

Q4 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

- Alex Zukin, Analyst
- Brad Reback, Analyst
- Brad Sills, Analyst
- Brent Thill, Analyst
- Jackson Ader, Analyst
- Kash Rangan, Analyst
- Keith Weiss, Analyst
- Ken Wong, Analyst
- Kirk Materne, Analyst
- Matt Pfau, Analyst
- Michael Millman, Analyst
- Michael Turrin, Analyst
- Scott Schneeberger, Analyst
- Siti Panigrahi, 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 Fourth Quarter and 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 fourth quarter fiscal 2020 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 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. We had a very strong fourth quarter capping off an outstanding year. Full year revenue grew 25%, including the addition of Credit Karma. Total revenue growth was fueled by 16% growth for the Small Business and Self-Employed Group and 14% growth for the Consumer Group, while Credit Karma had a very strong year delivering another record quarter in Q4. Combined platform revenue, which includes QuickBooks Online, TurboTax Online and Credit Karma grew 39% to \$6.6 billion in fiscal year 2021. This includes 18 points from the addition of Credit Karma.

I'm proud of the -- what the team has accomplished this year and our game plan to win remains durable. Let me now turn over to tax. This year marks our fourth consecutive year of double-digit revenue growth. We've built a durable strategy and, we've made outstanding progress this year with customer growth of 6% and our share of total returns up approximately 1 point. We extended our lead in the do-it-yourself category by focusing on under penetrated segments including investor customers, where we tripled the growth rate from last year. We continue to transform the \$20 billion assisted segment with TurboTax Live accelerating total customer growth by nearly 100%. We have highly predictable model and a platform with significant runway for growth as we accelerate innovation.

Recently, we announced plan not to renew our participation in the IRS Free File program. We expect no impact to revenue from this decision. I want to make sure that you understand how this decision fits within our overall strategy. Free offerings are critical part of our strategy to serve and grow with customers over time offering benefits to power their prosperity. Intuit has delivered nearly \$100 million free tax filings over the past eight years and with nearly 90% of those free tax filings coming outside of the IRS Free File program. Looking ahead, with no IRS Free File program constraints, customers can enjoy all of the innovation we have to offer on our TurboTax, Credit Karma and Mint platform. Our AI-driven expert platform strategy and five Big Bets are driving strong momentum and accelerating innovation across the company. These Big Bets are focused on the largest problems our customers face and represent durable growth opportunities for Intuit.

FINAL

As a reminder, these Big Bets are revolutionize speed to benefit, connect people to experts, unlock smart money decisions, be the center of small business growth and disrupt the small business mid market. Today, I'll highlight the notable progress we've made this quarter on three of these Big Bets and will provide a detailed update on all five Big Bets at Investor Day next month. 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, who have previously relied on in-person assistance, the opportunity to access tax experts to help them do their taxes or complete their return digitally.

This expertise provide confidence for consumers and creates a halo effect for our entire TurboTax experience. The TurboTax Live funnel was strong this season. Customer awareness grew over 20% and TurboTax Live customers new to Intuit grew more than 100%. Our full service do it for me offering attracted new customers from the assisted segment at a rate nearly 25% higher than our TurboTax Live to do it with me offering. Our third Big Bet is to unlock smart money decisions. With Credit Karma's data platform and powerful network effects, we're making progress towards our goal of creating a personal financial assistant that helps consumers find the right financial products, put more money in their pockets and access financial expertise and advice. To deliver on this goal, all 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 digital money offering, such as savings and checking accounts.

Credit Karma also provides an additional monetization engine increasing our combined wallet share with both free and paying customers. Credit Karma achieved another record high revenue quarter in Q4, with the number of members reaching a new all-time high fueled partly by the TurboTax integration and monthly active users and frequency of member visits remain strong. Within the core, credit card and personal revenue achieved another record high on a combined basis, reflecting an increase in transactions per member.

The growth verticals also achieved an all-time revenue high again this quarter reflecting strong momentum in auto insurance followed by home loans and auto loans. And we're developing the emerging verticals by -- emerging verticals by focusing on innovation with Credit Karma Money, part of our digital money offering. Just this past month or just this month, we announced the integration of QuickBooks Online payroll to deliver a better checking experience to a portion of our small business employee that help them manage all aspects of their financials all in one place. These results are evidence that successful innovation drives Credit Karma members to the platform, creating more opportunities to connect them with products that are right for them, resulting in more monetization opportunities for Intuit. The all-time highs we achieved are driven by focused innovation in both bolstering our proprietary AI powered Lightbox technology and investing in growth verticals such as home and auto as well as pent-up demand from our partners. Lightbox enables Credit Karma to present offers to members and have a higher likelihood of approval.

FINAL

Partners usage of Lightbox in Q4 is now at an all time high with over 50% of credit card and over 40% of personal loan transactions flowing through versus less than 40% and 20% a year ago. This is the power of a network effect solving a two sided problem. We expect pent-up demand across the core verticals to taper this coming year after a very strong year of investments by our partners, returning to pre-COVID investment levels.

I'm very pleased with our progress and excited about the upcoming innovations. I'll end by circling back to our first Big Bet, which is our foundational bet to revolutionize speed to benefit for our customers. Our goal is to put more money in our customers' pockets, eliminate friction and deliver confidence at every touch point by using AI and customer insights.

This year, we accelerated our use of AI increasing the number of models deployed across our platform by nearly 50% saving our customers millions of hours of work. Our application of AI has dramatically increased the number of experiments we ran by more than 35% this year, made it easier for our TurboTax customers to never enter data saving them millions of hours of manual entry and modernize our payroll offering tripling release velocity.

We are very pleased with our results and remain confident in our game plan to win accelerated by digital tailwinds. Across all of our Big Bets, we're building momentum and accelerating innovation, which we believe positions us well for durable growth in the future. We will continue to invest aggressively including in key talent to drive even faster innovation going forward.

Now, let me hand it over to Michelle.

Michelle Clatterbuck {BIO 20314804 <GO>}

Thanks, Sasan. Good afternoon, everyone. For the fourth quarter of fiscal 2021, we delivered revenue of \$2.6 billion. GAAP operating income of \$402 million versus \$483 million last year. Non-GAAP operating income of \$715 million versus \$616 million last year. GAAP diluted earnings per share of \$1.37 versus a \$1.68 a year ago and non-GAAP diluted earnings per share of \$1.97 versus \$1.81 last year.

Turning to the business segments. In the Small Business and Self-Employed Group, revenue grew 19% during the quarter and 16% in fiscal 2021. Online Ecosystem revenue grew 30% in the fourth quarter and 26% for the year. With the aim of being the source of truth for small businesses, our strategic focus within Small Business and Self-Employed is threefold, grow the core, connect the ecosystem and expand globally.

First, we continue to focus on growing the core. QuickBooks Online accounting revenue grew 28% in fiscal Q4, driven mainly by customer growth, mix shift and higher effective prices. Second, we continue to focus on connecting the ecosystem. Online services revenue, which includes payment, payroll, time tracking and capital grew 35% in fiscal Q4. Within payments revenue growth reflects ongoing customer growth, along with an increase in charge volume per customer. Within payroll, we continue to see revenue

Bloomberg Transcript

tailwinds during the quarter from growth in payroll customers and a mix shift to our full-service offering. During the quarter, we continued migrating customers to our new full service line up, which added approximately 5 points to online services growth.

We're also seeing the number of employees per customer back to pre-pandemic levels. Third, our progress expanding globally added to the growth of Online Ecosystem revenue during fiscal Q4. Total international online revenue grew 47% on a constant currency basis. We believe the best measure of the health and success of our strategy is Online Ecosystem revenue growth, which we expect to grow better than 30% over time.

This is driven by 10% to 20% expected growth in both customers and ARPC. Desktop Ecosystem revenue grew 5% in the fourth quarter and 4% for the full year. QuickBooks Desktop Enterprise revenue grew mid-single digits in fiscal 2021. Consumer Group revenue grew 14% in fiscal 2021 above the high end of our longer-term expectation of 8% to 12%. Fiscal 2021 was the fourth consecutive year of double-digit revenue growth for the Consumer Group. TurboTax units grew 6% this season.

There are four primary drivers in our consumer business. Note that these metrics exclude approximately 8 million stimulus filings last season. This data reflects the season through July 31, 2021 versus the prior season through July 31 2020. The first is the total number of returns filed with the IRS, which we estimate will be up approximately 3% this season, higher than our prior estimate of up approximately 1%. The second is the percentage of those returns filed using do it yourself software.

We estimate the DIY category share of total IRS returns was down slightly this season versus our prior estimate of approximately flat. The third driver is our share. Our share of total tax returns expanded approximately 1 point to 31% this season, and our share of the DIY category grew approximately 1 point. Our total share excluding Free File customers this season, was approximately 29%. The fourth is average revenue per return, which increased again this season. This growth reflects the stronger contribution by TurboTax Live and mix shift to our premier offering, which is used by investors. We estimate our retention rate rose slightly year-over-year excluding filers seeking stimulus payment last season that didn't return again this season and, we're pleased with these results. Including these filers, we estimate total retention was down approximately 2 point.

Turning to the ProConnect Group, we reported \$517 million of revenue in fiscal 2021, up 5%. Moving on to Credit Karma. Revenue was \$405 million in Q4 another all-time high reflecting record highs for both the core and growth verticals. Sequential growth predominantly reflects strength in credit card and personal loans as transactions per member increased. As Sasan shared earlier, we expect pent-up demand across the core verticals to taper sometime in fiscal 2022, after a strong year of investment by our partners.

We remain excited about the opportunities ahead for this platform. 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 see the opportunity for margin expansion over time. 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 reallocate 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 road map. 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 \$3.9 billion in cash and investments on our balance sheet.

We repurchased \$467 million of stock during the fourth quarter and \$1 billion during fiscal 2021. The Board approved a new \$2 billion repurchase authorization, giving us a total authorization of approximately \$3.3 billion to repurchase shares. Depending on market conditions and other factors, our aim is to be in the market each quarter. The Board approved a quarterly dividend of \$0.68 per share payable October 18, 2021. This represents a 15% increase versus last year. Moving on to guidance. Our full year fiscal 2022 guidance includes revenue of \$11.05 billion to \$11.2 billion growth of 15% to 16% including a full year of Credit Karma. GAAP earnings per share of \$7.46 to \$7.66 and non-GAAP earnings per share of \$11.05 to \$11.25. We expect a GAAP tax rate of 20% in fiscal 2022. Note that our revenue guidance for Credit Karma of \$1.345 billion to \$1.38 billion translates into 18% to 21% growth if we had a full year of Credit Karma revenue during fiscal 2021.

I'd like to provide some additional context around our operating margin expectations. As I've shared before, we continue to see opportunities to leverage the platform and drive margin expansion over time. However, our guidance implies GAAP operating margin decline just over 2 point in fiscal 2022 versus fiscal 2021.

This reflects the impact of the Credit Karma acquisition along with investments we're making in stock compensation to attract and retain talent. We are confident these are the right decisions to drive long-term growth. On a non-GAAP basis, our guidance implies operating margin in fiscal 2022 expand approximately 60 basis points. As I shared last quarter, fiscal 2021 was a very unique year as we took a conservative approach to investment during the first half of the year when we were deep in the pandemic and then the business started to bounce back more quickly than we anticipated in the second half.

Our fiscal 2022 non-GAAP operating margin implies on average a point of expansion each year since fiscal 2019, even though our initial guidance after closing the Credit Karma acquisition included a negative 2 point non-GAAP operating margin impact. We continue to see margin expansion opportunities ahead.

Our Q1 fiscal 2022 guidance includes revenue growth of 36% to 38%, GAAP earnings per share of \$0.14 to \$0.19 and non-GAAP earnings per share of \$0.94 to \$0.99. You can find our full Q1 and fiscal 2022 guidance details in our press release and on our fact sheet. And with that, I'll turn it back over to Sasan.

Sasan Goodarzi {BIO 15750219 <GO>}

Super. Thank you, Michelle. I'm proud of the team and all, we've accomplished together and I'm optimistic about the future. We have a large addressable market with digital tailwinds that include a shift to virtual solutions, acceleration to online and omnichannel capabilities and digital money offerings. With our strategy of becoming an AI driven expert platform and five Big Bets, we are positioned well for accelerated innovation and growth.

Let's now open it up to your questions.

Questions And Answers

Operator

(Operator Instructions)

Our first question comes from the line of Kirk Materne of Evercore ISI. Your line is open.

Q - Kirk Materne {BIO 57711115 <GO>}

Yeah, thanks. Thanks very much and congrats on a great fiscal year. Sasan, in the press release, you guys called out sort of online payments and payroll as two really important growth factors for small business. I was wondering if you could just unpack those a little bit more. What are you seeing there and how sustainable do you think those trends are around those two parts of the offering? Thanks.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah. Thanks, Kirk and good to hear from you. I'll just take us back to several years ago when we talked about the importance of having a platform that really allows our customers to not only grow their business, but to be able to manage their money and ensure that they are compliant and we've been heavily investing in payments, making it very easy for our customers to discover, making sure that we provide them with choice, accelerating our innovation in areas like instant deposit getting paid upfront, those sorts of things. And we -- that along with our investments in payroll similar areas, where we've really focused on making the experience far better innovating in things like same day payroll or next day payroll, the shift to full service, where we have experts to help run your payroll and help you with your taxes. Those are just of course two very big and important illustrative examples, where those innovations are really continuing to accelerate and beginning to pay off especially in a time, where we have digital tailwinds, where you have customers that are looking to move online, do more of their stuff online, if they're already online and that is starting to pan out, when you look at our overall services revenue, whether it's payroll, payments, time tracking all of those areas are contributing, and I think to your question, yes, this is sustainable. We are continuing to become the platform that customers look to be able to run their business.

Our innovations are starting to pay off and we're not standing still. Our innovations are in fact accelerating, and we would continue to expect that, we'll be there for our customers and and grow with them and I think, last thing I would say, especially with our move into the mid-market, where we're starting to serve larger customers, those are larger transactions and as we continue to penetrate non-consumption in the mid-market, we will continue to see that pay off.

Q - Kirk Materne {BIO 5771115 <GO>}

That's great, maybe just one follow-up for Michelle, on just the Credit Karma guide. I realize, you guys called out the fact that there is a bit of pent-up demand on the back half of this year, your fiscal year. How should we think about that in terms of just the cadence of the growth over the course of the year, obviously, it's little bit lumpy given the -- we don't have full sort of year-over-year comps yet. But I was just kind of curious, how you -- how we should maybe think about either first half-year versus second half or any color around that would be helpful. Thanks.

A - Michelle Clatterbuck {BIO 20314804 <GO>}

Hey, Kirk. Thanks for your question. Yes. We're pretty excited about Credit Karma and as we continue to look forward. Q4 was just, they're all-time high for revenue, and so we felt really good about that as we see strength in both credit cards and personal loans and transactions per member increasing. And, yes, you're right.

As you heard, Sasan said, we did see some of the pent-up demand. We expect that will taper in fiscal 2022. We had a pretty strong year of investment by our partners and so we do expect that to return to more pre-COVID investment levels. As to how you might think about that across the year, there's not a whole lot of seasonality within CK.

So, but we -- obviously, we haven't guided the individual quarters that except for Q1, but we are pretty excited about what we see and we think, there is still a lot of opportunity for Credit Karma next year.

Q - Kirk Materne {BIO 5771115 <GO>}

Super. Thanks very much.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Thank you.

Operator

Thank you. Our next question comes from Ken Wong of Guggenheim Securities. Please go ahead.

Q - Ken Wong {BIO 20723645 <GO>}

Great, thank you for taking my question. And I echo the sentiments on the strong year. First, maybe just touching on payroll. I think, Michelle, you mentioned 5 points of growth

contribution on the online services side. Should we think of this as a tough comp or would you say that we're still very early in driving adoption of full service and we could potentially see this be additive longer term?

A - Michelle Clatterbuck {BIO 20314804 <GO>}

I'm sorry, I wasn't sure if that was for me or for you [ph].

Q - Ken Wong {BIO 20723645 <GO>}

I think, either you or Sasan more than (Multiple Speakers) answer that question.

A - Sasan Goodarzi {BIO 15750219 <GO>}

You know what, I'd be happy to chime in and Michelle, please don't hesitate to jump in as well. First of all, I would just take you back to our longer-term expectations is to deliver 30% online revenue growth and there is always going to be puts and takes relative to payments and payroll and accounting revenue. So please let your sort of Uber Compass be 30% online revenue growth. With that said, as I mentioned earlier, as I was answering Kirk's question, we are seeing the impact of our innovations pay off and more and more of our customers are migrating to full service payroll, more of our customers are actually wanting to get started on full service payroll because of the capabilities that it has and it comes with expertise to help them solve the very problem, that frankly is the biggest problem that that is unsaid and that is about confidence.

So we have runway ahead of us, Ken, when it comes to payroll and I would just say, your compass should be 30% online revenue growth.

Q - Ken Wong {BIO 20723645 <GO>}

Got it. Fantastic. And then just a quick follow-up on the tax side. At a high level, any attempts to possibly share what some of the components of that 10% to 11% consumer growth is going to be coming from next year?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, Ken and we will of course unpack this, to a more detailed level at our upcoming Investor Day. I would just tell you that I am delighted with our continued strategic progress and that will really feed into our future growth, which I think is the element of your question. When you -- I mean, when you think about our performance, I know, I'm repeating some of the stats but I think, they are worth repeating. One, we increased our total share of IRS returns by 1 point.

The two areas that really matter most that we are focused on underpenetrated segments and transforming the assisted segments, we saw really superb results. Our overall investor volume tripled year over year, TurboTax Live awareness increased 20%, our total customers grew a 100%, our new customers to the franchise to TurboTax Live grew over a 100% and with our full-service offering, it actually attracted new customers from the prior year assisted segment at a 25% higher rate than TurboTax Live do it with me and our retention rate stayed flat to a little bit up overall.

So, when you look at all the key sort of metrics, knock on wood, it's very, very healthy, and we expect that to inform next year's growth and we do assume by the way that IRS returns is going to be about flattish next year. So that's probably one important assumption that's worthwhile sharing, but this is just a continuation as you probably heard me say multiple times, we're on a 10-year plus run in these opportunity areas that we're focused on and next year is just going to be another sort of important pivotal year in our quest to transform assisted and penetrated the underpenetrated segment.

Q - Ken Wong {BIO 20723645 <GO>}

Great, fantastic work, guys.

A - Sasan Goodarzi {BIO 15750219 <GO>}

All right, thank you, Ken.

Operator

Thank you. Our next question comes from Keith Weiss of Morgan Stanley, your question please.

Q - Keith Weiss {BIO 6993337 <GO>}

Excellent. Thank you guys for taking the question and I echo on the congratulations, really strong and to what was a pretty remarkable fiscal year for all the team at Intuit. I wanted to dig into the FY '22 guide a little bit, particularly around small business. Michelle, you've been talking about sort of a return to 30% plus growth in the Online Ecosystem side of the equation, but if I'm doing my math right and that's probably a big part of the equation here, if I could actually doing that [ph]. But if I'm doing my math right and, we're growing online 30% plus, that would imply with your guide that desktop is actually now shrinking and down 10% in FY '22 or 10% plus. Is something changing in desktop or am I just doing my math wrong or sort of how should we think about that balance between sort of what had been a very durable sort of revenue stream in desktop and a ramping online business.

A - Michelle Clatterbuck {BIO 20314804 <GO>}

Hi, Keith. Thanks for your question. Well, first of all, I'd say, we've been really excited about how small business has performed this year and obviously, you can see with next year with our guide of 12% to 14%, we feel that it will be strong next year also. So we feel that you really need to continue to look at Online Ecosystem revenue growth and we do expect that to be 30% or better over time and we haven't guided to it. We don't do it quarterly but we do expect it to be there over the longer term and being driven by the 10%, 20% growth in both customers and ARPC. Now when I go to the other side, which you were asking about around desktop. Desktop, we have over time, we -- over the last two years, we've seen some growth in it and obviously, this past year in 2021, we saw 4% growth, but we do anticipate that that will just continue to decline over time. We've got more and more customers as they come in, they choose the online versions and so you've got 8, 9 out of 10 customers that come in and choose QBO.

So that's where I would help you with your math on that.

Q - Keith Weiss {BIO 6993337 <GO>}

Got it. And just to be clear, is there any kind of structural change in terms of trying to more aggressively shift people from the desktop version to the online version or is this just sort of normal course business and this is the trend line that you've been seeing over time?

A - Michelle Clatterbuck {BIO 20314804 <GO>}

We have, we've chosen not to force people to move onto online. We do think that there is a much better value proposition and they just have much better experience, if they're using our online products but we want them to use whatever works for them, but we have seen more and more people as they choose desktop, they are choosing the plus product, where they have the subscription.

And so that is part of what we -- what we've been seeing.

Q - Keith Weiss {BIO 6993337 <GO>}

Got it. Excellent. Thank you so much, guys.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Thank you, Keith.

Operator

Thank you. Our next question comes from Alex Zukin of Wolfe Research. Your line is open.

Q - Alex Zukin {BIO 18006605 <GO>}

Hey guys, thanks for taking the question. I echo again all the congratulations that are in order. I wanted to start with just digging a little bit on Credit Karma. Since the growth is so much better than I think we've been modeling and anybody is really been thinking. I want to maybe unpack both in the quarter and also in the guidance, what -- are you starting to see synergies that you're realizing whether it's monetizing your -- the Intuit free user base with Credit Karma or whether it's cross-selling to the Karma base and then I have a quick follow-up on the margins.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Sure, Alex, great to hear from you. Thank you for your kind comments. On Credit Karma, let me just, I'll briefly start at the top in terms of what we are seeing and first of all, the accelerated innovation that we are seeing with Credit Karma is really paying off and that accelerated innovation is how we're using our combined data to be able to deliver personalized experiences leveraging Lightbox for customers. It's then ensuring that we're providing relevant offers to customers in the areas that they need it most and now, we can provide multiple relevant offers, whether it's cards, personal loans, auto insurance, home loans and beyond.

But I think then more importantly than when they -- the offers in front of them, we have the ability to actually help them with the -- the potential of their approval, make it very easy when they click to actually get the offer. So those are all critical areas of innovation that are really paying off, and I think, it's a testament to the platform that when our partner decided to really go after a customer acquisition that they invested a good chunk of their dollars on the platform and it just demonstrates the network effect and the power of the data and the trust of the members that we have.

So that's the first element that we just believe will continue given our accelerated innovation because, our -- ultimately our penetration rates, maybe one of the highest in credit cards, but it's one of the lowest when you look at auto insurance. We have so much room for increased wallet share. In terms of synergies, Alex, we're actually quite bullish about the possibilities into the future and I would want you to think about those synergies into the future, and there are really several areas of synergy, one is really making Credit Karma benefits part of the entire TurboTax experience that's one big opportunity.

The other big opportunity is making it seamless and contextual in terms of TurboTax as part of the Credit Karma experience to be able to do your taxes, and then third, what we just announced, which is Credit Karma being part of the payroll experience, where our payroll customers can actually deposit their money into a free checking and savings account, and be able to access their money early over time if they wish.

So those are significant opportunities because there, you're talking about millions and millions of TurboTax customers, payroll customers and of course over -- well over 100 million Credit Karma customers that we're going to launch TurboTax to this past year, and as I'll remind us, it feels like a long time, but we just closed Credit Karma in December. These past 8 months, we have been experimenting with incredible purpose, incredible speed and incredible intention and it's informed, what we are rolling out and what we're doing in the year to come. I would just say, in terms of those things turning into sort of material customer and revenue growth, there -- we're not counting on that in the near term, we're counting on that more on the mid term, because we want to really continue to nail the experience and create an ecosystem benefit across all of our members.

So that's the way I would want you to think about not only what you're seeing in Credit Karma but the growth rates that are ahead of us.

Q - Alex Zukin {BIO 18006605 <GO>}

That's super clear and I appreciate the level of detail in that answer, Sasan. Michelle maybe for you. I know myself, I was dealing with lot of questions around margin leverage potential on the guide and versus the level of investment that you guys clearly see as an opportunity in the business, but I think you delivered, I think it was your best incremental operating margin leverage guide in the last few years at least.

So I want to unpack both what you're trying to tell us with the ability to deliver both growth and margin leverage at this scale and unpack it if you can from a gross margin versus OpEx savings perspective, right. I know, I remember few years ago, there was fear with lives, particularly coming into the model, it would be gross margin dilutive and yet,

yeah, the gross margins have actually improved this year. So I want to understand a little bit about, when you think about that incremental margin leverage, where is it coming from and how should we think about the durability of that opportunity?

A - Michelle Clatterbuck {BIO 20314804 <GO>}

Right. Great question, Alex and thank you. First of all, well thank you for acknowledging the margin delivery, we have this year. As you mentioned, gross margin and we have continued to say that we expect gross margin to remain fairly flat over time. You're right, we did have a lot of questions as we got into the TurboTax Live business as to, whether that was going to deteriorate margins, but it has remained flattish over time.

I mean that was the last expectation, we gave -- that I gave last year at Investor Day and our big focus is obviously then on op margin, and we see the opportunities there and continue to see opportunities to drive margin leverage really as we become more and more of a platform company. FY '21 was a little, a little unique in that with the pandemic and full swing at the beginning, we weren't exactly sure how -- exactly how things are going to play out and we were a little bit more conservative with investment and then the business ended up bouncing back much more quickly than we thought.

So as I mentioned earlier, when you look over all the way back from 2019, we've got about, on average a point of margin expansion and so we feel really good about that, and especially with our guide looking forward of 60 basis points. So, when I think about where we'll see the expansion now, it is really all across the business is helping us drive getting leverage, whether it's in technology and looking at how we can get rid of duplicate technology and use services more whether it's in customer success and really leaning into a platform there to deliver for all our customers or opportunities we have in our go-to-market and enabling additional technology there. So we do think that we continue to have opportunities to drive that leverage.

Q - Alex Zukin {BIO 18006605 <GO>}

Perfect. Thank you guys, great job.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Thank you, Alex.

Operator

Thank you. Your next question comes from Brent Thill of Jefferies, your line is open.

Q - Brent Thill {BIO 1556691 <GO>}

Sasan, if you could expand on the small business side and what you're seeing on the international approach in the traction beyond the US and how critical that is to this next year for you and maybe just a quick follow-up for Michelle on QuickBooks Live, if you can give us an update in terms of traction and any trend lines you're seeing there. Thank you.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Great. Hey, Brent. Just a follow-up question. The last question that you asked about trend lines were those just general trend lines that we're seeing in small business. I want to make sure, we captured your question correctly?

Q - Brent Thill {BIO 1556691 <GO>}

More specific -- more specifically to QuickBooks Online and (Multiple Speakers) QuickBooks Live, my apologies, QuickBooks Live.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Got it. Okay, great. So let me start with your question around international. First of all, as I mentioned in the last earnings call and I think the same trend continues. One thing that's unchanged is small businesses across the globe are still recovering, some have recovered to back to pre-COVID levels.

Some have actually accelerated their business because, they changed the model, but at least what we see in our sort of data, 20% of-ish of small businesses are still struggling. And struggling is defined by, they have their net deposits are down over 25%. So I think, it's important just as a general perspective to recognize that small businesses are in general still in recovery mode. What that said, our platform has become more critical than ever and the digital nature of our platform to be able to run your business, grow your business, manager your cash flow and be compliant is more important than ever, which is why based on our innovation overall, we're seeing this acceleration, and then if I put that in context of geography, I would say US has really bounced back in terms of the usage of our platform, and in fact an acceleration probably above all has happened in the US.

I would say, Canada is sort of next in terms of the recovery and I would just put countries like the UK, France, Australia as really being much much slower in the recovery and really the reason is, as you've seen there is a lot of open shutdown, open shutdown and that's really impacted just the sentiment of both accountants and small businesses, but even in that context, it's actually quite exciting that we delivered 47% revenue growth in constant currency last quarter and 43% for the whole year. But with that said, we're assuming a much slower recovery international, than we are in the US, because I think, it's just really important that we get out of this health crisis, and then once we do, we believe the small businesses will allow -- will bounce back much much faster outside the US. International is still important for our future but what I just shared is just how we've taken that into account strategically and both economically in our guidance as we look ahead and maybe with that, I'll turn it over to Michelle to answer your QuickBooks Live question.

A - Michelle Clatterbuck {BIO 20314804 <GO>}

Great. Hey, Brent. I would say, we're continuing to make some progress with QuickBooks Live. It actually goes back to what I mentioned earlier on the opportunities for our platform leverage because, it's actually built on the same platform as TurboTax Live and that's what enabled us to bring to market so much more quickly. Right now, we're still focused on achieving product market fit, seeing some early signs here as a way to bring in customers who are new to Intuit, so help us with customer acquisition and we do think

that there is a great opportunity for us to use the live product to help penetrate non-consumption, which as you know, is a huge opportunity.

The pandemic over this last year has really been an opportunity as we see in the acceleration to a virtual world and so obviously, customers are much more anxious to or much more open to using these types of experiences and so our platform really enables that. It does solve, one of the biggest problems we have with small business customers, which is confidence. You also see that on the TurboTax side too. Our expert [ph] interest has continued to remain really strong and so that's been a good thing for us to see. A few customer pain points we're currently working on is on solving and streamlining and automating document collection and then enabling messaging within the offering, so customers can more easily communicate with their bookkeeper. And then last thing I'd say is, last year we launched a set up skew so that we could really help small businesses come in, get set up on QuickBooks and have that confidence right from the get-go, and we've seen some good success with that.

Q - Brent Thill {BIO 1556691 <GO>}

Thank you.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Thank you, Brent.

Operator

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 an exciting finish to the fiscal year. Sasan, I wanted to get your thoughts on the small business ecosystem. As you look at the business a few years out, and it looks like clearly the companies have an increasing success with payroll and payments, but I'm curious, the outages with a [ph] small businesses perpetually underspent on IT, but that could be changing with digital transformation.

So as you move slightly up market in small business and land bigger deals with QuickBooks Advanced, what are the things that you're learning about that part of the market that suits Intuit particularly well given that you've got a wide range of assets AI, Credit Karma et cetera. So how do you bring those assets to bear in a way that you can get a big chunk of the IT spending that is -- that could potentially be unleashed in the higher end as you move up market in the small business ecosystem. Thank you so much.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, great question, Kash and great to hear from you. I'll take you back to the Bet that we have declared, which is we truly want to be the center of small business growth and for us, it's really about helping customers grow their business, it's helping our customers manage all of their money flow and it's also ensuring that they can take good care of their

FINAL

employees and be compliant. And I think, particularly, there are two areas to answer your question, as we move up market, but it's also relevant, one of them is very relevant to just a smaller businesses that we're continuing to focus on and that is one, how do we help you grow your business. That's both relevant to the businesses that we serve today, but also very relevant to the mid-market customers. And so, to be able to manage your -- your marketing, your sales, your services is one element.

I think the other element, which is particularly important for mid-market customers is just all their G&A and we believe that the live platform that we've created, the engines that we've created will actually help us go beyond bookkeeping, taxes and accounting to be able to focus on some of their and how they run their business and particularly around G&A.

So those are the two areas.

Q - Kash Rangan {BIO 22095432 <GO>}

Wonderful. Thank you so much and congrats.

A - Sasan Goodarzi {BIO 15750219 <GO>}

All right. Thank you.

Operator

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

Q - Siti Panigrahi {BIO 17888514 <GO>}

Thanks for taking my question. And I also echo my congratulation for a great end to this challenging year. Sasan, I want to ask you about, follow-up on to your TurboTax mainly TurboTax Live Full Service. This is the first year, you guys launched. So I'm wondering like what have you learned this year and and hopefully, next season, maybe you'll go back to normalcy like so what's your expectation baked into in your guidance in terms of adoption of full-service?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yes, hi Siti and thank you for your kind words. I would just start with really, this has been a very intentional multi-year effort to have one platform across TurboTax, where you can do your taxes yourself, you can get assistance to do your taxes or we will do your taxes for you and a platform where you can choose to go back and forth within the year or in a multi-year period. We want to be the platform for your taxes and, of course, obviously beyond that with the capabilities that we have with Credit Karma.

Second element I would say is what we learned this year going to full launch is that full-service offering has a halo effect and build confidence of our customers. This is why we were able to attract new customers from prior assisted method at a 25% higher rate into full service because they know that they can digitally provide us all of their data and we

have excellent experts to be able to take very good care of them. So that's the biggest learning that we had, it was a hypothesis that we had from prior year experimentation, and we're going to continue to scale that as we look at. It's just a very critical part of our platform, and as I've said before, we believe that, we're in a very, very early innings of a 10 year plus opportunity here and we just see full service playing a very important role as we look ahead.

Q - Siti Panigrahi {BIO 17888514 <GO>}

That's great. Thank you, Sasan.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, thank you.

Operator

Your next question comes from Scott Schneeberger of Oppenheimer. Your line is open.

Q - Scott Schneeberger {BIO 5302695 <GO>}

Thanks very much. Congratulations from me too. Two tax questions. The first one, Susan, if you could, I guess, use this opportunity to describe a little bit more the decision process to exit Free File Alliance and then I think you or Michelle mentioned, should not have a revenue impact. I'm just curious, any thoughts on margin impact for the go forward? Thank you.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yes, sure. Thank you, Scott, good to hear from you. First of all, just as a reminder, we were one of the founding members of the Free File Alliance program with the IRS and it has been frankly incredible partnership with the IRS and the private industry and when we really founded this program with the IRS, there was really two goals and I'll simplify it. The -- really the two goals were we wanted at that time to ensure that electronic filing was used by more than 80 plus percent of all consumers and we want to make sure that free filing was available to 80% plus of consumers.

And when you forward the clock mission accomplished on both. In fact, we've exceeded both metrics as an industry on both fronts and free has now become prevalent across the entire industry, and so we felt that the time was right now that the mission has been accomplished to really sort of change our approach to how we can deliver benefits for customers. Free will always be an important part of the strategy, but there are constraints when you come in through the Free File Alliance program and those constraints are, for instance, we can't provide you benefits on other platforms like our free Credit Karma platform, and so as we look ahead, not only, will we be able to provide free tax offerings to our customers, but as they grow and we grow with them, they can benefit from Credit Karma, they can benefit from Mint. If there are small business they can benefit from QuickBooks, things that we ultimately couldn't talk to them about if they were part of the Free File Alliance program, so sort of mission accomplished and that's the reason for, why

FINAL

Bloomberg Transcript

we chose to get out. I just want to state again, the partnership with the IRS is absolutely been phenomenal and with private industry to achieve the goals of FFA.

Q - Scott Schneeberger {BIO 5302695 <GO>}

Thanks. And just any thoughts on margin on the go forward (Multiple Speakers)

A - Sasan Goodarzi {BIO 15750219 <GO>}

Sure.

Q - Scott Schneeberger {BIO 5302695 <GO>}

Thanks.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, my apologies, I failed to answer that, no impact to margins, no impact to revenue and some of the -- the resources actually -- that were on FFA, we're reallocating them to really important work in TurboTax, so there is no impact.

Q - Scott Schneeberger {BIO 5302695 <GO>}

Understood. And just a real quick follow-up from an earlier question, you mentioned a flattish IRS industry growth anticipated for next year, is that because we saw what looks like 3% this year and just a tough comp or any other factors that go into that -- that industry [ph]. Thanks.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, you know, Scott. I'll just start with, it's an assumption. We make an assumption every year. So what we think it will be because it's important for our planning and because there has been two years of pretty strong total return growth, we're just assuming next year is going to be flat, we could be wrong. It will grow but our assumption going in is that it's flat.

Q - Scott Schneeberger {BIO 5302695 <GO>}

Thanks very much. Appreciate it.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, absolutely. Scott.

Operator

Thank you. Our next question comes from Michael Turrin of Wells Fargo. Your line is open.

Q - Michael Turrin {BIO 20079094 <GO>}

Hey, there. Thanks, good afternoon and congrats on the strong results of the [ph] year. Going back to Credit Karma. Just wondering, if there's anything you can add around how much visibility you have there in framing targets for the upcoming year relative to other segments to your business. I think the commentary is clear on the Q4 strength, but just wondering, how to parse through the 18% to 21% growth you referenced, which is a solid starting point and the guide that's modestly down relative to the run rate that segment just delivered. Thank you.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yes, sure, Michael, and thank you for -- I know you've been waiting for a while in the queue here. We have very good visibility, and I'll just be specific. We have well over 100 million customers, we see the monthly active users, which has grown quite nicely. We actually based on the data that we have and how we are leveraging that data with our customers' permission is part of Lightbox and a number of partners that come into Lightbox, we actually can see spend behaviors, as we can see our customer's activity. We can see their financial situation and are continue to be better positioned to be able to offer them products that are right for them.

So when we see our member growth, when we see our member activity, the number of transactions, which is the number of offerings that we now have, the activity of our partners, which we're very engaged with because our partners see this platform as a great growth opportunity for them and the fact that we continue to be very intentional that we are an agnostic platform. We have pretty good visibility into the future with Credit Karma and we feel, of course, good and confident about the guidance that we provided.

Q - Michael Turrin {BIO 20079094 <GO>}

That's real helpful. Thanks. Look forward to the Investor Day.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah. Thank you, Michael.

Operator

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

Q - Brad Reback {BIO 3441314 <GO>}

Great, thanks very much. Sasan, I believe, earlier in the call, you talked about retention rates in TurboTax being flat year-over-year. What types of things have to happen to see that tick up?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah. Thank you, Brad. Good to hear from you, first of all, with all of the sort of movement in the last couple of years with the pandemic and the growth that we've experienced, one, we're actually quite pleased with the retention rates and I would tell you the biggest lever around retention is what we are doing with TurboTax Live, which is ensuring that our

FINAL

customers know and understand that there is an expert to help them every step of the way, but I think secondly, and we haven't talked much about this, and, we'll spend a little bit of time on this at Investor Day is, you know, how we are now leveraging data to never lose a customer and I give a lot of credit to our TurboTax team, where, we've been working on this for several years, it's not a new body of work.

But to shift from just a engaging you once a year when it's tax time to actually understanding and leveraging what we know about you if something has changed in your life, if you bought a house, if you bought a car, if you got married, if you got divorced, if you move from one state to another, to actually engage you sort of year-around relative to giving you confidence that those changes can be addressed by us.

So it's the combination of leveraging -- leveraging data, applying AI to that data with our models to understand who could be at risk. And then engaging those customers proactively. And by the way, depending on their need not just with TurboTax, it could also be engaging them with the benefits of Credit Karma. Those are the two big things, data and AI and the capabilities of TurboTax Live, engaging customers year round, where we are quite confident over the long term, we can continue to increase our retention rates.

Q - Brad Reback {BIO 3441314 <GO>}

And then just one quick follow-up, high level, any sense of why DIY went backwards this year?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Brad, the numbers are so wonky, what's happened in the last couple of years. So many people that don't have to file their taxes came in to do their taxes, to get a stimulus check and so what really matters are some of the underlying numbers that we provided. And the fact that we gain share overall IRS returns and within DIY even though DIY went down, but it's just the wonkiness of the number of stimulus customers that came in that ultimately didn't have to file their taxes again this year.

So that's the reasoning as we look at all the cohorts.

Q - Brad Reback {BIO 3441314 <GO>}

Great, makes total sense. Thanks very much.

A - Sasan Goodarzi {BIO 15750219 <GO>}

All right. Brad. Thank you.

Operator

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

Q - Jackson Ader {BIO 19832434 <GO>}

Bloomberg Transcript

Great. Thanks for taking our questions. This is Jackson Ader on for Sterling tonight. The first one is on the -- the Credit Karma side, where you're expecting maybe to see some of the pent-up demand return to more normal levels. We're just curious whether that is more driven on the -- in the core markets or some of the emerging market?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah. Thank you, Jackson. It's primarily origination in credit cards and personal loans. One data point is public, the other one is in our own data that we see. They are up double digits, strongly, compared to pre-COVID levels and we believe those are just going to, at some point taper in the back half of the year and it's primarily from what we see in credit cards and personal loans, and it's really our innovation on the platform that will continue the guidance growth that we provided of 18% to 21%, but it's really in credit cards and personal loans that we believe originations will go back to pre-COVID levels, which were strong, it's just, there was pent-up demand so it grew double-digits.

Q - Jackson Ader {BIO 19832434 <GO>}

Okay, perfect. And then a follow-up, Michelle. The TurboTax Premier skew, I think being better than maybe you had expected entering the year, can you just remind us, what is -- what does Premier's retention rate look like relative to maybe the overall TurboTax platform?

A - Michelle Clatterbuck {BIO 20314804 <GO>}

Hey, Jackson. Thanks for the question, they have Premier as you know, we've done a good amount of work with me over the last couple of years and specifically used by our investors and so obviously we continue to see growth, that's one of the under-penetrated segments that, we're focused on and we have not provided any detailed information on our retention rate below our the higher level for TurboTax.

So that's just not an area that we really felt then two just because of the competitive nature.

Q - Jackson Ader {BIO 19832434 <GO>}

All right, fair enough. Thank you.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Thank you. Jackson

Operator

Thank you. Our next question comes from Brad Sills of Bank of America Securities. Your line is open.

Q - Brad Sills {BIO 15854296 <GO>}

FINAL

Great, thanks guys. And I'll echo the congratulations on a real nice finish to the year. One of the things that stands out to me is the outlook for small business, very strong relative to kind of how you provide outlook heading into the year historically. So my question is, is there a price increase in there and just more generally, as you think longer term historically, the company has raised price commensurate with more value that's delivered in the product for QuickBooks, how do you feel about your ability to just monetize more and more of the market with just more value-added features coming over the long term, what are some of those things that you think might enable you to take take price over time. Thank you so much.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah. Thank you, Brad, for your question and your kind words. Let me make a couple of comments, one the -- really our -- the majority of our growth is coming from customer growth and mix and when I say mix, it's for instance QuickBooks Advanced which goes after the mid-market type mix. It's really not driven by price, although we have increased price this year and it's the first time we've done it in over the last couple of years and I tell you, the -- we run test and it's exactly as you said, it's, we look at a price value equation, we have very clear pricing principles and with experimentation and data, we choose when to move forward with the price increase and I would tell you that our innovation just in the last couple of years, literally, last year, our innovation across the company, which include small business doubled year-over-year in terms of when we measure that by code deployments and impact and it doubled again this year.

And that shows up in how we leverage data and AI across the platform to deliver insights to customers, it shows up in payments and payroll and time tracking and then what we've announced, which is moving up market several years ago with QuickBooks Advanced is being able to serve product-based businesses with QuickBooks Commerce, it's being able to go after non-consumption with QuickBooks Live, which is a higher sort of price tag for customers and then our disruptive offering with QuickBooks Cash, which is an essence, you can start with the business bank account and be able to run your business through that.

So just the innovation is -- I would just say staggering focused on cohorts of customers and going after their needs and with an open platform, we're able to really focus on what matters more to customers and monetize. So we believe that capability is one that will have for years to come.

Q - Brad Sills {BIO 15854296 <GO>}

That's great, thanks so much, Sasan.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Sure. Thank you, Brad.

Operator

Thank you. Our next question comes from Matt Pfau of William Blair. Your line is open.

Bloomberg Transcript

Q - Matt Pfau {BIO 19136163 <GO>}

Hey guys, thanks for fitting me in. Just wanted to ask one question on the Small Business segment and specifically around some of the key metrics there like gross to customer additions, charge volumes, employees and under payroll, have you seen any change in some of those key metrics you track as COVID variants have started to impact various parts of the US. Thanks.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, Matt. Thank you for your question. The short answer is no. We're continuing to see strength by industry, by geography, given some of the tailwinds and our innovation that I spoke about earlier. So what the Delta variant being the primary driver of the COVID cases and what, we're seeing in different states within the US having different impact, we've really not seen an impact in our results in charge volume number of employees.

So the strength remains.

Q - Matt Pfau {BIO 19136163 <GO>}

Perfect. Thanks, guys.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Thank you.

Operator

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

Q - Michael Millman {BIO 1494618 <GO>}

Thank you. So couple of questions. On this year's -- next year's guidance, or I guess this year's guidance. Is that lower summing [ph] number related to your conservatism on last year's guidance and what should we expect over two year to three year range. And secondly, on last year's tax or current year's tax to what extent did you have assisted benefit from people misunderstanding or concerned about the stimulus and wanting to sit down and it was a one-year phenomenon and we go back to reduced assisted and increasing do it yourself. Thank you.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah. Thank you, Michael for your question. Couple of things. I'll start with your first question, we're very excited about the innovation across the company. The customer segments we're pursuing and the impact to that -- that we are seeing and in that context, we feel very good about our guidance and long-term expectations and what's get to the second question and that is the long term, what we'll do at Investor Day as we do every year is we'll share our long-term expectation, so we will talk about that at Investor Day.

So if you wouldn't mind maybe waiting another three weeks, we'll talk about that a little bit more. And the third part of your question around tax and assisted and do we have a blip from the pandemic, I would say, the short answer is really no. This year, a lot of our, a lot of accountants in the stores were actually open.

I think what you're seeing there is just, it's the impact from our innovation, it's the raising the awareness that we have live expertise available for customers, whether we do it with you or do it for you and in that context, this was not a blip because of the pandemic, if anything, most places were actually open, and this was just based on our strategy and the result of our execution.

Q - Michael Millman {BIO 1494618 <GO>}

Thank you.

A - Sasan Goodarzi {BIO 15750219 <GO>}

You're very welcome.

Operator

And ladies and gentlemen, I'm not showing any further questions, would you like to close with any additional remarks?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yes, thank you. Well, thank you very much for the wonderful questions and I want to just thank our employees, our customers and our partners for another great quarter, and I wish all of you to be safe out there and we'll talk to you next quarter. Thank you.

Operator

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

This transcript may not be 100 percent accurate and may contain misspellings and other inaccuracies. This transcript is provided "as is", without express or implied warranties of any kind. Bloomberg retains all rights to this transcript and provides it solely for your personal, non-commercial use. Bloomberg, its suppliers and third-party agents shall have no liability for errors in this transcript or for lost profits, losses, or direct, indirect, incidental, consequential, special or punitive damages in connection with the furnishing, performance or use of such transcript. Neither the information nor any opinion expressed in this transcript constitutes a solicitation of the purchase or sale of securities or commodities. Any opinion expressed in the transcript does not necessarily reflect the views of Bloomberg LP. © COPYRIGHT 2021, BLOOMBERG LP. All rights reserved. Any reproduction, redistribution or retransmission is expressly prohibited.