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We are going to do it a little bit different. We are going to have a bit of a slide presentation first and then we will do some Q&A at the end. Reason for that is this a new area for me as well; a bit more of a deep dive into what I think is a very exciting area of Thomson Reuters.

People ask me all the time what is the best segment of their business of their four. And my answer is always Tax & Accounting. Great margins, great growth, fantastic franchise, but it’s sort of smallish and we don’t hear a lot about it. And it’s tough to spend a lot of time at investor meetings on it.

But I think it’s due course and Frank Golden had a great idea that for our conference we should highlight that, so Brian Peccarelli is here, who is the President of that great Thomson Tax & Accounting business. We are thrilled to have you, Brian. Thanks very much.

He’s going to go through little slideshow and then I will come back up for Q&A and Q&A from the audience afterwards. Over to you.

Brian Peccarelli - Thomson Reuters - President, Tax & Accounting

Great. Thank you, Vince, and thank you for having me today. My intent over the next 15 minutes is just to share with you some information on the Tax & Accounting business of Thomson Reuters. And then, as Vince said, have plenty of time for a Q&A.

We are really focused on -- in the markets that we play in, so in the Tax & Accounting world, focused on simplifying the lives of the professionals that we serve. So I will talk about the markets and how the amount of regulatory complexity and the regulatory change that takes place, so it’s a big focus to how do we bring simplicity to that. And again, efficiencies with our customers in dealing with that.

Again, first a little bit on the market that we serve there. The focus on global taxation continues to grow. You see it each and every day and the complexity that it brings. So, again, as you follow corporations as they expand in an ever-increasing way to enter new jurisdictions almost each and every day, that brings with it a whole set of new complexities to deal with in the world of tax and accounting.

There’s tax increases occurring all the time as governments are chasing and trying to get revenues and trying to chase them down. There’s also -- that leads to increased audits, so the increased scrutiny upon what somebody is doing continuous at a very fast pace. And if you are not in tight compliance, if you don’t have controls around everything that you are doing, you subject yourself then to a lot of liability in the area of these audits. And, again, the audits are increasing and expanding.

Tax reforms continue to happen at an ever-increasing rate around the world, so you can look at some of the things and the complexity that it brings in the areas that we serve. I will talk about that in a few minutes.

But just to give you some statistics in that, in the area of sales and use tax, in the US alone there’s over 33,000 rates that can change each and every month. So in any given month there’s hundreds of rates that change that have to be maintained, updated for all the systems to be running properly or to lend yourself to potential liability in Brazil. There’s over seven tax law changes a day that they average. Again, tremendous amounts of complexity.
Brazil a couple years ago implemented their SPED process where they have all your transactions and invoices go through the government first before they go out, so they have full transparency and can match that activity with your tax filings and tax activity. Well, other jurisdictions are embracing that so Mexico is launching and has launched now the invoicing systems tying things together.

You have a lot of transparency taking place in this regulation where countries are starting to, like in the UK, match their financial filings with the tax filings automatically. So you have to make sure your systems have tied everything together because they are automatically matching that looking for variances in order to audit and go after.

So, again, the world continues to get more and more complex in the markets that we serve. The technologies there are an advantage that we play in, so cloud-based solutions, SaaS-based offerings, mobile technologies now really play into. And that's what we take advantage of in order to service this marketplace and bring out new solutions and be able to help them deal with all this complexity.

A quick snapshot, I know you've seen the financial results before but a little reminder here. We are really focused on tax and accounting and driving revenue growth. So while there's flow through and some expansion of margins, the preliminary focus for us is to continue to drive that top-line growth and expand that as we start to leverage scale and accelerate our buildout and our offerings around the globe.

First-quarter results are there. Again, just to highlight that [fact] we don't expect 10% organic growth to continue for the rest of the year, more in line with mid single-digits for the full-year outlook. Again, we've got some strong growth going on.

And again, this growth has been accelerating, so as we look at it we have had growth and you can see the comparison there going back to 2009 to 2013. So both top-line growth and expanding margins occurring within the business and, again, trying to simplify all this complexity that is out there in the marketplace.

Now to talk about the evolution of the business a little bit, a little snapshot. As you know, some of the other businesses and with print, etc., we separate out print from all our electronic-based solutions and our software workflow-based solutions. The percentage of revenues attributable to print continues to decline from the total pie as the rest is growing at a very fast pace.

Also, there's a shift occurring where our revenues are coming from. Back in 2009 with the majority of the revenues coming from North America, predominantly the US, the shift is continuing to occur. Not that that revenue is not growing in that market, it's just it's growing faster rate outside of the US market as its complexity has spread and as we are bringing our platforms and scale into those markets and localizing them and adding that local content on top of those. We are seeing the uptick in the expansion of growth in those areas.

Now I will take a moment here to talk about the customers that we serve and our solutions. The two columns there are really broken into our software-based solutions on the one side and then Knowledge Solutions on the other. It's our content solutions. That's where the print would be a part of that, along with all the electronic-delivered pure content-based solutions there.

Now we serve corporations, professional firms, mainly accounting firms, also law firms that have a big tax practice but mainly accounting firms, and then a much smaller piece of our total is serving governments. About 5% of our total revenues today come from governments. So, again, while it's growing it's a smaller, smaller part of the total there.

When it comes to serving corporations, it's under the ONESOURCE brand and flagship name there. And it does what the name implies. It has brought all the set of solutions together to deliver a unified, integrated offering.

Now we set about this over a decade ago identifying the pain point in corporations of having to go and buy disparate systems for all their different tax needs across their entire organization. And that was a tremendous pain point. So we set aside the goal of building or buying the best solutions across all the segments, then worked to integrate them all and coming out under the ONESOURCE flagship name by tying some of the systems together for a corporation.
So those systems range from direct taxes, so income taxes for corporations, to indirect taxes, both the compliance of that, sales and use tax, VAT, GST, etc., all the way to tax determination. So our systems bolt on to the ERP and every transaction running through a company's ERP go through our system to apply the correct taxes. Looking at what good is shipping from point A to point B and applying the taxes to the invoices. And do it across more than 150 countries and [handle it].

To the tax provision, that part of the financial systems and the calculations that go into that and returning that gets footnoted on the financial statements for the tax provision. All the way to workflow-based type tools, document management type tools. Transfer pricing, a growing number of solutions in the transfer pricing area, which is a very kind of hot area in the marketplace and growing very rapidly there.

So, again, covering kind of the waterfront and the latest is global trade and customs. Again, trying to aid with that complexity as more and more companies are having goods moved between jurisdictions at an ever-increasing rate.

The next one, preserving professional accounting firms. We serve accounting firms from the big four and their technology needs and meeting it all the way to solo practitioners with different sets of solutions targeted at the different size groups there. When we look at those solutions, a big value that we bring to market is this holistic, integrated solution, so the technology that they need.

From practice management -- so setting up their clients, setting up billing, tracking their hours, doing the invoices, the billing, the accounts receivable -- all of that all the way to the different tax systems, all the way to the bookkeeping systems, all the way to payroll systems so they could take care of their customers. And then including even building the websites and hosting the websites for the accounting firms.

We can do that behind the scenes. We can provide the client portals. We can provide the mobile applications, so the accounting firms' customers can use our applications to tie in with the accounting firm, whether it's a solo practitioner or a large accounting firm there. So tremendous value.

With all of this, it's basically sold on a subscription basis for the most part in the corporate space. Multiyear contracts are there with price escalation along the way. Again, kind of very attractive and partnering in that.

If we look here at the competitive landscape, just a highlight to draw your attention to. Again, there's really -- if you go jurisdiction by jurisdiction, there can be hundreds of competitors. Very small competitors doing one piece of one type of activity in a single jurisdiction. Some of the broader-based competitors are listed there, but if you notice we cover a much more complete set of solutions and needs by providing and integrating them together than any other provider and competitor out there.

Again, it has been a big focus of ours to be able to cover that landscape and provide a complete set of solutions that can go to us and continue to grow and expand with us. The expansion has been occurring as we focused historically on the US market and we could see the shifts in revenue.

Now taking those solutions and building them out. Following multinational corporations and building out of a set of solutions jurisdiction by jurisdiction to, again, allow them to manage holistically the taxes worldwide. Something they have never been able to do before.

Again, some of the things, just to summarize here, that we feel that we are very well positioned for the future. Again, we built out these platforms, the applications, and the scale to go and take advantage now and be building out a global basis and following our customers and meeting their needs outside of where traditionally we have offered our products. So expanding globally at a very rapid rate right now.

We have increasingly open up our systems, making that connection and we are partnering. Again, the global seven accounting firms are all certified implementers of our solutions. They go through training, they go through certification of us on the solutions, and then they can help provide that implementation and deeply embed our solutions into their customers along the way so we can go and build that out together.

Product integration is really key. That's where a lot of value is derived from a corporation, from an accounting firm using our solutions. We continue to look for ways to tie them together and integrate them deeper and deeper, so not only the existing solutions but the geographies around the world.
So for the first time now where we are doing business, you can login to one source and you can see your activity that is going on around the globe in the area of taxes. Again, feel that we will be able to continue to maintain that growth rates in the mid single-digits with expanding margins along the way.

Thank you for that and now we can go to the Q&A.

QUESTIONS AND ANSWERS

Vince Valentini - TD Securities - Analyst
Want to grab a seat, if it’s easier, for that? I’ll spearhead it from up here. Hopefully, the audience has questions.

As we all know, the only certainties in life are death and taxes, so I’ve always been wondering if the Thomson family was going to buy a funeral home to go with their tax business because this one is certainly a good one for them.

Brian Peccarelli - Thomson Reuters - President, Tax & Accounting
Well, we will do the taxes for a funeral home.

Vince Valentini - TD Securities - Analyst
I’m sure you will. One thing I find intriguing and exciting about this business is it used to be sort of just US-focused and now it’s becoming more global. Can you shine a little bit more light on which of those sort of business segment you talked about are fit-for-purpose for global expansion and how fast you think that can happen?

Brian Peccarelli - Thomson Reuters - President, Tax & Accounting
Yes, there’s two elements to it when we follow in global expansion. So if we are looking at it on the corporation side and following multinational corporations, we have a set of global-based solutions. The tax provision solution is a global solution, our transfer pricing solutions are global, our workflow solutions, document management, etc. They are already fit for purpose in global solutions and they are used in a large part around the globe to comply with those.

What rounds out the rest is that we are building on to our core platforms that we develop the localization of the local tax compliance. So it’s kind of marrying both of those together as it provides a tremendous advantage. So while we have single platforms to do direct taxes, which are income taxes, we now have the capability to just add the local content and localize it country-by-country to tie it together. So while there’s a local level to it, again it’s leveraging a common platform around the globe.

Vince Valentini - TD Securities - Analyst
Does that require any acquisition to do that or do you just have to build that local engine in each market that you think is big enough?

Brian Peccarelli - Thomson Reuters - President, Tax & Accounting
It’s just build a local engine. Again, it’s following our customers where they have been guiding us, where they are doing the most business and have the most issues in dealing with the compliance. Again, the big advantage of doing that is it also provides then the corporation with transparency that they don’t have.
Just from that system they can look through and see the activities that are going on, so they can go and see a return done, like we will do the Korean return, the Malaysian return, etc. They can flip it into English; they can flip it in the local language. So even a headquarters here you could flip returns and actually see transparency for the first time in what’s going on and what is being reported.

**Vince Valentini - TD Securities - Analyst**

That’s great. Probably not good for some of those local managers who thought they could pull a fast one over before.

I think the CCH division of Wolters Kluwer, correct me if I’m wrong, would still be your biggest overall competitor. Can you talk a little bit about what you see going up head-to-head with them and your RFPs or new product launches?

A layer on top of that, in case people didn’t catch it on the slide -- it was kind of at the top -- the market growth for your business is 5%. Your revenue growth has been 9%, so clearly you are better than some of your competitors. I don’t know if that is specifically related to CCH, but if we can talk about what you are seeing from that that would be great.

**Brian Peccarelli - Thomson Reuters - President, Tax & Accounting**

Yes, so two questions there. CCH itself, they have mainly focused on and compete with us in the professional segment and in the Knowledge Solutions space in various jurisdictions. Across the US in both of those and then in select jurisdictions around the globe we compete there.

Again, when we go head-to-head with them, we focus on the value we bring, the tightness of the integration, the robustness of the offering in order to win in both the professional software space and in the Knowledge Solutions space. So part of that in the Knowledge Solutions space is actually an advantage of leveraging technology across Thomson Reuters. So a lot of the capabilities that come out and rollout in that offering come from a lot of the work, for instance, in Legal that is done in their core offering that we can leverage and partner with them on to provide superior, more robust offerings.

When you turn and you look at the growth rate that is occurring, part of that is the mix and where we are playing in the overall market, so I will use an example in the corporate market in transfer pricing. It’s a very new and fast-growing area that we have jumped into. We’ve got a lot of expertise; we are providing a lot of new capabilities that have never been done before and taking advantage of that and really leading. So we are able to kind of move because of our technology and our platforms into new areas as we see regulators really focus on them to try to bring solutions out quickly.

**Vince Valentini - TD Securities - Analyst**

Would all the same sort of things drive the 9% versus 5% for --? Or is there something different you’re doing in terms of verticals that allows you to grow faster than the market?

**Brian Peccarelli - Thomson Reuters - President, Tax & Accounting**

I think some of the verticals that we are in, so the solutions like the transfer pricing, some of the others, are growing. They are the fastest parts of the overall market, so we are playing heavily in there and taking advantage of that growth.

There’s also the fact that in a lot of the expansion that we are doing into new geographies there doesn’t exist any solutions today. It’s pencil and paper or it’s Excel spreadsheets trying to do the work. That’s not very good for transparency.

It’s not very good for controls for a company to have, so that’s all kind of net new market growing into and building out. Again, we are taking advantage of that by having the platforms that serve all our compliance tools and then being able to layer in that local content and really create markets for the first time.
Right. I will come to the audience in a sec if anybody has a question. First, just a sidebar, you said there’s seven tax law changes a day in Brazil?

I'm assuming that has gone to zero over the past week since World Cup started or --?

I would assume that.

The last big one from me before we go to audience is Jim Smith had talked about the transformation of the Company being more of an enterprise model and having all the divisions work together. How does Tax & Accounting fit in with that?

Do you see opportunities where you can help the other divisions or they can help you, more so than the legal content that you just talked to? Is there anything broader, especially on the cost side? Sharing data centers or call centers or anything on a larger scale that can help your margins and help you drive the business forward?

I think the enterprise, it’s a couple different areas and we play across all of them. So whether it comes into the data center with all our online applications and SaaS-based solutions. So if there’s advantage should be taken by cost structure or cost play in that, we are certainly there in the middle of it and participating with everything that’s going on there in order to again serve it in the most efficient way, serve up our offerings there.

There’s other things coming out of it that have been great and identified that we take advantage of and are leveraging, so a couple items here. FATCA was a growing area. It’s a reporting that started with the US demanding reporting of US citizens abroad; their financial activity back to the US. Well, it has caught on now with a lot of reporting standards going back and forth.

We focus on the reporting part of it. We identified and working with F&R, for example, that there’s a whole work stream that we can provide a superior solution by combining assets together and joining them together. So we have come out with a complete set of solutions combining several of our solutions there, World-Check and other solutions into our reporting mechanisms to provide. So, again, looking at it as an enterprise.

We are in the global trade space doing the same thing, where we are doing a tracking of the transactions of global trade between things. We are taking and integrating in components, again from F&R, for instance, into that total offering, which again nobody else has and is all part of the overall workflow that they are having to deal with. So from the enterprise perspective, I think there’s a lot of upside in doing it.

I am the executive sponsor of the innovation work stream, which is part of the transformational work streams that are going on. And there’s a lot around innovation as we have our work stream, has people from across Thomson Reuters on. So the learnings, the sharing, the activity, and the
acceleration of trying to get from idea to product that's going on and the learnings across the entire company, all with a focus to increase organic growth rates as a whole.

I think those things leveraging as an enterprise are just really good, tangible things that are going on that we can kind of see. You can do things in uniform ways and all benefit by it and start spreading best practices from one area to another in a much more rapid fashion than I think we used to.

Vince Valentini - TD Securities - Analyst

Would you characterize those initiatives as things that are well underway now, or they are just sort of more in the formative stages and we start to see those roll out over the next couple of years? Or are you already well along the path of achieving some of those benefits?

Brian Peccarelli - Thomson Reuters - President, Tax & Accounting

I think they are moving right along at a fast clip. You know, there's different ones that identify and then have to be implanted. There's other things that are taking place today.

Some of the solutions on the leveraging of assets that I talked about, that's real time. That's things that are launching. So on the global trade next month we are launching some combined solutions there. So very rapidly doing those types of things.

And the innovation work stream, I can speak to you first and foremost. We are rolling out a toolkit, learnings, events, and again trying to accelerate and change the culture, increase the level of innovation across the culture at a rapid pace. But that cultural change takes some time.

Some of the other cost-saving ones I think are just whatever the work stream -- how can you get to the end? And working through it.

Vince Valentini - TD Securities - Analyst

And that FATCA business you're talking about, is that something you sell to the banks or something you sell to the governments that are trying to track where people have their money?

Brian Peccarelli - Thomson Reuters - President, Tax & Accounting

It sold to banks, insurance companies, anybody that has relationships with individuals and tracking individuals, so a bank is the easiest one. If you are holding money there, you've got to report it back now to jurisdictions that have adopted FATCA as far as a regulatory issue.

Vince Valentini - TD Securities - Analyst

Anybody in the audience have a question for Brian? Wait for a mic, if you don't mind.

Unidentified Audience Member

Just curious on the cross-sell opportunity within Thomson Reuters. Are the other units actively trying to sell your offerings within their installed base and vice versa is there common account management into a common billing, or --? Is it at that level or is that even the dream?
Brian Peccarelli - Thomson Reuters - President, Tax & Accounting

Yes, I'd say it is evolving in that direction. There's a lot more education taking place from each of the units on the overall volume, so can talk more intelligently about it as far as that. For some of the largest accounts now, there's global account managers taking place and the learnings from that that we are focused on and doing.

There's a lot of trading of information between the accounts. We are seeing how solutions -- so if you look at -- corporations are an easy one. If you look at corporations they can really buy solutions from across Thomson Reuters. So we are looking at how to educate each other better on the solution and the offerings to provide a more complete picture.

So while billing systems aren't there yet, they are being built out to get to common pieces like that so you could do other activities around it. But I'd say the increased leverage and sharing of information and opportunities, it's growing at a good clip.

Vince Valentini - TD Securities - Analyst

Anybody else? One last one from me. Everything seems from the results report and from what we've talked about today everything seems to be going swimmingly well. But is there anything that keeps you awake at night? Any negatives, any big areas of concern you might have?

Brian Peccarelli - Thomson Reuters - President, Tax & Accounting

For us right now, we are on a path and really trying to build out to cover the globe to provide that ONESOURCE system that somebody can use to manage taxes no matter where they do business and where they want to do business. So the one focal point of that in building it out is acquiring local talent that has local expertise that can layer in that local expertise and content into the overall platforms.

So if it's one saying it's just about our continued pace of acquiring local talent and enabling us to continue to build out at a rapid pace all of our offerings.

Vince Valentini - TD Securities - Analyst

I assume being able to leverage the F&R segment that has got a global footprint to grow and human resources capabilities in all of those markets, is that something that can help you with sourcing those local people?

Brian Peccarelli - Thomson Reuters - President, Tax & Accounting

Yes, and it's a wonderful thing. People often ask what advantage or has it been an advantage of Thomson Reuters coming together? I would say for Tax & Accounting that's a wonderful advantage.

Before that we were a US-focused business, Tax & Accounting, and that's the main thing. It's a huge accelerator to be able to leverage that infrastructure, leverage that knowledge, leverage that name to be able to attract talent like that. To have conversations, and to build out with customers and companies in local jurisdictions solutions that meet the local needs then.

Vince Valentini - TD Securities - Analyst

Great. We will leave it on one of the high notes of the benefit of buying Reuters. We won't get into today any what may be some of the negatives might've been. We will talk frankly offline on that if you want.

Brian, thanks very much for coming and sharing your intents with us. I found it very informative; I hope else did as well. So thanks very much.
Thank you.