Q2 2021 Earnings Call

Company Participants

- Kim Watkins, Vice President of Investor Relations
- Michelle Clatterbuck, Executive Vice President & Chief Financial Officer
- Sasan Goodarzi, Chief Executive Officer

Other Participants

- Arvind Ramnani, Analyst
- Brad Reback, Analyst
- Brad Zelnick, Analyst
- Brent Thill, Analyst
- Jennifer Lowe, Analyst
- Kartik Mehta, Analyst
- Kash Rangan, Analyst
- Keith Weiss, Analyst
- Ken Wong, Analyst
- Kirk Materne, Analyst
- Michael Millman, Analyst
- Michael Turrin, Analyst
- Scott Schneeberger, Analyst
- Siti Panigrahi, Analyst
- Sterling Auty, Analyst

Presentation

Operator

Good afternoon. My name is Latif, and I will be your conference facilitator. At this time, I would like to welcome everyone to Intuit's Second Quarter Fiscal Year 2021 Conference call.

All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer period. (Operator Instructions).

With that, I'll now turn the call over to Kim Watkins; Intuit's Vice President of Investor Relations. Ms. Watkins?

Kim Watkins {BIO 19461042 <GO>}

Thanks, Latif. Good afternoon, and welcome to Intuit's second quarter fiscal 2021 conference call. I'm here with Intuit's CEO; Sasan Goodarzi, and Michelle Clatterbuck; our CFO.

Before we start, I'd like to remind everyone that our remarks will include forward-looking statements. There are a number of factors that could cause Intuit's results to differ materially from our expectations. You can learn more about these risks in the Press Release we issued earlier this afternoon, our Form 10-K for fiscal 2020, and our other SEC filings.

All of these documents are available on the Investor Relations page of Intuit's website at intuit.com. We assume no obligation to update any forward-looking statement. Some of the numbers in these remarks are presented on a non-GAAP basis. We've reconciled the comparable GAAP and non-GAAP numbers in today's Press Release. Unless otherwise noted, all growth rates refer to the current period versus the comparable prior year period, and the business metrics and associated growth rates refer to worldwide business metrics. A copy of our prepared remarks and supplemental financial information will be available on our website after this call ends.

And with that, I'll turn the call over to Sasan.

Sasan Goodarzi {BIO 15750219 <GO>}

Thanks, Kim, and thanks to all of you for joining us today. Second quarter results reflect strong momentum across the Company. Small Business and Self Employed Group grew double-digit. Credit Karma performed very well, and we are very encouraged by our early results this tax season.

We're on track for Intuit to deliver another year of double-digit revenue growth. We are confident our game plan to win is durable, accelerated by digital tailwinds, given the pandemic. Our platform is well-positioned to help customers take advantage of a shift to virtual solutions, acceleration to online and omnichannel capabilities, and new ways to reduce debt and save money. The velocity of our innovation is helping our customers at a time when they need us the most, and positions us to accelerate growth in light of these structural and behavioral changes.

We closed the acquisition of Credit Karma in December 3rd, and welcomed 1,300 Credit Karma employees to the Intuit family. We bring together a large customer base of 110 million Credit Karma members, and 57 million Intuit customers to help them unlock smart money decisions.

Credit Karma's data platform creates powerful network effects through personalized financial offers, benefiting members and partners, while adding a new monetization engine to Intuit. We are often running executing on our innovation roadmap, which I will touch on shortly. Since we're in the middle of tax season, let's start there. We're very confident in our strategy and momentum, extending our lead in the do-it-yourself category, and transforming the assisted segment.

We're making great progress serving fast-growing under-penetrated Latinx, Self Employed, and Investor segments. This season, we also expanded our free eligibility to better serve customers receiving unemployment benefits. We continue to aggressively transform the assisted segment by reshaping how 86 million filers can get their maximum refund with confidence virtually. We feel great about how the season is progressing.

Let me now shift to our Big Bets. We're seeing strong momentum and accelerating innovation across the business with our AI-driven expert platform strategy and five Big Bets. These Big bets are focused on the largest problems our customers face, and represent durable growth opportunities for Intuit. I'll highlight our progress covering Big Bet number one last, as it accelerates innovation across our platform, and is foundational to the other bets.

Our second Big Bet is to connect people to experts. We're solving one of the largest problems our customers face, lack of confidence, by connecting people to experts virtually with TurboTax Live and QuickBooks Live. With TurboTax Live, we're transforming the $20 billion assisted category by providing 86 million filers the opportunity to access tax experts on our platform.

We continue to lead the way in shaping the category, helping customers understand how to get their taxes done in a new way with our marketing campaign. And for a limited time, offering free Live expertise to filers with very simple returns that track them into the category. We have significantly improved the TurboTax Live platform by making it easier for customers to access an expert throughout the filing experience.

And now, with our innovative full service offering, our customers can hand off their returns to an expert, who will prepare and file it for them. We continue to make progress with QuickBooks Live, which is built on the same expert platform. Entering our second peak this season with QuickBooks Live, our customer base has doubled from a year ago, and retention rates are improving. Although it's early days for QuickBooks Live, we're confident in the long-term opportunity to penetrate non-consumption.

Our third Big Bet is to unlock smart money decisions. We're making progress towards our goal of creating a personal, financial assistant that helps consumers find the right financial products with more money in their pockets, and access to financial experts and advice. Our strategic focus is to grow the core, including credit cards and personal loans, expand growth verticals, including home loans, auto loans and insurance, and develop emerging verticals focused on money innovation, including savings and checking accounts.

As we make personalized financial offers to customers across our platform, Credit Karma provides an additional monetization engine, increasing our combined wallet share with both free and paying customers. We've made great initial progress combining our capabilities to fuel success of the Credit Karma platform. First, to create a complete financial profile for existing and prospective members with customer consent, we've combined income data from $26 million TurboTax returns with Credit Karma. The combination of verified income data with credit history will enable Credit Karma to better personalize offers, driving engagement in creating a win-win-win for our members, partners, and us over time.

This enables us to grow in our core verticals for credit cards and personal loans, and growth verticals for insurance and mortgages. Second, we integrated Credit Karma money into the TurboTax filing experience, providing approximately $36 million of TurboTax customers, the ability to deposit up to $88 billion of tax refunds into a no-fee checking account. And third, we're migrating Turbo users to Credit Karma. We're very excited about the journey ahead of us.

Our fourth Big Bet is to become the center of small business growth, by helping our customers get paid fast, manage capital, pay employees in confidence, and grow in an omnichannel world. 60% of small businesses struggle with cash flow, and we're innovating with velocity to create solutions for customers to overcome this challenge.

We're making it even easier for customers to get paid fast with tools like payment-enabled invoices, by auto-enabling new customers to accept payments immediately, increasing our charge volume. We continue to innovate with QuickBooks Cash, a small business bank account that helps our customers manage working capital, by providing visibility into their full financial picture, along with the ability to move money instantly, and ensure their money is working for them, while taking advantage of the built-in accounting of QuickBooks.

We integrated bill pay into the offering this quarter. We're seeing growing adoption and active use of QuickBooks Cash, including a meaningful increase in activation rates. We're making good progress with QuickBooks Commerce launched last September. QuickBooks Commerce is designed to better serve the one million product-based businesses on our platform, and $6.4 million product-based businesses in our core markets.

The offering provides inventory and order management tools small businesses need to grow their businesses in an omnichannel world. We continue to add new partner integrations, enabling a streamlined experience. We're further bolstering the offering with the acquisition of OneSaas in early February. OneSaas in an infrastructure platform that integrates data streams from multiple sources of e-commerce platforms.

This will help our customers see a complete view in QuickBooks. It's still early for both QuickBooks Cash and QuickBooks Commerce, but we're encouraged by what we're seeing.

Our fifth Big Bet is to disrupt small business mid-market with QuickBooks Online Advanced. The features we're introducing individually tailored the offering to the needs of small businesses with 10 to 100 employees at a disruptive price point.

We continue to build out the offering, and innovate to better serve these mid-market, small business customers by adding more deeply integrated partners important to both acquisition and retention.

And finally, our first Big Bet, revolutionize speed to benefit, enables us to put more money in our customer's pocket to eliminate friction, and deliver confidence at every touch point by using AI and customer insights.

In TurboTax, we're leveraging advanced models to proactively offer customers the right resources at the right time to keep them engaged, and give them confidence to file their taxes. And in QuickBooks Advanced, we're using AI to detect anomalies in price and quantity on customer invoices, saving our customers time and frustration of having to resend an invoice. Our Live offerings are benefiting from a common AI platform that's creating efficiencies at scale, driving profitable growth.

Across all of our Big Bets, we are building momentum and accelerating innovation, which we believe positions us well for durable growth into the future. I'm excited about the opportunity we have ahead of us, and I'm proud of the progress we're making as a team.

Now, let me hand it over to Michelle.

Michelle Clatterbuck {BIO 20314804 <GO>}

Thanks, Sasan. Good afternoon, everyone. For the second quarter of fiscal 2021, we delivered revenue of $1.6 billion. GAAP operating loss of $25 million versus operating income of $270 million last year. Non-GAAP operating income of $235 million versus $384 million last year.

GAAP diluted earnings per share of $0.07 versus $0.91 a year ago. The GAAP earnings include a $30 million gain from the sale of a note receivable that was previously written off, and non-GAAP diluted earnings per share of $0.68 versus a $1.16 last year.

Turning to the business segments. Consumer Group revenue declined 71% in Q2, driven by the later IRS opening this year. We continue to focus on our strategy to expand our lead in DIY, and transform the assisted segment with TurboTax Live. We remain confident in our plans and guidance of 9% to 10% growth in fiscal 2021.

Turning to the Pro-Connect Group, revenue declined 8% in Q2, reflecting a delay in forms availability. In the Small Business and Self Employed Group, revenue grew 11% during the quarter, while Online Ecosystem revenue was up 22%. Our strategic focus within Small Business and Self Employed is to grow the core, connect the ecosystem, and expand globally.

Our longer-term expectation remains 30% or greater Online Ecosystem revenue growth, driven by 10% to 20% growth in both customers and ARPC. First, we continue to focus on growing the core. QuickBooks Online accounting revenue grew 22% in fiscal Q2, driven mainly by customer growth and mix shift. We lapped a full quarter of a price increase last year, driving slower year-over-year growth versus last quarter.

Second, we continue to focus on connecting the ecosystem. Online Services revenue, which includes payments, payroll, time tracking, and capital grew 20% in fiscal Q2. Within payments, revenue growth reflects continued customer growth, along with an increase in charge volume per customer. Within payroll, we continue to see revenue tailwinds during the quarter from a mix shift to our full-service offering, and growth in payroll customers.

Third, our progress expanding globally added to the growth of Online Ecosystem revenue during fiscal Q2. Total international online revenue grew 44%. The slower growth from last quarter was driven by lapping price increases a year ago, and the lingering impact from lower retention and customer acquisition at the beginning of the pandemic.

Desktop Ecosystem revenue declined 2% in the second quarter, in line with our expectations for the business to decline longer term. Within this, QuickBooks Desktop Enterprise revenue grew mid-single digits. Small businesses are resilient and we continue to help them put more money in their pockets when they need it most. We're pleased to see most QuickBooks indicators are back to, or better than pre-pandemic levels. This includes growth in customer acquisition, the number of companies running payroll, and payments charge volume. This reinforces the digital tailwinds and positioning of our platform, and Big Bet Sasan touched on earlier.

We closed the acquisition of Credit Karma on December 3, resulting in revenue of $144 million for the partial quarter. Our strategic focus with Credit Karma is to grow the core of credit cards and personal loans, expand growth verticals such as home loans, auto loans and insurance, and develop emerging verticals focused on money innovation including savings and checking accounts. I'll share more detail on each of these strategic focus areas.

First, our focus is growing the core. We're seeing new credit card and personal loan partners onboarding, while overall partner activity continues to recover. Adoption of the industry-first Lightbox continues to grow. Lightbox enables Credit Karma to more tightly integrate with its financial partners, which helps match members to the products that are right for them. This now represents approximately 40% of credit card transactions, and approximately 30% of personal loan transactions, up substantially year-over-year.

Second, our focus is expanding growth verticals. Although it's early days, we're seeing strong growth in auto insurance followed by home loans, and then auto loans. January revenue in the growth vertical is up over 1.5 times year-over-year. It's a high watermark. During the quarter, we introduced Karma Drive, providing members an easy opportunity to qualify for an auto insurance discount based on actual driving habits.

Third, our focus is developing emerging verticals, particularly money innovation, and we're just getting started with Credit Karma money. Turning to our financial principles. We remain committed to growing organic revenue double digits, and growing operating income dollars faster than revenue. As I've shared before, as we lean into our platform strategy, we're starting to see the opportunity for faster margin expansion over time. And I'm proud of the progress the team is making.

We take a disciplined approach to capital management, investing the cash we generate in opportunities that yield an expected return on investment greater than 15%. We continue to focus on reallocating resources to top priorities with an emphasis on becoming an AI-driven expert platform. These principles remain our long-term commitment.

Our first priority for the cash we generate is investing in the business to drive customer and revenue growth. We consider acquisitions to accelerate our growth and fill out our product roadmap. We return excess cash that we can't invest profitably in the business to shareholders via both share repurchases and dividends. We finished the quarter with approximately $2.7 billion in cash and investments on our balance sheet. We repurchased $175 million of stock during the second quarter. We have approximately $2.2 billion remaining on our authorization, and we expect to be in the market each quarter this year. The Board approved a quarterly dividend of $0.59 per share payable April 19, 2021. This represents an 11% increase versus last year.

Moving on to guidance. While macro uncertainty continues, we remain confident in how our business is performing in the current environment. Our guidance for third quarter fiscal 2021 includes revenue growth of 53% to 55%, GAAP earnings per share of $5.85 to $5.95, and non-GAAP earnings per share of $6.75 to $6.85. You can find our full Q3 and reiterated fiscal 2021 guidance details in our Press Release and on our fact sheet.

With that, I'll turn it back over to Sasan.

Sasan Goodarzi {BIO 15750219 <GO>}

Great. Thanks, Michelle. I'm very proud of our team, and all we've accomplished together, and I'm very optimistic about the future.

So with that said, let's now open it up to your questions.

Questions And Answers

Operator

(Operator Instructions). Our first question comes from Scott Schneeberger of Oppenheimer. Please go ahead.

Q - Scott Schneeberger {BIO 5302695 <GO>}

Thanks very much. Good afternoon. I'm going to (inaudible) on tax, since we're in that season. And I'm just very curious on if you're seeing any activity pickup from all the new brokerage accounts opened in 2020, if you're seeing a lot of activity in your tax business from corresponding tax reporting from that, and Sasan, a few thoughts on that. Is that going to trigger more volume, or do you think it's more likely something that would trigger an increase in the revenue per return since such transactions might come in at a higher tier of the offering? Thanks.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Thank you for your question, Scott. If I would take you back to what we declared several years ago, one element was under-penetrated segments. The investment community was one, of course, Self Employed and Latinx. And the other element, of course, is about transforming the assisted segment, which also helps us serve that community well if they need expertise, or if they want us to do their taxes for them.

And what I would tell you, we all see the things that has been really a significant increase in retail investors using all the different tools that are out there. And not just in the United States, but particularly in Brazil, India, and the US. And so I feel good that we're very well-positioned. And all of those segments that I mentioned, Latinx, Self-employed, and Premier, we are actually experiencing the kind of growth that we expected, and probably a tick up on our Premier offering, which really serves our investment community.

So we are experiencing an accelerated growth, and it's really all sort of in context of what we had declared. And we'll have to see how the season plays out, and when we tally up our results, what it all looks like. But we're very, very pleased with the fact that we've really positioned ourselves to serve the segment a few years ago. And I think we're positioned well for delivering for them this season, both with Live platform, and if you want to do it yourself.

Q - Scott Schneeberger {BIO 5302695 <GO>}

Thanks. Appreciate that, Sasan. And then staying on taxes. I'm just curious, it's kind of a high-level question, and you get this throughout the pre-season. But now, we're into the tax season.

What type of federal returns do you expect in this year versus last year? I saw recently that Texas because of what's going on there in the last couple of weeks has gotten into late in June 25. So with that into account, and then just the long tax season last year, a condensed for most states tax season this year, what are you expecting on just for an industry growth year-over-year, and anything that you're seeing in the early season to support that view? Thank you.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Sure. A couple of things I would say, one, you know, the assumptions that we made coming into this tax season is that IRS returns would be sort of flattish, and we expect to be able to grow our share of the total number of returns, and particularly because of our focus on the under-penetrated segments that I mentioned, and transforming the assisted segment with our Live platforms.

So really for us, it's about growing our share of the entire category. And as you know, we have such a massive opportunity with 86 million filers that today go to somebody else to do their taxes, and the fact that we have an opportunity to help them get their taxes done with an expert at their fingertips at any time that they need it. So really our goal is about growing the category, and in context of a flattish IRS returns.

All of our guidance, just, we made the assumption that it's April 15. We contemplated the Texas announcement that was made yesterday. We really -- just looking at past situations where there has been a disaster, where IRS has extended the filing date, the behaviors are very different. Net-net, we feel very good about our progress. We feel very good about our momentum, and really good about the potential that we have this season in the context of the guidance that we provided.

Q - Scott Schneeberger {BIO 5302695 <GO>}

Thanks, Sasan. I'll turn it over.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Thank you, Scott.

Operator

Thank you. Our next question comes from Ken Wong of Guggenheim Securities, your question please.

Q - Ken Wong {BIO 20723645 <GO>}

Great, thank you for taking my question. This first one for you, Sasan, also on tax. As you think about TurboTax full service, not sure if you guys are starting to see some good traction there. But would love to get a sense of what kind of customers, you're seeing utilize that particular product. Is it guidance coming from accountants? Is it kind of, net -- new filers who may have the greatest level of uncertainty, just across-the-board. Any color you can give would be fantastic.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Sure, Ken, good to hear from you. It's important just to remind ourselves, we're in the assisted segment, and the biggest problem that we're solving is confidence. These 86 million filers need to know that they can ask a question from an expert at any time that they need to, and have the ability to turn over their return if they so choose. And we are getting very good traction with full service, but it really plays, I would say a halo effect. What customers want to know is that they can come in, and if they choose to ask for help, that they can get it. And somewhere in the experience, that they choose, to just say here. Let me give you all of my documents digitally, that we can do it for them, or even if they choose to make that choice upfront.

So full service beyond the actual number of customers that will end up using our full-service, really is playing a halo effect, which is what we learned in our test results last year. It really builds confidence for filers that are come in from the assisted category that I can get my question answered. There is always going to be an expert at my side.

And as a reminder, last year we experienced 70% plus growth in TurboTax Live and a majority of those customers actually came from the assisted category. So it's playing the role exactly as we had assumed that it would. And so far so good. The season in terms of the traction that we're getting.

Q - Ken Wong {BIO 20723645 <GO>}

Great, that's super helpful. And then a quick one for you, Michelle. You touched on Lightbox and seeing I think 40% of transaction, 30% of personal loans, just wondering kind of where do you think those numbers could trend up to?

And then as far as monetization, any color on kind of how monetization has improved for customers that are utilizing Lightbox?

A - Michelle Clatterbuck {BIO 20314804 <GO>}

Hey, Ken. Thanks for the question here. Light box is a great technology, that really is -- enables us to have a winning experience for both the customer and for our partners, our financial institution partners as well as, us. I mean, there's nothing more frustrating than for a customer to come in, and not be able to get access to a financial product that they thought they would. And so it enables the financial institutions to be able to better target the products that they have, and then customers are much more likely to actually be approved.

So with the metrics that we have right now, we'll have to see how those trend over time. We're very excited about it. We want to continue to have more and more transactions go through Lightbox because as we said, it's a better experience for the customer, and it also is a better experience for our partners.

Q - Ken Wong {BIO 20723645 <GO>}

Great. Thanks, Michelle.

Operator

Thank you. Our next question comes from Brad Zelnick of Credit Suisse. Please go ahead.

Q - Brad Zelnick {BIO 16211883 <GO>}

Great, thank you so much for taking my questions. Sasan, we heard from Michelle's comments that many of the Small Business indicators such as customer acquisition, number of companies running payroll, payments, charge volumes, things like that are all trending positively.

Can you maybe expand a little bit more on the indicators that you're looking at in terms of small business health, and from your perspective, kind of, where we are in terms of small business recovery?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, sure. Let me start, Brad, with the actual recovery, depending on the geography, United States versus UK, or different States within the US, every geography is performing differently. And just to use an example, we got places like Florida, Texas, Arizona, Georgia, that have actually recovered quite nicely. And then you have places like Michigan, Washington, California and New York that are lagging.

And then within that, you have industries that have come back all the way, and industries that haven't. It's the natural ones that you would assume. It's fitness, restaurants, travel. I bring that up in context of yet another data point, which is when we look across the data points that we see, about 25% of our customers, their net dollars in their bank account is down nearly 50%.

So I give you those data points just to say that small businesses are still working hard to come back to where they were. And they are not all the way back. That's really important context relative to how our trends are doing, and what you heard from Michelle, which is we watch acquisition, we watch retention, of course, we watch our payments charge volume, the number of companies running payroll, the number of employees, core companies using payroll, time tracking, et cetera, and all of those indicators are at or above pre-COVID levels except the number of employees at small businesses.

And that really tells you a lot about just the innovation that's happening on our platform, the power of our platform, and the fact that in times where small businesses are actually doing worse than they were prior to COVID, our actually platform metrics are better than pre-COVID. And so that actually really bodes well for us to not only deliver for our customers, but the growth rate that we would expect as we look ahead.

So good momentum, and actually bullish about where we are in the opportunities for the future.

Q - Brad Zelnick {BIO 16211883 <GO>}

Thanks, Sasan. That's very helpful, and maybe just a follow-up for Michelle. Credit Karma is off to a really strong start, and you're now just migrating Turbo users over, and you've got so many growth opportunities ahead that you've talked about in your remarks. Can you just remind us perhaps of the seasonality of this business, because if we just start annualizing the last 2 months, I think we'd all be getting a little bit ahead of ourselves?

What should we keep in mind relative to what we've seen out of the gate versus what you're guiding for the full year?

A - Michelle Clatterbuck {BIO 20314804 <GO>}

Yes. Thank you, Brad. Good question. We are off to a strong start with Credit Karma, feel really good about the progress that they're making. We're seeing the business bounce back more quickly from the pandemic than we had expected, not all the way back to pre-COVID level, but definitely making progress there.

When you think about seasonality in the business, they do see a little bit stronger in the January, February time period, but there is a huge seasonality in the business, but I would say, in January, February is a little bit more of an uptick, as people are coming into the new year, and some of those New Year resolutions and so forth, but that's what I would say you guys should expect.

Q - Brad Zelnick {BIO 16211883 <GO>}

Excellent. Thank you so much.

Operator

Thank you. Our next question comes from Keith Weiss of Morgan Stanley. Please go ahead.

Q - Keith Weiss {BIO 6993337 <GO>}

I just want to thank you guys for taking the question, and very nice quarter. I wanted to expand a little bit on Brazil. Next question, can you help us understand, now that the indicators are at or above kind of like the pre-crisis levels, how should we think about the mechanism of how those indicators and the timeframe for when those indicators will translate into kind of the revenue growth rates that you guys have guided to longer-term, and that we're expecting? So like how should we moderate our expectations on to how quickly do indicators become sort of the actuality in terms of what we see on the income statement?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, thanks for your question, Keith. And in context of being a subscription business, a lot of the growth rate we're experiencing now is the things that were happening almost a year ago, at this time, and in context of slower acquisition, retention, dropping a couple of points, and starting in March of last year, and also there are a number of things that have huge benefit for customers that we paused, things like Payroll Full Service, migration. We have a line for where you have to upgrade to QuickBooks Advanced. We sort of dropped that line for a while.

So it was the combination of acquisition -- retention along with very intentional decisions we made around pricing and migration that has had an impact on the growth rates that we're seeing now. And in addition to all of that, we're lapping price increases that we have done at the same time last year. So the long answer to your short question is what we are starting to see now, we should expect the growth rates to be impacted in the year ahead because a lot of the metrics and the trends that we're experiencing now, we'll see the follow on benefits in the quarters ahead. But I would say almost think about a year out or so is the way -- is the best way to think about it.

Q - Keith Weiss {BIO 6993337 <GO>}

Got it. And if I could ask a follow-up to Michelle on the margin side of the equation. Really appreciate the continued kind of balance between good growth and that margin expansion over time. Great to see that as part of the corporate philosophy. This quarter, in particular, we saw the SMB contribution margin up nicely on a year-on-year basis, but I know a lot of companies are talking to us about, kind of, one-time items or sort of crisis-related expense savings that we saw in the year past that might not sustain the year forward. Anything we should be aware of in terms of sort of expenses that might come onboard that could upset or not upset, but could temporarily sort of reverse the margin expansion that we've been seeing?

A - Michelle Clatterbuck {BIO 20314804 <GO>}

Thanks for the question, Keith, first of all. For us, as we've been thinking about margins and margin expansion, really the biggest driver of any of that is us becoming more and more of an AI-driven expert platform. And so you may see some expenses here, there and obviously, you see margins move around a little bit quarter-to-quarter. But I would say, really focused on our guidance, which is after last year, expanding margins a point. This year, we expect margins to expand approximately 110 basis points once you're excluding Credit Karma. And that is really us continuing to evolve to being more of a platform company, and seeing those areas for us to drive margin expansion across the Company.

Everything from technology, to customer success, to go-to-market, and so that is the biggest driver of margin expansion for us across the Company.

Q - Keith Weiss {BIO 6993337 <GO>}

Outstanding. Thank you so much, guys.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Thank you.

Operator

Our next question comes from Sterling Auty of JP Morgan. Your line is open.

Q - Sterling Auty {BIO 2070271 <GO>}

Yeah, thanks. Hi guys. I think in some of the prepared remarks and press release, there is the talk of the cross-sell of TurboTax going to Credit Karma, but I'm wondering what the expectations are in terms of the cross-sell and marketing that you could do to Credit Karma users for TurboTax for this tax season?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, sure. Sterling, let me just, if I could take it up one notch, and I'll come back specifically and answer your question. There are a number of things that we have launched. We've launched Credit Karma Money at the end of the TurboTax experience. We're migrating Turbo customers that -- with Turbo being deprecating to Credit Karma, and of course, then to your question.

Launching TurboTax, as part of the Credit Karma platform. So there are a number of big things that we're doing. And all of them, Sterling, I would think about them as long-term opportunities with our focus being testing and experimenting right now to really nail the experience. So I wouldn't expect really big impacts from those in the near-term. But we do expect these to deliver significant customer benefit, and growth in the future because we're really just testing and experimenting. We're going to really nail the experience before we launch things at scale. So hopefully, that answers your question.

Q - Sterling Auty {BIO 2070271 <GO>}

It does. Thank you.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Thank you.

Operator

Our next question comes from Kash Rangan of Goldman Sachs. Your line is open.

Q - Kash Rangan {BIO 22095432 <GO>}

Hi, thank you very much. Congratulations on the quarter. Sasan, at the Analyst Day, you talked about a $24 billion US tax opportunity. And wondering what have you learned from Live? And what are the things that you need to add to Live in terms of capabilities to be able to address this in a larger scale? And also in the same vein, as you look at QuickBooks Advanced, what are the things that you've learned with that product out at the higher end of the SMB market that you traditionally played in?

And what are the things that you're looking to increase in the product to make it address the full breadth of the term? Thank you so much.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Sure. Kash, good to hear from you. Let me start with Live and the 86 million customers that today go to an assisted method. You know, based on research and work that we did several years ago, one of the learnings that we had is over 70 million of these 86 million customers are actually willing to use a digital platform, as long as they can get help and expertise to be able to file their taxes with confidence. And in fact, they would like to get help beyond taxes, which is where Credit Karma comes in.

And so to your question of what we have learned, with our -- beginning our fourth year with the Live platform, we're more bullish about the opportunity ahead of us than we were even four years ago when we launched TurboTax Live because in essence what we've learned, and that's informing what we're executing the season is one, we have 86 million folks that we need to get to consider the fact that there is a digital platform with an expert at their fingertips. And the fact that they can actually hand everything off digitally for an extra, which is where you see what we're doing in our marketing campaigns.

And you may only see what we're doing off air on TV, but we've got an incredible campaign in educating our customers in multiple different digital channels to help them understand how this works because we were really shaping and reshaping the category. So one is about education, which is where a lot of our investment is going.

The second is, when they come in really nailing the first time use. Immediately, when they come in, to help them understand how to get access to an expert, engaging with an expert, exchanging a document digitally, and seeing how easy it is. And then with now, the launch of full service, if you choose to upgrade to full service or if you come in and choose full service, how do we deliver instant benefits to you? An instant benefit, by the way, is confidence, that there is an expert there.

Now, which gets me to the other side of the equation, which I haven't mentioned, and that is our expert platform. That's really where we have advantage. A lot of our AI investments are actually improving our expert platform around scheduling, document exchange, and making sure that we connect the right expert to the right customer, ensuring that we deliver insights to the expert because of our machine learning capabilities, so that when the expert is talking to the customer, it -- actually they deliver confidence with their know-how and their knowledge. And then being able to -- by the way, the culture we're creating with the experts that we have on our platform that love the food culture, the income that they make, and love the fact that they get to deliver for our customers in the comfort of their home.

So those are the areas that we are focused on, and frankly every day and season we learn and we adjust, and we love our momentum and the opportunities ahead. And what we'll learn over time is we're launching TurboTax Live as part of the Credit Karma platform, and what's unique in launching that as part of the Credit Karma platform is we'll actually be able to deliver a personalized experience because we will know that you were a prior year assisted customer, and that again, will pay off in the long-term. But those are the things that we're testing now.

In terms of your question around disrupting the mid-market with QuickBooks Advanced, I mean, there's a couple of things that we've learned. Frankly, we believe that we can even go higher in the market beyond 10 to 100 employees. Now, our focus right now is 10 to 100 employees. But as we see the power of our platform and the ability for us to scale, we believe that we can actually serve even bigger mid-market customers at a disruptive price. And, to your question, the things that we're continuing to add are things around like workflow management, automated invoice approval, batch invoicing, getting very deep integrations of critical apps that these customers need to be able to grow their business and run their business, some of which Michelle actually mentioned in the script around DocuSign, HubSpot, Salesforce is just a few example.

And every day, we're learning what we need to add to the platform, but it's a lot of what we do today, just a much, much higher scale. And the confidence it's given us is not only being able to go up market, but we're actually -- we have now 70% of the customers that we're getting our upgraders and 30% that are new to the franchise. And we're actually seeing our new to the franchise growing even at a faster rate than what we thought without the focus yet in place to be able to go after new to the franchise. So those are the few elements that I think are worth sharing, Kash.

Q - Kash Rangan {BIO 22095432 <GO>}

Very insightful. Thank you so much, Sasan.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah. Thank you.

Operator

Our next question comes from Brent Thill of Jefferies. Your line is open.

Q - Brent Thill {BIO 1556691 <GO>}

Good afternoon. Back on Small Business. I just wanted to drill and there were a handful of investor questions related to your comments around the pipeline yet Q1 to Q2, the growth rates decelerating small business. I think many believe that they would stabilize or build, and I just want to make sure we're truly understanding this that.

I mean, the comments that you're -- color that you're seeing in the pipeline and close rates and things behind the scenes are showing a much better growth rate than what that reported number is indicating. I just want to make sure if there is any anomalies or any differences that investors should be aware of. There is a number of questions. Just -- disconnect from the comment, relative to the reported number? Thanks.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, sure, Brent. One of the things that we've been pretty consistent in communicating is that our growth rates would decline sequentially before they start bouncing and going back up. And that's really what we saw in Q2 is very consistent with what we expected. And that's consistent with what we expected on a couple of fronts. One, because this time last year, or starting in March for several months both acquisition slowed, but also our attrition pop.

But in addition to that, there are things that, as I mentioned a few moments ago, that we paused like full service migration. We paused our QuickBooks Advanced line up for those upgraders, that we didn't ask them to move up, because we didn't want to have them experience that in those early COVID times. And so what you're -- what we're experiencing now is just a reflection of some of those key indicators that we experienced on earlier in the year. And we are on top of that lapping a price increase that we did last year, that we didn't do this year.

So you put all of that together, we're actually quite pleased with the growth rate that we experienced in the quarter, although we expected it to be lower than the last quarter. And then as we look ahead, as I mentioned in the coming quarters and year ahead, a lot of the indicators that Michelle and I shared will start turning into revenue growth. But everything is per our expectation. I think the only thing that's not per our expectation is, the business is actually performing better than what we thought in the pandemic. And that therefore we're bullish about the future.

Q - Brent Thill {BIO 1556691 <GO>}

Great, thanks, Sasan.

A - Sasan Goodarzi {BIO 15750219 <GO>}

You're very welcome, Brent.

Operator

Our next question comes from Kirk Materne of Evercore ISI, your question please.

Q - Kirk Materne {BIO 5771115 <GO>}

Hi, yes. Thanks very much. Actually, Sasan, I want to -- actually maybe it's for Michelle, just to per Brent's question, didn't you get four points of benefit from the PPP program last quarter in your 24%? So if we sort of normalize, I think, I guess, did you have any this quarter because if you normalize for that, you would actually have accelerated from doing the math right, from '20 to '22, this quarter. So I guess, just can you talk about the PPP program helped QuickBooks ecosystem at all this quarter?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, I would, and a headline what I would say -- oh, Michelle. Please go ahead.

A - Michelle Clatterbuck {BIO 20314804 <GO>}

No, that's okay. I was just going to say, Kirk, actually and the PPP revenue that we got, that was actually in Q4 we saw that. And so we did have about a four point decline, if my memory serves me correctly for 28% Online Ecosystem revenue growth in Q4, which then dropped to 24% in Q1 and that was, that actually had PPP in it but we didn't have anything material in Q1.

Q - Kirk Materne {BIO 5771115 <GO>}

Okay. That's fine. I just wanted to double check that. But Sasan, I guess just sort of on the Small Business and the other question would be on the international growth. Clearly, the UK was under a pretty severe lockdown for a lot of this quarter. Did that impact you all at all, international growth is still very strong in the mid '40s, but I'm just kind of curious if that was one of the regions that perhaps, you know, still maybe taking a little bit longer time to recover? Thanks.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, Kirk. It actually has. I mean, I would say, if I look at it across the globe, United States has really not just bounced back nicely, but just the resiliency of our platform, the innovation on the platform is really allowing us to see all the indicators get back to or better than pre-COVID levels. When we look at outside of the United States, countries like UK, Australia, France, actually were hit much harder and to your point, they're still -- specifically, UK and France in a lockdown. So that has impacted the growth rate relative to what we see in the United States. But all of that is within the context of the guidance that we provided. But it has seen a hit.

Q - Kirk Materne {BIO 5771115 <GO>}

Okay, that's helpful. Thank you.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah. Thank you.

Operator

And our next question comes from Michael Turrin of Wells Fargo Securities, your question please.

Q - Michael Turrin {BIO 20079094 <GO>}

Hey, there. Thanks, and good afternoon. Going back to Credit Karma, it looks like that segment outperformed what we were expecting on the partial quarter, looking at what's implied for the rest of the year, it looks like it's still below the $1 billion that business was at in 2019.

Can we just go back to what some of the factors are that could drive outperformance from that beyond what's assumed in your current outlook? And then on the margin there, is the 26% segment margin there a good building block for us to be thinking about, or is the seasonality, Michelle referenced, somewhat impacting that number as well?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, sure. Good to hear from you, Michael. Just as a quick refresher, there are three elements around growth in Credit Karma. It's growing the core, which is credit cards and personal loans, expanding our growth verticals, which is auto and home, loans and insurance, and then our emerging vertical, which is really all around assets which is money innovation and none of this is really coming from that third bucket.

And the second point I would make is we sort of have a 75, 25. About 75% of the revenue is coming from the credit cards and personal loans, and 25% coming from the growth verticals, which is auto and home loans and insurance, which is actually really improved versus about a year ago where it was 95% credit cards and personal loans. And just specifically, with that context to answer your question, we're seeing more partners come back on the platform, we're seeing new partners come on, we're starting to see higher spend and because of just the innovation with Lightbox, that's better matching. We're getting more customers to actually get connected to the financial products that are right for them, and partners benefiting from it.

So the performance we experienced this quarter is just, we're seeing stronger momentum when it comes to credit cards, personal loans, and then the growth vertical, specifically around auto insurance. And when we look ahead, our overall guidance was just based on the trajectory that we assumed for the year, and we'll just have to continue to see how these verticals play out, but we like the momentum that we see. But that could be the reason in the long term for overperformance to your question, specifically around margin, it's really important to note that one; we manage margins at the Company level, and so really pay attention to the guidance that we provided at the Company level. Two; we are investing in Credit Karma. It is a -- we see it in the long term as a big growth engine for the Company. The penetration, when you think about the 110 million members that Credit Karma had, the penetration with all these different financial products that I mentioned is actually still quite low.

So it's actually quite exciting, as we look ahead, the possibilities of increasing penetration. So we are investing dollars in Credit Karma all within the context of the guidance and the margin expansion guidelines that we have provided. So I wouldn't get too anchored on the current quarter margin rate. It was more because it performed better than what we thought, and some of the investments in hiring shifted between quarters. I was more focused on Company level operating income that we provided, and margin rates that we provided.

Q - Michael Turrin {BIO 20079094 <GO>}

That's all very helpful, thank you.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah. Thank you.

Operator

Our next question comes from Jennifer Lowe of UBS, your line is open.

Q - Jennifer Lowe {BIO 6926228 <GO>}

Great, thank you. And maybe just first one quick clarification for me. Relative to the question that Kirk asked earlier, Michelle you clarified that Q4 had the PPP impact, and by Q1 there wasn't one. But given that, that program reopened, I think it earlier this calendar year. Can you just confirm whether there was an impact in Q2?

A - Michelle Clatterbuck {BIO 20314804 <GO>}

No, Jenny. That program -- the new PPP program has been moving -- you may have seen it in the process of moving much more slowly than anyone had anticipated, and that we don't have anything in that -- anything in material on the Q2 results.

Q - Jennifer Lowe {BIO 6926228 <GO>}

Perfect. And then just following on some of the questions around the trajectory in small business. There's a couple of different factors that you called out. There is first, the fact that the economic indicators have improved, but maybe not everything is back to pre-COVID levels. And then there's also sort of this lagging effect from some of the subscription businesses, or some of the pauses that you took as everyone sort of navigated a very uncertain time.

So I just wanted to clarify, if you think about the 30% plus type aspirations for the Online Ecosystem component, is that something you can get back to in the current environment and it's just a function of working through some of these sort of leftover impacts from the last 6 to 12 months, or do you need to see continued improvement in the broader Small Business economy as well to get back to pre-pandemic levels to support that 30%? Thanks.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, Jen, thanks for your question. What I would say is the economic indicators are still below pre-COVID levels. It's more our own indicators, and the performance of our platform that has bounced back and in many cases, better than the pre-COVID levels, which get, I think at the essence of your question, and that is our goal in the long term has not changed. We believe that we will get this business, specifically the online revenue growth back above 30%, and we just need to keep executing our game plan. And I would tell you that we don't think it's heavily relied upon how the economy bounces back because if you look at where we are today versus six months ago, a lot of the performance that we are talking about is based on the performance of the platform and our execution, and the innovation on our platform.

Now, at the end of the day, this economy does need stimulus -- fiscal stimulus to get people back into jobs, but that is not the anchor for us to get back to the growth rates that we believe we can get back to. It will just take some time.

Q - Jennifer Lowe {BIO 6926228 <GO>}

Great, thank you.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah. Thank you.

Operator

Next question comes from Kartik Mehta of Northcoast Research. Your question please.

Q - Kartik Mehta {BIO 2038331 <GO>}

Hey, Sasan, when you look at QuickBooks business, obviously you're lapping a price increase, but you haven't stopped innovation. I'm wondering what metrics you'll look at to feel comfortable to adjust pricing?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, Kartik. Thank you for your question. Our main focus around pricing will be when we believe it's the right time, given how small businesses are performing and given the pandemic. It is actually not related to our innovation. But as you know, we now have innovation that allows us to go up market with both QuickBooks Advanced and QuickBooks Live, which is a much higher ARPU offering. We have the ability to garner a higher price from customers. But from a price increase perspective, it's less about the metrics and indicators that we see with our own platform, but more when we believe it's the right time to raise prices with customers, given what they are experiencing and the challenges that they're experiencing for the business.

So the two are in many ways unrelated in terms of the way we think about it.

Q - Kartik Mehta {BIO 2038331 <GO>}

And then just finally, when you look at the Credit Karma customers as far as tax customers, is the mix of the products they are using different than the core TurboTax customers, at least what you're seeing early on?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, what I would share with you that we've learned about the Credit Karma base is a big portion of their customer is actually using assisted method. And that is actually what is exciting to us. Now, because they have 110 million members, you can imagine that a strong cross section of folks in the US whether Latinx, Self Employed, those that are our retail investors. So that cross section is generally consistent with the customers we serve in TurboTax today. What's different is we've got a good majority of those customers that in the prior year used an assisted method.

Q - Kartik Mehta {BIO 2038331 <GO>}

Thank you. I appreciate it.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah. You're very welcome.

Operator

Thank you. Our next question comes from Siti Panigrahi of Mizuho. Your line is open.

Q - Siti Panigrahi {BIO 17888514 <GO>}

Thanks for taking my question. I wanted to ask about the feedback you got from that product-based businesses mainly QuickBooks Commerce that you launched a few months back. That seems like that's an acquisition from trade gecko mainly has order into inventory, I'm wondering like how far you can expand that offering. It feels like you can become the back-office platform for this kind of businesses?

So what sort of opportunity you are seeing, and what sort of feedback we got so far?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, sure. Thank you, Siti. First of all, we're very excited about QuickBooks Commerce, and it's also very, very early innings with QuickBooks Commerce. And the acquisition we just made with OneSaas actually allows us to bring data into the platform from marketplaces, from POS providers, from fulfillment apps. And so it really actually helps us -- help the customer understand how they're doing and their profitability, which is what's most important for the customers.

We actually had to restrict from the top of the funnel to ensure that we can nail the customer experience. And so our focus first was ensuring that we can serve new customers that don't use our inventory today. Our next focus will be existing QuickBooks customers that don't use any of our inventory capabilities. And then third will be existing QuickBooks customers that actually do use our current inventory capabilities. And the reason that's important is we want to ensure that if a customer already has the inventory that we can easily think all the product catalog and product numbers and to keep their books clean.

So net-net, we're just getting started. We had to restrict the top of the funnel because of the demand and the excitement that was out there because we want to be very intentional in terms of building out the capability. Very early indicators are positive with the number of customers that we have on our platform. But again, think about QuickBooks Commerce, think about QuickBooks Cash as these are long-term plays in terms of when and how they will deliver growth. But so far, we're bullish about the early indicators.

Q - Siti Panigrahi {BIO 17888514 <GO>}

That's correct. Thank you, Sasan.

A - Sasan Goodarzi {BIO 15750219 <GO>}

All right, thank you, Siti.

Operator

Thanks. Our next question comes from Brad Reback of Stifel. Your line is open.

Q - Brad Reback {BIO 3441314 <GO>}

Great, thanks very much. Michelle, as we think about free cash flow generation over time, is there any reason it shouldn't closely mirror operating income growth?

A - Michelle Clatterbuck {BIO 20314804 <GO>}

I'm sorry, can you repeat that, Brad? I didn't hear the last part of it.

Q - Brad Reback {BIO 3441314 <GO>}

Sure. As we think about free cash flow generation over time, is there any reason it shouldn't mirror operating income growth?

A - Michelle Clatterbuck {BIO 20314804 <GO>}

No, there shouldn't be any real big reason why you should see that, no.

Q - Brad Reback {BIO 3441314 <GO>}

Okay, that's great. And then maybe one quick technical one, Sasan. You talked about QuickBooks Live retention getting better. Is that meaningfully different than QuickBooks Online retention right now?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, the biggest thing -- well, first of all, it's very early days. So we look at more cohort of customers versus the aggregate numbers. The biggest reason we're so focused on retention right now with QuickBooks Live is we're focused on understanding customer needs, and really nailing the experience because with QuickBooks Live, there are customers that come in to get set up.

There are customers that come in that want us to provide them advice, and they're just -- they're looking for bookkeeping advice. There are customers that actually want us to do their taxes for them, and run their books for them. And what we're really being intentional about is understanding what are the needs, what are the expense that we need to deliver and what does that look like on the platform, which is why you heard me mention retention. Retention, right now, is more focused on cohorts, and it is lower than QBO only because we're looking at different cohorts of customers and their needs are very different.

And before we really open up the top of the funnel, we want to make sure that every customer loves the experience that they're getting from us on QuickBooks Live, and the team is just innovating like crazy to close some of the gaps. And so we're excited about the possibilities.

Q - Brad Reback {BIO 3441314 <GO>}

Great, thanks very much.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah. Thank you.

Operator

Our next question comes from Arvind Ramnani of Piper Sandler. Your line is open.

Q - Arvind Ramnani {BIO 16074436 <GO>}

Thanks for taking my question. I wanted to follow up on a question that was asked earlier around kind of the increase in brokerage accounts, and I just wanted to ask what potential left from crypto users. This will be the first time this users will need to -- some of them will be first time filers, but many of them will certainly be adding the kind of the added product for capital gains or losses, are you seeing any kind of lift from this segment of users?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, Arvind, it's not particularly just on the crypto users. We're just -- there are just millions more of customers that are doing their own trading in the US, and outside of the United States, and come tax time, they need to be able to do their taxes. And so we're just seeing a increase in our Premier product both with Live because if you need assistance, you can use Live, and if you want to do it yourself, you just use, of course, our premier do-it-yourself product. So we're seeing an overall increase based on an increase in retail investing. I couldn't call out something that's a material on the crypto side.

Q - Arvind Ramnani {BIO 16074436 <GO>}

Great. And when you think about the kind of the lift in revenues, I mean -- I'm not looking for a specific quantification, but directionally, are you expecting more of a lift from increased ARPU or increased users?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, you know, the way we designed our long-term growth rate is on the under-penetrated segments, which is investment to maybe the Self-employed and Latinx, and it's TurboTax Live. And with TurboTax Live, just by design, it has a higher ARPU. Now, right now, we are so early in the shaping of the category and being able to acquire our customer is that -- the best thing for you all to anchor on is what we shared at Investor Day, which is our long-term expectation just from the tax side is 8% to 12%. And probably the largest driver of the higher end is ARPU. And just know that we're being very intentional about right now, raising awareness, both with our campaigns, but the free expertise that we are providing for those that have very simple returns. Just to create awareness in the category, but in the long term, it's ARPU because of the assisted segment.

Q - Arvind Ramnani {BIO 16074436 <GO>}

Perfect, thank you.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Now, very welcome.

Operator

Our next question comes from Michael Millman of Millman Research. Your line is open.

Q - Michael Millman {BIO 1494618 <GO>}

Thank you very much. Couple of questions, you took -- you mentioned that Credit Karma was getting some business from assisted. Can you talk about if that normal switching around between different methods, or if this is particularly a Credit Karma type business activity?

Secondly, can you talk about, and maybe do this, whether you can use (inaudible) to kind of speed up some of this movement, particularly from assisted? And I guess -- well, let's start with those.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yes. Sure, Michael, thank you for your question. And the point I made earlier was twofold. One, that this is a learning year for us, and launching TurboTax was part of the Credit Karma platform. And we're just running a lot of experiments to make sure that we can deliver a fantastic experience before we go big in the out years.

But the second comment that I made is that a good portion -- we've not divulged the number of Credit Karma members use the assisted segment, and it's very much connected to when you look at, there is $155 million or $160 million IRS returned, $86 million are in the assisted segment. Proportionality, it's the same thing within the Credit Karma base. So that's the point that I was making earlier.

To your second question, about (inaudible) it's really the biggest driver of getting a customer to use a digital platform is actually confidence. And not early access to their money. They have to first have confidence that they can get their taxes done right with you, which is where our experts and expertise comes in. And that's really where a lot of our investments are going. We also provide early access to your refund, but really the big driver is about ensuring that we deliver confidence to our experts.

Q - Michael Millman {BIO 1494618 <GO>}

Do you see big opportunity, add money to -- the confidence over to eliminating (inaudible) kind of money?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah. We will -- first of all, we are really focused on getting these customers to come to our platform by ensuring that they know that they can get access on experts. But confidence is first and foremost, and of course, there are different methods that we can help these customers get early access to their refund that's very, very consumer friendly.

So the answer is yes, but it's secondary to providing expertise to these customers to use the platform.

Q - Michael Millman {BIO 1494618 <GO>}

Great. I appreciate it. Thank you very much.

A - Sasan Goodarzi {BIO 15750219 <GO>}

All right, Michael.

Q - Michael Millman {BIO 1494618 <GO>}

And stay safe.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Thank you so much. Thank you. You do the same, and thank you everybody. I know we ran a little bit over. Appreciate everyone's questions. I wish everyone well. Stay safe. Until next time. We'll talk to you next quarter. Thank you everybody.

Operator

Ladies and gentlemen, thank you for participating. This concludes today's conference call.
