SEB Closes Over $150 Million of Multi-Year Contracts

written by Raj Shah | April 13, 2018

April 12, 2018 (Source) – Smart Employee Benefits Inc. ("SEB" or the "Company") (TSXV:SEB) has closed over $150 Million of Multi-Year Contracts since November 2017, with existing and new clients, of which approximately $70 Million is net new business that will start coming online in the second half of FY2018.

Benefits Processing Software, Solutions, Services: > $20 M Contracts

SEB has closed over $20 Million of Contracts with an average term of 5 years since November 30, 2017. SEB has renewed 13 clients representing approximately 75,000 plan members and closed 6 new clients representing approximately 50,000 lives. SEB currently administers employee benefits for over 50 of Canada's corporate elite, representing over 330,000 plan members and over $1 Billion of premium. The net new contracts represent over 15 percent growth in annual revenues.

SEB's FlexPlus Benefits Processing Platform is believed to be the most comprehensive in Canada with 14 modules operating in "One Processing Environment". SEB's Benefit Exchange Platform supports more than 15 unique revenue models, is cloud enabled, is provided on a SaaS basis, and incorporates real time analytics, fraud detection and reporting capability. The organic growth opportunity for SEB is to introduce its administration clients to more of the SEB benefits processing modules. It's

estimated that existing SEB clients spend more than $70 Million per annum on similar solutions and services, all of which could be provided by SEB in “One Processing Environment”, versus multiple environments.

Core Technology Software, Solutions, Services: > $134 M New Contracts

SEB closed over $134 Million of Contracts since November 2017. Approximately $68 Million are renewals of existing Contracts and $66 Million are net new business, largely with existing clients. The contract terms range from 2 to 6 years. In addition, we have over $46 Million of contracts where decisions are pending within the next 90 days. The net new contracts will be initiated in the second and third quarters of FY2018 and are anticipated to represent over 10% of annual organic net growth in revenues by FY2019.

Gross Margins of New Contracts: ~$35 M

The contract renewals and new contract wins represent an estimated $35 Million of gross margin over the life of the Contracts. Gross Margin has grown from $10.6 Million in 2015 to $27 Million in 2017 with forecasts at $36 Million for 2018. SEB’s business operations are highly scalable with over 60% of every net new gross margin dollar contributing to EBITDA. Approximately $14 Million of the above gross margin is net new business.

Contracts (Backlog, Option Year, Evergreen)/ Recurring Revenue: > $500 M

SEB has maintained a base of contracts exceeding $500 Million for the past two years with over 200 active clients across Canada, the U.S and the Middle East. This Contract base has grown almost 10% in the past 4 months and contributes to a recurring revenue of over $100 Million per annum through to and beyond fiscal 2020.

States John McKimm, President, CEO, CIO of SEB, “SEB has experienced strong growth since its inception, particularity so since 2015. We now have the base of business in both operating divisions to support strong organic growth initiatives. Both Operating Divisions are contributing to a positive EBITDA. The infrastructure of the Core Technology business is a significant competitive advantage in driving growth and profit margins in Benefit Processing. Both operating units are forecast to experience strong performance in fiscal 2018 and beyond. Our recurring revenue over the next several years exceeds $100 Million per annum with forecast recurring gross margins of over $30 Million per annum. Revenue and gross margin growth in both operating units is to a large degree cumulative, year over year, which adds significantly to the stability of SEB’s base business and creates a strong platform for organic growth”.

ABOUT SEB

SEB is a Business Process Automation and Outsourcing Technology Company providing software, solutions and services to a national and global client base. SEB has a specialty growth focus in cloud enabled SaaS processing solutions for managing employer and government sponsored benefit plans on a BPO (Business Processing Outsourcing) business model, globally. SEB currently serves corporate and government clients across Canada and internationally. Over 80% of SEB’s revenues derive from government, insurance and healthcare organizations. SEB’s technology infrastructure of over 860 multi-certified technical professionals, in 11 offices across Canada and globally, is a critical competitive advantage in supporting the implementation and management of SEB’s Benefits Processing Solutions into client environments. SEB’s “One Processing Environment” Benefits Processing Solutions can be game changing for SEB clients.

The core expertise of SEB is automating business processes utilizing SEB proprietary software solutions combined with

solutions of third parties through joint ventures and partnerships. SEB's client acquisition model in benefits processing is "Channel Partnerships" where SEB processing solutions both improve cost structures and enable new revenue models for Channel Partners and clients. All SEB solutions are cloud enabled and can be delivered on a SaaS platform. SEB solutions turn cost centers to profit centers for our Benefits Processing Channel Partners.

For further information about SEB, please visit www.seb-inc.com.

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