerner teams have worked around the clock with NHS clients to provide digital innovation and technology to stand up a 4,000-bed temporary hospital. The "Nightingale" field hospital sits in a 100-acre repurposed convention center and is fully utilizing Cerner's *Millennium*® platform.

We've also supported our clients by hardening our infrastructure to fortify capacity, increase uptime, and provide greater flexibility of their systems. We recognize the importance of their frontline work and have prioritized Cerner resources to ensure client system stability. I've personally talked with many health system CEOs who have witnessed Cerner's swift actions and are appreciative of our tireless efforts.

Another important role for Cerner during this pandemic has been to effectively, securely and responsibly use our vast data stores to provide actionable insights. We are working with the CDC to participate in a surveillance network that can better scope and mitigate the impact of COVID-19. So far, nearly one-third of Cerner's clients have given consent to provide de-identified data to the surveillance network. We are also providing health systems and researchers access to Cerner's *HealtheDataLab*™—a next-generation, secure research tool. *HealtheDataLab* sits on the AWS cloud platform and enables researchers to query health care data to identify demographics, spread trends, underlying conditions, treatments and outcomes that could drive future decisions. This solution has been well-received by existing clients, researchers and charitable organizations, including the Bill and Melinda Gates Foundation.

Last week, we partnered with the U.S. Department of Defense and Veterans Affairs organizations on a successful go-live of a joint health information exchange that supports each department's efforts to combat COVID-19 through simplified and streamlined data sharing when they need it most. The exchange allows DoD and VA providers to access and retrieve consolidated records from community partners or health systems, providing them a standardized, more holistic view of a patient's health. This is a crucial advancement in Cerner's continued efforts advocating for and developing open, cognitive platforms to deliver true interoperability. DoD and VA will further advance nationwide interoperability via the H.I.E. by connecting to the CommonWell Health Alliance of 15,000 community providers later this year. This is yet another example of Cerner delivering on its vision of a seamless and connected world, which of course has taken on greater importance since the outbreak of COVID-19.

There are challenging months ahead. Cerner is prepared to support our clients, associates and communities where we live and work. This crisis has validated our strategies and underscores that we'll need to work at an even greater pace to provide innovation, technology, and data analysis across many care venues. Whether it's in traditional care settings, field hospitals or a remote, telehealth environment, Cerner's technology will be prominent in support of our clients. The future of how health care is delivered will undoubtedly change as we navigate beyond this pandemic. Rules around reimbursements, for example, will need to be re-evaluated as virtual care becomes more of a normal course of the physician-patient relationship. Additionally, increasing adoption of telehealth during this crisis also emphasizes the continued need for providers to opt into national data exchange frameworks like CommonWell. To that end, we are pleased that more than half of our acute provider clients are active participants on the CommonWell network.

More than anything, the world's collective response to COVID-19 makes me proud to be affiliated with so many health care professionals. Today, Cerner employs nearly 2,000 clinical associates, including 800 nurses, approximately 200 physicians, 223 pharmacists and many other clinical technicians and therapists. Dozens of them have volunteered to work in acute settings in the U.S. and UK. We've also had many associates who heroically serve as volunteer paramedics during their off hours from Cerner.

As for the results, I am pleased we delivered a solid first quarter with only minor impacts from the early stages of the pandemic. As Marc will discuss, we do expect a bigger impact the rest of the year, particularly in our second quarter. However, we're fortunate to have a resilient business model, relevant technology for health care, and a solid transformation plan that we continue to advance, which positions us to manage through the pandemic with less impact than many other companies.

I'll now hand the call over to Marc to take you through the numbers.

Marc Naughton

Thanks, Brent. Good afternoon everyone. I am going to cover our Q1 results and share our current views on the impact of COVID-19.

This quarter we delivered bookings and revenue slightly below our expectations due to some impact of COVID-19, but our ongoing expense control helped drive earnings at the high-end of our guidance. As we'll discuss, we do expect an impact on our results for the rest of the year, but we are taking several steps to mitigate the impact and currently expect most of it to be in Q2.

Bookings, Backlog and Revenue

Now I'll go through Q1 results, starting with bookings, which were $1.09 billion and just below our guidance range, as we saw a lower-than-normal volume of contracts signed in the last two weeks of the quarter due to our clients rightfully shifting their full focus to caring for patients amid the Coronavirus outbreak. Bookings in the quarter were on track to come in at the high-end or above our guidance range prior to the outbreak and the resulting business disruptions. These opportunities remain in our pipeline and we believe we will close them in future quarters as the global environment stabilizes.

We ended the quarter with a revenue backlog of $13.47 billion, which is down 9% from a year ago primarily due to the termination of a *RevWorks* agreement that I discussed on our Q3 call as well as the lower level of bookings in the first quarter. Our backlog revenue, combined with other contracted revenue that is excluded from the ASC 606 backlog definition, provides revenue visibility of approximately 85% over the next 12 months. Obviously, additional delays on being able to work the services backlog could impact when the backlog rolls out, but this is consistent with our current view.

Revenue in the quarter was $1.41 billion, up 2% over Q119. This is slightly below our expectations but would have been comfortably in our guidance range if it weren't for lower technology resale and software bookings and lower reimbursed travel revenue related to the COVID-19 crisis.

I'll now go through the business model detail and year-over-year growth compared to Q119.

- **Licensed Software** revenue in Q1 grew 2% over Q119 to $158 million primarily due to strong growth in our SaaS offerings, offset by a decline in traditional license software attributable to lower bookings in the quarter.
- **Technology Resale** of $51 million in Q1 was also impacted by the lower level of bookings, decreasing 7% compared to Q119.
- **Subscriptions** revenue grew 12% in Q1 to $94 million.
- **Professional Services** revenue grew 4% in Q1 to $511 million, primarily driven by solid growth in implementation services and partially offset by $42 million less outsourcing revenue due to the termination of the RevWorks agreement we've previously discussed.
- **Managed Services** was up 2% in Q1 to $309 million, in-line with our expectations.
- **Support & Maintenance** of $274 million was down 1% year-over-year and flat to last quarter, which is in our expectation range and reflects the impact of attrition and reduced hardware maintenance revenue.
- And finally, **Reimbursed Travel** of $13 million was down 43% in Q1 due to travel restrictions that went into place in March.

Looking at revenue by geographic segment, domestic revenue was up 1% from the year-ago quarter at $1.25 billion, and non-U.S. revenue of $165 million was up 4% from the year-ago quarter.

Moving to gross margin. Our gross margin for Q1 was 82.0%, up from 80.8% in Q419 and 81.8% year-over-year, with the improvement primarily driven by the reduction in outsourcing and reimbursed travel revenue, slightly offset by higher 3rd party services.

Earnings

Now I will discuss spending, operating margin and net earnings. For these items, we provide both GAAP and "Adjusted," or Non-GAAP, results. The Adjusted results exclude share-based compensation expense, acquisition-related adjustments, organizational restructuring and other expenses, COVID-19 related expense, and other adjustments that are detailed and reconciled to GAAP in our earnings release.

Operating Expense

Looking at our operating spending, our first quarter GAAP operating expenses of $979 million were up 4% compared to $939 million in the year-ago period.

Our adjusted operating expenses were down 1% compared to Q119, primarily resulting from our cost optimization efforts. Looking at the line items for Q1, Sales & Client Service expense decreased 2% year-over-year, primarily driven by a decrease in personnel expense. Software development expense increased 3% over Q119 as gross R&D was essentially flat, amortization increased by 8%, and capitalized software was down 1%. G&A expense in Q1 was down 5%, driven by a decline in both personnel and non-personnel expenses.

Operating Margins

Moving to operating margins. Our GAAP operating margin in Q1 was 12.6% compared to 14.2% in the year-ago period. Our Adjusted Operating Margin for the quarter was 19.4%, up from 17.5% in Q119 reflecting the impact of our cost optimization efforts and improved revenue mix.

As I'll discuss when I get to guidance, we do expect the pandemic to impact our results for the rest of the year. While we remain on track with our planned cost optimization efforts and are implementing additional measures to mitigate the impact of the crisis, we do not expect to fully offset the impact. As a result, we expect our full-year Adjusted Operating Margin to be around or slightly below 20% compared to our previous expectation that we could be closer to 21%. I'd note that this would still reflect approximately 150 basis points of full-year margin expansion, which we view as impressive given the extreme circumstances. For Q4, we currently expect our operating margin to be 50 to 100 basis points below our 22.5% target, reflecting the reality that even with going beyond our original optimization targets, we won't fully offset the topline impact of COVID-19 by the end of the year. Similar to the full year, this would reflect strong margin expansion of approximately 150 basis points compared to Q419, which was our strongest margin quarter of the year.

We also believe the framework for ongoing margin expansion we shared at our investor day remains valid, and we expect to continue improving margins beyond this year as we implement additional optimization efforts and aim to realize a longer-term opportunity to benefit from platform modernization.

Net Earnings / EPS

Moving to net earnings and EPS, our GAAP net earnings in Q1 were $147 million, or $0.47 per diluted share, which is down from $0.51 in Q119. Adjusted Net Earnings in Q1 were $223 million and Adjusted Diluted EPS was $0.71, compared to $0.61 in Q119.

Both our GAAP and non-GAAP tax rates were 20% for the quarter. For the remainder of 2020, we continue to expect our GAAP and non-GAAP tax rates to be between 20% and 22%

Balance Sheet / Cash Flow

Moving to our balance sheet, we remain in a solid position, which is good given the uncertain environment. We ended Q1 with $399 million of cash and short-term investments and $1.34 billion of debt after deploying $650 million for share repurchases and $56 million for dividends. Our debt reflects the $300 million issued in Q1 at 2.5% for 10 years under our Shelf Agreement. Given our relatively low leverage, we remain well positioned to access additional capital as needed to support our growth and capital allocation strategy.

Total receivables ended the quarter at $1.15 billion, essentially flat relative to the $1.14 billion in Q419. Our Q1 DSO was 74 days, which is up from 72 days in Q419 and down from 76 days in the year-ago period. We expect some impact on collections from COVID-19 in the near- to intermediate-term. This impact is difficult to measure, but we do not currently expect it to materially impact our operations and view it as more of a timing issue than a collectability issue.

Operating cash flow for the quarter was $284 million. Q1 capital expenditures were $49 million, and capitalized software was $74 million. Free cash flow, defined as operating cash flow less capital purchases and capitalized software development costs, was $160 million for the quarter.

For Q2, we expect lower operating and free cash flow as we believe that is when our cash collections may be most impacted and is also a seasonally higher quarter for our capital expenditures. We expect both operating and free cash flow to improve in the second half of the year based on our assumption that the impact of the pandemic will moderate after Q2.

Capital Allocation

Moving to capital allocation. We repurchased 9.2 million shares in the first quarter for $650 million. That brings our total for the past twelve months to 28.0 million shares repurchased for $1.95 billion, at an average price of $69.59. This exceeded our initial plan to repurchase $1.5 billion of shares by the end of Q120 and leaves us with $1.03 billion remaining on our current authorization. Given the uncertain nature of the current environment and our significant level of repurchases in Q1, we expect to pause our repurchase activity for now, but will continue to evaluate our program, which may also be impacted by the amount of funding used for other purposes, such as acquisitions or investments.

Moving to our dividend program, we paid a dividend in Q1 of $0.18 per share, or $56 million. I realize some companies have suspended their dividend due to the pandemic, but our strong financial position allows us to continue our dividend program, subject to Board approval.

Before moving to guidance, I'd like to comment on the announcement we made in February that CompuGroup Medical agreed to purchase certain Cerner assets in Germany and Spain. This transaction is consistent with the portfolio management activities we have been discussing and will provide over $200 million after working capital and other closing adjustments for ongoing capital allocation and allow us to focus on profitable growth in our core non-U.S. regions.

The transaction is expected to close in early Q3, subject to certain closing conditions, and we have factored in approximately $40 million less revenue into our full-year guidance to reflect this timing. These assets are profitable, but we expect to largely offset the impact on earnings with cost optimization efforts.

We expect to remain active in M&A and portfolio management this year as we continue to align our portfolio with our growth strategy.

Guidance

Moving to guidance. While it is not possible to precisely quantify the extent to which the COVID-19 pandemic will affect our business operations and financial results going forward, we believe it is helpful to investors to provide our current view of expected results for the second quarter and full year. Our business is generally resilient with significant recurring elements, but I would comment that this guidance is subject to a higher than normal amount of risk given the unprecedented environment in which we are operating.

Now I'll walk through the guidance, with some additional commentary on how we are factoring in the expected impact of the pandemic.

- For Q2, we expect revenue to be between $1.34 and $1.39 billion. The $1.365 billion midpoint of this range is approximately $95 million less than our original plan for Q2, representing the biggest expected impact of the pandemic. Nearly half of this impact is in professional services, which is expected to have lower utilization in Q2 due to several paused and delayed projects that can't be fully worked remotely. We expect utilization to improve in Q3 and Q4. Most of the remaining impact is lower expected levels of software, technology resale and reimbursed travel revenue.
- For the full year, we expect revenue between $5.55 and $5.70 billion, with the $5.625 billion midpoint reflecting a 1% decrease from 2019. This is down approximately $225 million from our previous midpoint of $5.85 billion.
    - Approximately $40 million of this reduction is due to the expected Q3 closing of our global divesture, which is expected to reduce both Q3 and Q4 revenue by approximately $20 million.
    - We believe the remaining $185 million reduction is largely attributable to COVID. The rough breakdown of this impact is:
        - ~$30 million already realized in Q1;
        - ~$95 million expected impact in Q2, which I discussed; and
        - ~$60 million of additional expected impact spread over Q3 and Q4

    - One note on revenue growth, recall that our full year revenue is also impacted by us exiting a large RevWorks contract in late 2019. If you adjust for this and the global divestiture, our expected 2020 growth would be 2%. Adjusting out the revenue from our AbleVets acquisition would bring pure organic growth back to 1%, but we don't view all of the revenue from AbleVets as inorganic because we are leveraging their associates on the VA contract as it ramps up.
    - As I mentioned, there could be additional portfolio management and M&A activity this year that could further impact revenue. Overall, 2020 remains a reset year for our topline, with the unexpected addition of the COVID-19 pandemic amplifying the magnitude of the reset.
- Moving to EPS, we expect Q2 Adjusted Diluted EPS to be 60 to 64 cents per share. The midpoint of this range is 6% lower than Q219, reflecting the expected impact from the pandemic. We expect Adjusted Diluted EPS to return to growth after Q2.
- For the full year, we expect Adjusted Diluted EPS to be $2.78 to $2.90, with the $2.84 midpoint reflecting 6% growth over 2019. This is down from the previous range of $3.09 to $3.19 and due to the projected impact of the pandemic, with about half of the impact reflected in the second quarter guidance.
- Moving to bookings guidance, we expect bookings revenue in Q2 of $1.00 billion to $1.20 billion. The midpoint of this range reflects a 23% decrease compared to the second quarter of 2019, reflecting our expectation that sales activity will be most impacted in Q2 with improvements expected later in the year.

Now I'd like to discuss the assumptions factored into our guidance and how we are approaching the rest of the year. As I mentioned, our current expectation is that the largest impact from the pandemic will occur in the second quarter, due primarily to lower expected sales activity and the impact of multiple project delays and pauses that result in lower utilization of our professional services resources. We do expect project and sales activity to begin improving in the second half of the year assuming the impact of the pandemic and related restrictive measures subside during the second quarter, but there is still an expected impact through Q4, as the project delays and lower bookings expected in the middle quarters have a flow-through impact on future quarters.

We are mitigating the impact to the extent possible by shifting services resources to other work in our backlog that can be done with less client engagement and doing as much work remotely as possible. We are also identifying optimization opportunities beyond the significant amount we already had in place. We believe taking more aggressive measures could impact our ability to deliver our IP commitments and meet project demand as our clients re-engage. We also don't think it makes sense to reduce our capacity too much now given our expectation that activity will pick up as we move through the year.

In summary, this is an unprecedented and very fluid situation. We are constantly testing our assumptions and will adjust as needed throughout the year, but we feel like our current guidance captures a reasonable range of scenarios. The midpoint reflects our assumption that project activity begins to ramp in late Q2. Our low-end leaves room for a slower return to normal sales and project activity and our high-end captures a scenario where clients re-engage sooner.

In conclusion, we are pleased that we were able to deliver solid results in the first quarter despite the initial impact of COVID-19. While the pandemic has decreased our financial outlook for the remainder of the year, we are still pleased that we are projecting solid margin expansion and earnings growth in a very challenging environment, which would have been very difficult if we hadn't implemented our new operating model and started putting optimization efforts in place last year.

With that, I will turn the call over to John.

John Peterzalek

Thanks Marc. Good afternoon everyone. Today, I will provide results highlights and an update on our Federal business.

Results Summary

I'll start with our bookings. As Marc mentioned, we delivered very solid bookings given the circumstances, and we were on track to come in at the high-end or above our guidance range prior to the outbreak and the resulting business disruptions. We do not believe these opportunities were not lost and we expect to close them in future quarters as the environment stabilizes.

Highlights of the quarter were a large expansion with an investor owned client that purchased our EHR solutions for 11 additional sites to displace two different competitors, a strong contribution from our Federal business, and a large client purchasing *CareAware Connect*™, our care team communications offering, for 25 sites.

We had a lower level of long-term bookings compared to last year, which contributed to the decline in overall bookings. For the quarter, the percent of bookings coming from long-term contracts was 27% compared to 30% in Q1 of last year.

Federal

Moving to a federal update. Many of you have seen headlines about pauses in the DoD and VA projects due to the COVID pandemic. Like the vast majority of our clients, they have had to shift attention to the COVID-19 pandemic. We are doing all we can to support them during this time, including reducing interaction with frontline staff, enabling them to focus on their patients, and ensuring they have key technical capabilities they need.

The programs continue to progress as we actively work and push forward on critical elements including: virtual deployment activities, technical build, interfaces, and program management. Further evidence of the continued progress with both VA and DoD is the recent HIE go live that Brent discussed.

As we look at future deployments, we are currently working with both programs to revise timelines accordingly, but we believe the impact is manageable and have factored it into the guidance Marc shared.

Marketplace Observations

Looking at the broader marketplace, as Marc and Brent discussed, we are in an unprecedented environment. While this has created some disruption to business activity in the near-term, I've been pleased that a clear message we are hearing from our clients is they want to move forward with their strategic plans and Cerner is an essential part of their strategies. The timeframe for some clients remain uncertain as they work through the various stages of the COVID surge and recovery, however, the message is clear, they need Cerner to help advance their initiatives and strategy.

In the near term, we are focused on supporting our clients in any way we can, with a focus on supporting those experiencing a surge in COVID-19 cases. We are also advancing projects by doing as much work remotely as possible. In the short time we've been doing this, we have learned a lot about what can be done remotely and our clients' willingness to engage virtually. Not only is this helping us mitigate the financial impact of the pandemic, these learnings represent an opportunity to rethink how we approach projects going forward. I believe we will evolve to a model that requires less travel and less onsite presence, which will save Cerner and our clients time and money.

More broadly, the pandemic has created a heightened focus on the need for interoperability, secure access to health information, analytics, and other needs that align with our capabilities. We believe this could be a catalyst for the industry to move faster to realize the potential that has yet to be realized from the base level of digitization that was established during the Meaningful Use era. Not doing so would be a missed opportunity.

Another reason we are cautiously optimistic about business activity being able to resume is we believe the funding providers receive from the CARES Act will help them recover from the significant near-term impact of the pandemic and put them in a better position to move forward with planned projects and consider new ones as they look to address needs that have been identified during the crisis.

In summary, I am pleased with how we have managed through this pandemic to date, and I believe that in the long run this will lead to health care further embracing technology.

With that, I'll turn the call over to Don.

Don Trigg

Thanks, John.

In his opening comments, Brent framed the impact of the pandemic on our clients, our associates and our communities where we work and live. I want talk for a few minutes this afternoon about what we believe the COVID crisis will mean for healthcare and our work to systemically transform it.

The first-order impact of any crisis is an acceleration of macro trends already playing out. The Federal government became the top regulator and payor for healthcare in the 2010s. We think COVID will accelerate Washington's growing role. Health system consolidation has been a multi-year trend. We believe it will accelerate in the quarters to come. The home as venue to include tele-services has had a quickening adoption curve. The pandemic has already accelerated it. From Behavioral Health to the deployment value of the Cloud, acceleration of existing forces of change is the known known of any crisis.

As we think about our strategies for capital allocation, we look for areas with significant macro trend, clearly understood regulatory requirements, leverage from existing Cerner assets, high gross margin business models and speed-to-revenue. It has created a set of Strategic Growth businesses that, in the main, are important to pandemic response and essential for durable recovery.

Within the four walls of the hospital, our Real-Time Hospital System (RTHS) solutions are comprised of enterprise communication, hospital operations and workforce and capacity management. As providers surge to deliver additional supply, our *CareAware Capacity Management*® and *Clairvia*® solutions are surfacing data sets to drive near real-time decision-making on workforce, equipment and room management.

Outside the hospital, our EMR-agnostic *HealtheIntent®* platform also has been core to crisis response. *HealtheIntent* aggregates and normalizes data to include clinical, administrative and geospatial data. Our *HealtheIntent* teams developed and fully deployed COVID syndromic surveillance to all live clients in just days. St. Joseph's Health in New Jersey called it "a key tool in the arsenal."

As our clients move from crisis response to durable recovery, these same tools can help restart their health systems and larger health networks. We believe these reactivation campaigns will drive critical revenue recovery and, over time, be part of how our clients reimagine their larger Health Network strategies and business models.

We also believe these physical and virtual health networks will be a medium-term tailwind for cybersecurity. For all of the disruptive promise of data liquidity, alternative venues of care like the home and new staffing models to support them, secure protection of health information will be paramount. When you consider that healthcare is a critical infrastructure for national security, the importance of cybersecurity is further elevated. Our latest announcement with Fortified Health Security gives us a compelling total solution offering, and the business is on a path for a solid year.

Beyond the Health Network, our data businesses also continued their momentum. The Release of Information business signed multiple new legal and life insurance clients in the first quarter. In addition, our *Cerner Learning Health Networks™* in the Life Sciences and Pharmaceutical space also made progress. Art Glasgow and his team have grown our Learning Health Network to represent one of the largest clinical data sets in the U.S. with 89 million de-identified patients and over 11.5 billion lab results. We leave the first quarter confident in our ability to deliver strong year-over-year organic growth.

Finally, our efforts across the enterprise, Health Network and larger Health Economy center around the person. David Bradshaw and his Consumer team drove strong bookings revenue as our digital experience platform is helping our clients digitally connect and deliver important continuity around consumer health journeys amid the pandemic disruption. In the first quarter, Adventist Health launched a new digital patient experience built on the Cerner Consumer Framework. We believe it moves us closer to the digital front door for health and care that consumers are seeking.

In his recent shareholder letter, Jamie Dimon said entering into “a crisis is not the time to figure out what you want to be.” Crisis doesn’t just accelerate existing trends. It offers the opportunity to lead them.

The crisis response of provider organizations worldwide has had an impact on every Cerner associate. We have been humbled by the efforts of front-line caregivers and seen what we call the Spirit of Cerner in our businesses like Workforce Health where we are directly supporting essential workers.

The pursuit of durable recovery will once again place our technologies and services front and center. We look forward to that challenge and opportunity in the quarters to come.

With that, I will turn the call over to the operator for questions.