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PRESENTATION

Operator

Good morning. My name is Daniel, and I will be your conference operator. At this time, I would like to welcome everyone to ADP's Second Quarter Fiscal 2019 Earnings Call. I would like to inform you that this conference is being recorded. (Operator Instructions)

I will now turn the conference over to Mr. Christian Greyenbuhl, Vice President, Investor Relations. Please go ahead.

Christian Greyenbuhl ***Automatic Data Processing, Inc. - VP of IR***

Thank you, Daniel, and good morning, everyone. Thank you for joining ADP's second quarter fiscal 2019 earnings call and webcast. With me today are Carlos Rodriguez, our President and Chief Executive Officer; and Jan Siegmund, our Chief Financial Officer.

Earlier this morning, we released our results for the second quarter of fiscal 2019. These materials are available on the SEC's website and our Investor Relations website at investors.adp.com, where you will also find the quarterly investor presentation that accompanies today's call, as well as our quarterly history of revenue and pretax earnings by reportable segment.

During our call today, we will reference non-GAAP financial measures, which we believe to be useful to investors, and that exclude the impact of certain items in the second quarter and full year of fiscal 2019 as well as the second quarter and full year fiscal 2018. Description of these items and a reconciliation of these non-GAAP measures can be found in our earnings release.

Today's call will also contain forward-looking statements that refer to future events and, as such, involve some risks. We encourage you to review our filings with the SEC for additional information on factors that could cause actual results to differ materially from our current expectations.

As always, please do not hesitate to reach out should you have any questions. And with that, let me turn the call over to Carlos.

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

Thank you, Christian, and thank you, everyone, for joining our call.

This morning, we reported our second quarter fiscal 2019 results with revenue of $3.5 billion, up 8% on both the reported and organic constant currency basis. We are pleased with this revenue growth, which was slightly above our expectations and which was aided in part by the continued strength of our Employer Services downmarket and multinational solutions and our PEO.

Our adjusted diluted earnings per share grew 30% to $1.34 and benefited from our strong revenue growth as well as adjusted EBIT margin expansion, a lower adjusted effective tax rate and fewer shares outstanding.

Our results this quarter continue to highlight the underlying strength of our business model. As we continue to experience the benefits of operating efficiencies, enabled by our ongoing transformation efforts, we also continue to see improvements in our cost base across our businesses and back-office functions. We remain excited with the progress of our investments in technology, including our next-gen solutions, and we are also pleased with the performance of our recent acquisitions.

As we continue our efforts to accelerate our investments to enhance the efficiency and effectiveness of our products and services, we also continue to see improvements in our overall client satisfaction scores.

With these positive trends across our businesses, we are reaffirming our expectation of 25 to 50 basis points of improvement in ES revenue retention for fiscal 2019.

Moving onto Employer Services new business bookings. This quarter, we saw bookings growth below our expectations with 1% growth for the quarter. As can happen in some years, the timing of the December holidays and our own selling calendar played a larger-than-anticipated role, which resulted in a number of deals, particularly within the mid- and upmarket, pushing into the third fiscal quarter. While we see a similar pattern from time to time, the impact this year was a bit more pronounced than typical. And it's also important to remember that new business bookings has inherent variability quarter-to-quarter. With that said, we continue to see strong bookings performance in our downmarket, multinational and HRO businesses and are largely pleased with our product positioning, win rates and overall sales strategy. For these reasons, despite the lower-than-expected growth this quarter, we are maintaining our forecast of 6% to 8% ES new business bookings growth for fiscal 2019.

Now I would like to expand on my earlier comments regarding the progress of our transformation initiatives and then touch on some strategic and operational business highlights.

First, looking internally, as we discussed at our June 2018 investor day, we have launched a number of initiatives across the organization with the objective of enhancing both our operating efficiency and our go-to-market strategy. As you can see from this quarter's results, our efforts to streamline our operations, while also enhancing the client experience, are paying off. We are clearly seeing the benefits of these transformation efforts help our overall margin performance.

In addition, we feel good about the progress we are making, as we transform our service, and we continue to see broad-based positive trends in our client satisfaction scores, which, for some of our businesses, are now at record high levels. I am pleased with what we have achieved to date and with our ability to remain on track as we tackle various competing demands. I am especially proud of how our associates are helping us manage through these change initiatives in a thoughtful and careful way.

Now moving on to an area of key strategic differentiation, our leading data, analytics and benchmarking solutions, ADP DataCloud. As the world of work evolves and companies and their employees increasingly demand greater access to timely and insightful data, we believe that ADP is well positioned to leverage our broad-based HCM data set to further empower our clients' frontline, managers and key decision makers. With these capabilities in mind, we recently expanded the use of ADP DataCloud to deepen our relationship with key distribution channel partners. One example of this is through our current CPA-centric data product, Accountant Connect, which gives CPAs the ability to see their clients' payroll reports, tax forms and notifications, while also providing them with essential practice management tools, all in one place.

We're always looking for new ways to leverage the strength of our data and the breadth of our HCM services to generate additional opportunities for growth. And at the beginning of November, we announced an exciting new partnership with Intuit, which now further strengthens the services we offer to accountants. Through this initiative, we have expanded our integration with QuickBooks, adding an enhanced general ledger interface that maps directly through Accountant Connect. This new cloud-based interface combines the financial and transactional capabilities of QuickBooks with a deep data pool available through ADP's DataCloud and will help accountants save time, while also providing access to award-winning compensation insights to help improve their clients' business as we head into tax season. We are proud to be able to provide products and insights like these to our clients to further empower them.

Last week, we were equally proud to be selected as one of Fortune Magazine's World's Most Admired Companies for the 13th consecutive year. I am pleased that our efforts have been consistently recognized, especially as we make steady progress on our transformation, amidst a dynamic business environment. It is an honor to, once again, be among the most admired companies in the world. This is a testament to the commitment of our associates, clients and partners to drive innovation as we work together to change the world of work.

Overall, we are pleased with our progress and remain confident in our long-term strategy as we continue our efforts to deliver on our transformation initiatives.

And with that, I'll turn the call over to Jan for his commentary on the second quarter results and fiscal 2019 outlook.

Jan Siegmund ***Automatic Data Processing, Inc. - Corporate VP & CFO***

Thank you, Carlos, and good morning, everyone.

Our consolidated revenue this quarter was $3.5 billion, up 8% on a reported and organic constant currency basis. And as Carlos said, this was slightly ahead of our own expectations.

This quarter, we continue to experience the incremental benefit from the sales momentum we generated last year as well as the steady improvement in the performance of our PEO. The PEO results were particularly strong in part due to better contribution from benefits, workers' compensation and SUI revenue than we anticipated, but there was also an unrelated pull forward in SUI revenue from the third quarter, which I will discuss in more detail in a few moments.

Our earnings before income taxes and adjusted EBIT both increased 26%. Adjusted EBIT margin was up about 320 basis points compared to last year's second quarter and included 30 basis points of pressure from acquisitions. This margin improvement was ahead of our expectation and benefited from a few key drivers. In addition to the solid performance from our revenue growth and operating leverage, this quarter, we also benefited slightly from lower growth in our distribution expenses as a result of lower-than-expected second quarter new business bookings performance. With that said, we also continue to benefit from the execution on efficiencies efforts within our IT infrastructure and to our broader transformation initiatives, including our voluntary early retirement program.

As we mentioned last quarter, we have continued to benefit from a slower ramp in our backfill hiring related to the voluntary early retirement program, and we expect some of the benefit to moderate over the back half of the year. As a result, while we continue to estimate a run rate of about $150 million in savings from this program, we now anticipate achieving slightly more than our original estimates of $100 million of benefit in fiscal year 2019.

As Carlos mentioned, we're executing on a number of different initiatives, and the timing of cost or benefit can move around from quarter-to-quarter. And as a reminder, as we proceed and refine our plans, the impact of some of these initiatives may overlap. But ultimately, our focus remains to deliver against the multiyear commitments we laid out at our June 2018 investor day.

Our adjusted effective tax rate was 24.6% and included a small benefit from the unplanned stock compensation tax benefits. This tax rate compares to our 25.6% adjusted effective tax rate for the second quarter of last year.

Adjusted diluted earnings per share grew 30% to $1.34 and, in addition to benefiting from our strong revenue and margin performance and our lower tax rate, was also supported by fewer shares outstanding compared with the year ago.

Now for our segment results. For Employer Services, revenues grew 7% for the quarter, 7% organic constant currency, and we were ahead of expectations. Retention is improving in line with expectations, and we continue to see the benefits from last year's stronger-than-expected new business bookings, each contributing to our stronger-than-expected revenue performance this quarter.

Our revenue growth in our international businesses, which we now disclose quarterly in our Form 10-Q, was also strong this quarter and was aided by a solid double-digit growth in our multinational offerings, which continue to do very well.

Interest income on client funds grew 21% and benefited from a 30 basis point improvement in the average yield earned on our client fund investments and the growth in average client fund balances of 5% compared to a year ago. This growth in balances was driven by a combination of client growth, wage inflation and growth in our pays per control, offset by pressure from corporate tax reform and lower state unemployment insurance collections. As a reminder, we had some pressure in our client fund balance growth related to the corporate tax reform that we now fully lapped, but other sources of pressure, like SUI rate changes and FX, will put added pressure on our balance growth for the reminder (sic) [remainder] of the year.

Our same store pays per control metric in the U.S. grew 2.3% for the quarter.

Moving on to Employer Services margin, we saw an increase of about 460 basis points in the quarter, which include approximately 50 basis points of pressure from the impact of acquisitions. This very strong performance is a result of the same factors I mentioned earlier regarding our consolidated results, including operating leverage across all of our businesses, efficiencies in our IT infrastructure; slower growth in our selling expenses; and the impact of our transformation initiatives, which continue to help in improving our underlining (sic) [underlying] efficiency.

Our PEO revenues grew 12% in the quarter. And PEO revenues, excluding 0 margin benefits pass-throughs, grew 15%, both above our expectations.

Average worksite employees increased 9% to 545,000. We were pleased to see continued solid performance on our worksite employee growth, in particular with some signs of normalization and the retention compared to the pressure that we have seen last year among our larger PEO clients. For revenue, the outperformance was attributable to 2 factors. First, we saw favorability in benefits, workers' compensation and SUI revenue relative to our expectations, which is not unusual, and it's part of our normal variability. Second, as I mentioned earlier, there was a pull forward in a portion of our SUI revenue this quarter, which benefited our total PEO revenue growth rate by about 200 basis points. And this will, therefore, come out of next quarter's PEO growth, yielding no net impact for the full year.

The PEO segment's margin increased 70 basis points for the quarter and benefited from operating leverage and selling efficiencies, partially offset by the grow-over pressure from adjustments to our loss reserve estimates related to ADP indemnity.

Now onto our fiscal year 2019 outlook. For Employer Services, we are increasing our revenue guidance to 5% to 6% from our previous guidance of 4% to 6%. With 2 quarters now coming in ahead of expectations, we feel better about our position for the year, but we continue to anticipate the deceleration in the back half, driven in part by a combination of the impacts of this new quarter's new business bookings performance, incremental pressure from FX and the lapping of certain acquisitions.

We continue to anticipate growth of 2.5% in our pays per control metric.

Finally, due to our margin outperformance this quarter, we are raising our ES margin outlook and now anticipate full year ES margins to expand 175 to 200 basis points from our prior forecast of 150 to 175 basis points. Our outlook also continues to contemplate 50 basis points from acquisition drag of the year -- for the year.

Moving onto the PEO. We now expect 9% to 10% PEO revenue growth in fiscal year 2019 compared to our prior forecast of 8% to 9%, and we continue to expect 8% to 9% growth in average worksite employees. We now anticipate 8% to 9% growth in PEO revenues, excluding 0 margin benefit pass-throughs as we have been realizing better workers' compensation and SUI revenues relative to our prior expectations.

For our PEO margins, with better-than-expected performance in our PEO margin this quarter, we now expect margins to be at least flat compared to our prior forecasted decrease of down 50 to 25 basis points and, meanwhile, continue to anticipate grow-over pressure from adjustments to our loss reserve estimates related to ADP Indemnity to result in 50 basis points of grow-over pressure on a full year basis, unchanged from our prior forecast.

Moving on to the consolidated outlook. We continue to anticipate total revenue growth of 6% to 7% for fiscal year 2019. We now expect the growth in average line fund balances to be about 4% compared to our prior forecast of up 3% to 4%. And we continue to expect growth in our client fund interest revenue of $90 million to $100 million and for the total impact from the client funds extended investment strategy to be an increase of $70 million to $80 million. The details of this forecast can be found in the supplemental slides on our Investor Relations website.

We now anticipate our adjusted EBIT margin to expand 125 to 150 basis points compared to our prior forecast of 100 to 125 basis points, driven by the strong execution that we have seen so far this year. This outlook continues to include approximately 30 basis points of pressure from acquisitions.

With that said, as you can see, our guidance implies a slower pace of margin expansion in the latter half of fiscal year 2019, as we continue to expect lower top line revenue growth, while we're, at the same time, maintaining our investments into the business and continue to catch up on our backfill hiring plans related to our voluntary early retirement program.

With the impact of the first-half stock compensation related tax benefit, we are tweaking our adjusted effective tax rate expectation to 24.4% in fiscal year 2019 as compared to our prior estimate of 24.5%.

And with these adjustments to our outlook, we now expect adjusted diluted earnings per share to grow 17% to 19% from our prior forecast of 15% to 17%.

We continue to please -- be pleased with our overall execution. And with that, I will return it back to the operator to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Mark Marcon with Baird.

Mark Steven Marcon ***Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst***

I'm wondering if you can talk a little bit about what you think is the sustainability of the margin improvement that you've seen, particularly in light of the catch-up, not for the remainder of this year, but just as we think a little bit beyond this year. That's the first question. And then the second question would just be you're seeing an improvement with regards to your retention rate. Can you talk about how much of that do you think is due to the service center consolidation versus maybe leveraging some of the enhanced assets that you have, such as the data cloud?

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

Thank you for the question. I think on the sustainability front, I think that, just to kind of refer you back to Jan's comments about remaining committed to the commitments we made at our 2018 investor day where I think we laid out multiyear, I think, commitments around margin expansion, so I'd refer you back to that because it's, again, we want to kind of stick to the -- we normally do things here, which we provide guidance one year at a time. But I think that will give you some sense of, I think, our expectations of what the business is capable of doing over multiple years.

Mark Steven Marcon ***Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst***

You did, Carlos. It's just you're outperforming this year and so I didn't know if that outperformance this year would thereby potentially impact kind of a cadence on a go-forward basis, if that makes sense.

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

Well, I appreciate that. So let me again go back to maybe some of the things that Jan was, I think, talking about in his comments that are important. Probably, a good thing for us to talk about on the call today, we are committed to the -- I guess, the outcomes that we talked about in June of 2018, but we're also committed to doing it in a thoughtful and careful manner, which is the way I described it in my comments around this "transformation effort" that we are undergoing here. What that means is that, as an example, in the case of the

Service Alignment Initiative or the voluntary early retirement, these are fairly large projects that affect a lot of people and a lot of parts of the business. And frankly, we're -- in both cases, we're doing these things for the first time. And so we have plans and we have contingency plans and we have plans on top of the plans, and then what we do is we react to then the circumstances. And I think what's happened here, as Jan described, is it worked out great on a spreadsheet that we were going to backfill a certain percentage of the people who were in voluntary early retirement. And I just want to point out that we -- even though it was good for our associates and it was good for the company, we did lose a lot of knowledge and experience as a result of this voluntary early retirement. And it was important to plan carefully around that and to make sure that we continue to execute around client service and the other things that are important to maintain retention in other parts of the business. So it's not just about cost cutting. It's about strengthening the business. And what that means is that sometimes you get that a little bit -- it's not perfect -- the perfect science in terms of the spreadsheets. And I think we really got a lot of benefit in the first and second quarter that we didn't anticipate, so we're just trying to be transparent here in the sense that I'm very committed to making sure that besides achieving the cost reduction goals, which we clearly have, that we also continue to achieve the client service, the associate satisfaction and the retention goals that we also have that are incredibly important to the sustainability, back to your sustainability point. So I can probably go on a lot of other details on things that helped us in the quarter. but I think I would just have us -- I would bring us back to kind of our longer-term commitments and I think our public commitments around the 2018 investor day. And as excited as we are about the quarter, I don't think that it fundamentally changes. It was hard enough to be excited. I mean, it was a great quarter. We've clearly done incredible -- made incredible progress at our cost structure, while still improving our client satisfaction scores, while still improving retention. There's a lot to like in the quarter. But we're here to try to build a long-term sustainable, successful business and that means that we have to do it in a thoughtful and careful manner. One of the things that I've been very worried about is making sure that we are backfilling in an appropriate rate to maintain those client satisfaction scores.

Jan Siegmund ***Automatic Data Processing, Inc. - Corporate VP & CFO***

And maybe Mark, I take the retention question. I would point you to 2 things. So some of our broader product portfolio helps us, data cloud certainly, and attachments to that adding value to our clients. But the 2 most important points that I can see is: a, the client satisfaction and client service scores really developed nicely. And we see a strong correlation between client satisfaction, net promoter scores and retention. So service has been really stable and improving over time. And it's a very broad-based improvement in our NPS scores in the business. And secondly, maybe a little bit more detail. As you know, we finished and finalized the upgrading of our major account client base, which had put pressure in -- on to our retention rates. And now with our clients being on the current...

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

Workforce Now.

Jan Siegmund ***Automatic Data Processing, Inc. - Corporate VP & CFO***

Workforce Now, we have seen really, for many quarters, now steady improvements in the retention rates as we grow over the impact of that migration effort. Those are probably the 2 most important factors that have driven the good retention this year -- this quarter.

Operator

Our next question comes from Tien-Tsin Huang with JPMorgan.

Tien-Tsin Huang ***JP Morgan Chase & Co, Research Division - Senior Analyst***

I just want to clarify the margin, again, if you don't mind. How much of the raise was due to the transformation initiative, the retirement savings coming sooner than expected or just finding more savings than originally expected? Maybe can you go through those numbers, again, Jan?

Jan Siegmund ***Automatic Data Processing, Inc. - Corporate VP & CFO***

Yes. it's a little bit hard to completely decompose every source of margin expansion because the fundamental source of our productivity is growing our labor force slower than revenues. And so we have a number of factors and initiatives that drive towards that. We had an early retirement program that helped. And we have also, for example, an IT infrastructure fundamental reorganization that improved the processes. We have reduced call volumes. The transformation office has really a myriad of initiatives that all really aim for the same thing, driving labor productivity, if you want, because that's our business model. We're highly labor and we're not capital-intensive, and so we're focusing on our big cost block of labor productivity. And so that's number one. So these initiatives are -- it's really academic to isolate them because it -- they overlap in the thinking. And number two, is we did see in the second quarter, and I think we tried to indicate that in the first quarter also, that catch-up on the refill has been a little bit slower, and that's not because we wanted it to be slower, but it is -- it has -- but just happened that way in the execution, which benefited the margin. But it's really not where we wanted the business to come out. So I think, in my comments, I said we are estimating the full range of [VERP] impact to be still $150 million on a run rate basis. But split the middle here kind of, let's say, it's maybe $120 million this year of impact of VERP if that's helpful.

Tien-Tsin Huang ***JP Morgan Chase & Co, Research Division - Senior Analyst***

Versus the $100 million before. Okay, okay. And then just a quick follow-up on the bookings side. Understood that there was a little bit of slippage. Have those deals since closed? And that -- is that what's giving you confidence that you can still deliver the 6% to 8% because we all know that the comps have been tough, and you've been clear about that? So just trying to better understand your confidence there.

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

So I think that we do have some visibility, obviously, into what's happening in January here. And I think that one of the things that I mentioned in my comments was the calendar. And it's a little -- it's not -- it's a little embarrassing because we did have a little bit of a miss in our planning process of some changes in the calendar that move the number of selling days from year-over-year. So as an example, last year, the way the calendar fell, we had a number of days around the holidays that were -- that this year we didn't have in terms of ability to sell. And so I think that gives us some comfort that we had some movement from one quarter to the other because we do have some visibility into the January results. So I think some of it is pure calendar. But again, at the risk of -- we don't want to be the company that talks about weather causing issues, analysis and a weather issue, but calendars are also something that you have to be careful. It's a slippery slope of always blaming the calendar. And we typically wouldn't even bring it up, but it was pretty clear, as we laid out, started looking after the quarter ended at the calendar that we had an issue from a planning standpoint. And we didn't anticipate that. And hence, we didn't communicate it since to our -- because -- since we didn't know -- we didn't figure it out, we didn't communicate it externally.

Operator

And our next question comes from Ramsey El-Assal with Barclays.

Ramsey Clark El-Assal ***Barclays Bank PLC, Research Division - Research Analyst***

So just to be clear, the implication is that on the bookings side, the deceleration this quarter was really more due to the calendar and to timing. So should we anticipate next quarter kind of a snap back to a healthier level?

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

Well, that's a good follow-up question, which I can't answer because we only have one month done. And so I was trying to give as much color without breaking our protocol of -- we provide guidance once a year. We don't provide quarterly guidance. And we really don't talk about the quarter that we're in the middle of now. So I think I will just refer you back to our confirmation of our 6% to 8% guidance for ES new business bookings, which, I think, gives you some sense that we anticipate that the third quarter will have some bounce back because that's just mathematical and not providing any change in guidance. But I also would caution you that February and March are still in front of us.

Ramsey Clark El-Assal ***Barclays Bank PLC, Research Division - Research Analyst***

Fair enough, fair enough. I wanted to ask also about the early retirement program and the backfill hiring. Could you give us any incremental kind of color or commentary on whether the early retirement -- the folks who opted in for early retirement, were they localized in any particular part of the organization? Is there any -- is the slowdown in the backfill hiring related to the fact that there were certain skills maybe that left the organization that are sort of more difficult to bring back in? Or is it just -- was it broad-based? Any additional color there would be helpful.

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

It's a great -- good question. I think one of the challenges from a planning standpoint on a voluntary early retirement program, which, for the record, is the first time ADP does it. So not making excuses, but we don't have a ton of experience in terms of -- we try to talk to experts and other folks to help us anticipate what the take rate would be and what areas and so forth. But there's certain amount of uncertainty just because it's "voluntary." And so it was impossible for us to predict exactly where it was going to end up happening. I would tell you that it was as you could -- would expect. It was broad-based since it is voluntary early retirement program. And our associate, tenured and experienced, tends to be spread across the entire organization. So I think it was -- there may have been 1 or 2 places where there was a little bit -- more higher percentage than in other areas in terms of the take rate. But I think, in general, it was broad-based geographically and broad-based by function and by business unit with a slight variability within. And so the real issue here has been our inability to predict how quickly we would be able to backfill those positions. There's no other kind of problem or underlying issue other than we've never done this before. And we anticipate it and put in the plan and communicate it in our guidance a certain pace, and we've not been able to achieve that pace. And I think the final comment I'll make on that is that it feels to me like that has been strictly a question of execution on the hiring itself. But as Jan said, some of it could be -- since there's no scientific way to parse all of these different factors, the business has been performing very well. Jan mentioned that we have had reductions in call volumes. We have had improved -- we're confirming our guidance on retention, so you can see that we're feeling about the progress around retention. So all of those things, I think, eased the pressure to backfill quickly. So it's probably a combination of the execution on the backfills and the business just performing better. And we just need to wait a couple more quarters to, I think, let that all play out. But our plan currently is to try to catch up, as we mentioned in our comments, on some of that backfill hiring to make sure that we have the right number of implementation people and service people to maintain the high client satisfaction scores.

Operator

And our next question comes from James Faucette with Morgan Stanley.

James Eugene Faucette ***Morgan Stanley, Research Division - Executive Director***

I wanted to just ask a quick follow-up question on the bookings from the previous quarter. Clearly, the calendar played a big role. But were you seeing any other implications from whether it be the weakness in the overall -- or I'm sorry, in the stock market or government shutdown in the month of January that was having any impact on bookings activity at all that could be perhaps attributable to something other than the calendar? And then also, as far as -- want to touch on acquisitions and that's obviously been part of ADP's strategy for a while. So just an update on how Celergo acquisition is going, that integration and any surprises that you've seen, either for better or worse.

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

I'll let Jan talk about the acquisitions. But on the topic of kind of the general environment and the impact on our new business bookings, we usually have some, I guess, anecdotal stories. And I'm sure some people on our sales force will take some exception because they probably heard some noise around uncertainty and government shutdown and so forth. But I think that based on the experience I have, which we haven't been in so many cycles, that I have an infinite amount of experience, but it doesn't feel like there is a major factor, at least, in our business results. And again, I hate to keep going back to our January results because we typically don't talk about our results in a current quarter, but those -- it feels more like a calendar issue than an issue around shutdown or the economy or the stock market. It has to have some impact somewhere, especially on a few larger deals. Larger companies tend to become a little bit more cautious in pulling their horns when they see trouble on the horizon. But you saw our ADP national preliminary report this morning. You see other factors out there that indicate a slowing of growth and a slowing of positive trends, but not anything that smells or feels to us like a major economic slowdown. So I would have to say that we have yet to see anything of the sort that would lead us to believe that there's something happening in the general environment. There have to be at least 1 or 2 large deals where maybe some, in specific industries, a couple of large companies decided to maybe delay a decision or whatnot, but it hasn't gotten into my level. I haven't heard about that yet.

Jan Siegmund ***Automatic Data Processing, Inc. - Corporate VP & CFO***

And just as an add-on and a reminder, ADP has really no exposure to servicing the federal government in our services, so we had also 0 impact on the shutdown relative to our services because we don't serve the federal government in any meaningful way. Number two, Celergo, just as a reminder, Celergo was an acquisition that we -- is augmenting our multinational offerings, strengthening what is already a very differentiated service that we have, and it's performing really well. So we had no surprises on the negative side relative to the product and the software. It will become our go-forward platform for all of our services in the streamline business portion of our multinational thing. The pipeline is strong, and we're ahead of our own business case. So we're really pleased with that acquisition.

Operator

And our next question comes from Jim Schneider with Goldman Sachs.

James Edward Schneider ***Goldman Sachs Group Inc., Research Division - VP***

I guess, first of all, not to beat a dead horse on the bookings front, but can you maybe talk about the new business environment and the selling season as it relates to the kind of competitive environment you're seeing, both on the mid-market and upmarket as well as on the down where you've been executing very well? Maybe talk about whether anything is really changing from a competitive or pricing standpoint that maybe affecting any deal closures or whether you still have confidence as related to calendar thing.

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

I think the mid-market and the upmarket remain highly competitive, which, I think, we've talked about in prior quarters. But it's no different than it has been in any other quarters. So again, back to beating the dead horse, I think that we feel like there's some other issues that, I think, may have led to the weakness in terms of our bookings because the competitive environment seems to be consistently competitive. I was in Atlanta last week meeting with some salespeople and to try to get some firsthand, again, exposure to the things that we're encountering out in the marketplace in the mid-market, the upmarket. And I also talked to some folks in the downmarket. And I feel -- we feel good about our product lineup. We feel good, as we always have, about our excellent sales force and their ability to execute. And I think we feel -- despite some of the noise in the system, we feel pretty good about where the economy is. So it's hard really to pinpoint anything specific around competition or the economy or anything else to give you any additional color. I wish there was something that we could point to concretely, so that we can then deal with it. But there's really nothing that we see in our way of being able to continue to achieve our objectives.

Jan Siegmund ***Automatic Data Processing, Inc. - Corporate VP & CFO***

I think maybe a little bit more detail, maybe too much sausage-making here. But number one is you will recall that we, in the last few quarters, strengthened our enterprise segments offering by also now offering Workforce Now into the enterprise space. And that's a strategic move that has played out well and has resulted in a nice new logo growth for the enterprise space. So we're very pleased with that progress that we have been making. And another comment regarding pricing. Actually, I think the more broader discounting and also credits declines, all indicators of the health of the business have been improving in the quarter, I think, largely driven also by an improvement in the service quality that's now starting to resonate in the market and helping also sales. So there's a bunch of positive things, kind of underlining (sic) [underlying] helping a little bit.

James Edward Schneider ***Goldman Sachs Group Inc., Research Division - VP***

That's helpful. And then, I guess, on the flip side of it. You continue to raise your revenue guidance. And obviously, I'm guessing that a big part of that is better retention, even though you don't disclose it quarterly. But is it fair to say that you would expect, given everything you just said on the call, about client satisfaction that you'd be biased towards the upper end of the retention guidance for the full year?

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

No. I think -- so you have -- yes, we have a lot of optimism about our business and about the progress, but we really do try to hit it down the fairway in terms of our guidance. We really do have issues around FX in the second half. I mean, we have -- we -- FX could change because we can't predict what rates are going to be at the end of the third quarter. But based on what we know today, we're going to have some FX headwinds. We have some acquisitions that we lapped. And we have specific things that we anticipate will slow our revenue growth a little bit, as we've mentioned in the comments. So we really -- it's hard to get these things all 100% correct, but we give you what we know. And also, sorry, one more -- just because it's a fairly important one, and I think Jan touched on it, and we haven't really gotten a question about it yet, which, by the way, I appreciate because it's complicated, but the PEO did have an unusual -- unusually strong quarter in terms of its growth rate as this -- as a result of this kind of SUI pull-forward, which -- that's real sausage-making and it really flips around in the third quarter, so there's really no change. It's just the timing issue that we pulled some revenues into the second quarter versus the third. It's really an accounting issue, and I wouldn't spend a lot of time on it. But it is important to know that, so that you don't multiply times 4 because that is definitely a very isolated and very identifiable benefit to the second quarter that we do not get in the third or the fourth.

Operator

And our next question comes from Samad Samana with Jefferies.

Samad Saleem Samana ***Jefferies LLC, Research Division - Equity Analyst***

So Carlos, I think you mentioned a couple of times that the company hasn't been able to achieve the backfill ramp as expected. I'm curious, is the company struggling to attract talent? Or is there something that isn't ADP's control as far as not being able to backfill it fast enough? Or is it that we're in a tight labor market and you're have trouble hiring? I guess, maybe just double click on that a little bit and -- for us a little bit. And then how reliant is your guidance for the rest of the year on backfilling or catching up on this backfill? And is there at some point where your guidance is at risk?

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

Yes. I think I tried to -- in my comments, maybe it didn't come across clearly in terms of second half of my comments, but I don't think it's a matter that we haven't been able to -- I think I spent a few minutes also talking about how it's possible that we didn't need to. And it's just hard to know at this point in time how much scientifically is one thing versus the other. The improvements we've had in client satisfaction, the reduction in call volumes, the improvements in business execution, all of those things take off pressure in terms of the immediacy of the need to backfill. And so that could be a factor in this. So I'm not ready to say that we have been unable to attract people in backfill. We hire thousands of people per year because we, like all companies, have a natural rate of turnover as a result of normal retirements and also just people departing for other opportunities. So again, I'm not going to get into the sausage-making in terms of how many people we hire every year. But suffice to say, it's thousands of people, and we're talking about here in terms of backfills is in the hundreds. So it's absolutely not a factor that we can't attract talent.

Samad Saleem Samana ***Jefferies LLC, Research Division - Equity Analyst***

Great. And maybe just one follow-up on the product side. You mentioned selling Workforce Now to the enterprise as well. And we've heard some feedback that the company is no longer actively selling Vantage. Is that something that's happening where Workforce Now is replacing Vantage as well in the enterprise focus? And is that leading to any kind of change in maybe the buying patterns in the enterprise where you saw some of these deals push out?

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

We really -- we saw the -- after getting some external help and doing some analysis on market needs, we saw the Workforce Now opportunity in the upmarket as really an incremental opportunity in a segment of the market that we weren't serving as well as we could with Vantage and some of the other solutions that we have. So the answer is no. We're still selling Vantage in the market. It tends to be to a higher averaged size client that's slightly more complex and the Workforce Now solution tends to be a slightly smaller average size client and slightly less complex within the enterprise space. So I'm -- these are all large clients, so I'm talking all about the upmarket, but they're just different segments of the upmarket. And I think Jan mentioned that based on our logo growth, we have some sense that it's incremental. I'm not going to -- we're not going to get into the details how much is one versus the other. But I think, overall, it feels like the pie got a little bit bigger by us selling Workforce Now. We always -- we've been selling Workforce Now for many years. But our -- I think our level of execution and focus on that was not as high as it's been in the last, call it, 12 to 18 months. And it seems to be working very, very well, particularly against certain competitors.

Jan Siegmund ***Automatic Data Processing, Inc. - Corporate VP & CFO***

Yes. We continue to invest into Vantage. So absolutely, Vantage is part of the lineup in our enterprise space among Workforce Now and GlobalView and streamline for that for multinational solutions, so...

Operator

Our next question comes from Jason Kupferberg with Bank of America Merrill Lynch.

Jason Alan Kupferberg ***BofA Merrill Lynch, Research Division - MD in US Equity Research & Senior Analyst***

So obviously, a lot of focus on bookings here. I was hoping you could give us some of the -- just forward revenue sensitivity to a 1% change in bookings growth. I feel like, in the past, you had talked about some of those kind of rules of thumb there.

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

About $15 million in revenue. Remember that, clearly, if this is a timing issue from quarter-to-quarter, it's really not that big of a deal for us longer term because retention is a bigger driver. I think retention is 4x the impact. For 1% of retention. it's a much bigger number. It's $50 million to $60 million. Sorry, 5x the impact, I'm being told. So that's why, from a business execution standpoint, we have to have our new business bookings grow over time at the rate we have put out there in order to grow the business overall. But the retention rate is -- which we haven't gotten many questions about, is equally, if not more important. And we experienced that first hand 2 or 3 years ago. We've now fixed that, very proud of it. And we're trying to take a little bit of credit right here.

Jason Alan Kupferberg ***BofA Merrill Lynch, Research Division - MD in US Equity Research & Senior Analyst***

Okay. That makes sense. And I was just curious on the downmarket bookings in ES. I think you did highlight that as a bright spot. Do you feel like you're taking share downmarket with new business creation, particularly strong sales force productivity?

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

A little bit of -- I think all of the above. I think that we have -- but our downmarket business also includes our insurance services business. It includes our retirement business, our 401(k) business. It also includes -- we have some time and attendance product. So it's really broad based. I think it's just a business that has, again, been executing exceptionally well after having gotten in a much more simplified environment following the upgrades to our new platform run several years ago. They've just continued to create positive momentum and be -- and have been incredibly competitive in the marketplace. And I can't point to any one factor, but some of the things we've talked around Accountant Connect and the partner, the work with the partners and the channels, I mean, all those things are blocking and tackling in the trenches, and they've just done a terrific job.

Jan Siegmund ***Automatic Data Processing, Inc. - Corporate VP & CFO***

The SBS businesses, I think, just crossed 600,000 clients on run, so they're celebrating a big milestone for them.

Jason Alan Kupferberg ***BofA Merrill Lynch, Research Division - MD in US Equity Research & Senior Analyst***

Okay. That's helpful. Just one last quick one. You talked about some of the factors driving slower revenue growth in the second half. And currency and M&A lapping were obviously part of the call out there. But on a -- kind of underlying organic constant currency basis, how much decel should we be thinking about? I know you had the SUI pull forward, so that will impact PEO. But outside of that, are there any meaningful factors?

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

I can't -- that really does get into the -- into real sausage-making. I'm not sure that, other than some of the highlights that we've given you, what other stuff we can get down to that level of detail other than kind of helping you with the math in terms of probably better to focus on first half versus second half. Jan probably has a couple of other things that he could add. But I would encourage you, again, because there's a variability from quarter to quarter, to at least look at it on half versus half, first half versus second half.

Jan Siegmund ***Automatic Data Processing, Inc. - Corporate VP & CFO***

Yes. I'm trying to -- I'm looking at the factors there. Like, a lot of ups and downs here, but the FX impact, obviously, we isolated the biggest ones that are different from the first half versus the second half. So I think I'm looking here. The FX headwind pressure for our revenue is about 0.5%. And we're expecting that meaningfully higher for the rest of the year, like 30, 40 basis points higher, for example. And then M&A is tapering out and that's going to give you a few basis points of pressure on the revenue growth as well.

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

From my list here, I think Jan probably went through all of them, but we talked about the PEO pull forward on SUI. We talked about FX. We talked about M&A. Those are probably small. I don't know if we can quantify it exactly. But even if we have a bounce back in the third quarter around our e-business bookings, there's clearly a revenue implication from the prior quarter, right, from the current quarter that we're talking about now on the third and fourth quarters. So that has a little bit of an impact as well.

Christian Greyenbuhl ***Automatic Data Processing, Inc. - VP of IR***

And Jason, just to confirm your question earlier. So the $15 million that we gave you is a 1% change in new business bookings translating to an annualized $15 million.

Operator

Our next question comes from Lisa Ellis with MoffettNathanson.

Lisa Ann Dejong Ellis ***MoffettNathanson LLC - Partner***

First question is on PEO consolidation. Obviously, Paychex has made a couple of acquisitions in the PEO space, and there remain hundreds of small players in that space. But I know, in the past, Carlos, you've mentioned some hesitation around the ability to consolidate that space given different risk parameters. Can you just update us on your view on growth in the PEO business and whether that, in your view, needs to be organic or whether there's an opportunity to do some inorganic consolidation as well?

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

Thanks for the question, Lisa. It's a good question. I think, in the case of the PEO, one of the things that's a little different from the PEO from the rest of our business, and I think this will probably be true for everyone out there, is that when you make an acquisition, you're buying obviously platforms, you're buying people, existing clients, but you're also buying historical underwriting decisions. And so I would kind of compare it to even -- maybe not a great comparison to a bank or an insurance company in the sense that whether or not you're taking risk, you are buying a book of business that you didn't underwrite yourself. And so that doesn't mean that you can't get comfortable, which is probably what Paychex was able to do. You go in and you take samples of clients that have been brought into the book of business. You look at underwriting standards. And so -- it's not that it's not possible to do acquisitions in the PEO or in banks or in insurance company that happens obviously all the time. But it's generally not ADP style given that we work so hard to make our business perform as the rest of the ADP businesses. So the thing we do for example with ACE Insurance around reinsurance is to really have the revenue growth and the margins and the profit of the PEO behave like the typical processing business in ADP. That tends to make it hard for us to go out into the marketplace looking for PEO acquisitions. It doesn't mean that we're not open for business. So we -- I think we are. We do have this inherent advantage versus some PEOs in the sense that we have our own internal referral systems because of the thousands of salespeople that we have out on the street. And so we think that, that's -- that fuel for our organic growth is something that we should pay more attention to than inorganic growth. But I'd say we were open to that idea and to that concept. But I think the best way to put it is -- the bar is higher than maybe for other types of acquisitions in our company.

Lisa Ann Dejong Ellis ***MoffettNathanson LLC - Partner***

Terrific. And then my follow-up is related to Cash Card. I know that offering and that acquisition that you made about 1 year, 1.5 years ago now. It's targeted at this disbursement market, the contract worker market, which, elsewhere across the payments world, is kind of going, like, wildfire. So I'm just wondering, can you give us just an update on the progress with that acquisition and the monetization of that product, the traction you're seeing with that product in your base?

Jan Siegmund ***Automatic Data Processing, Inc. - Corporate VP & CFO***

Thank you, Lisa. The Global Cash Card acquisition was a second major acquisition now has annualized in the ADP portfolio. There's another one that we are very happy about. We -- it's a fairly strategic move for us to augment our payment capabilities as a leading payroll provider in the country and in the globe really. And we had very good sales success with the Global Cash Card. It documented our capabilities and the integration of our existing card business with Global Cash Card and the strategic initiatives that we had in our business plans are all making very good progress.

Operator

And our next question comes from Jeff Silber with BMO Capital Markets.

Jeffrey Marc Silber ***BMO Capital Markets Equity Research - MD & Senior Equity Analyst***

You had commented earlier about the tone of business from your clients. I'm assuming you were mostly referring to the U.S. I know Europe is relatively small component of your portfolio. But can you talk about what's going on there?

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

Not that small. Again, it's all -- it's a good point because relative to the size of ADP, you could say that it's not a huge percentage, but it's a pretty good-sized business. We have a very large business in Europe that's performing quite well. And so even though there you could argue that there's some deceleration -- kind of second derivative deceleration, the business is clearly better than it was 3 years ago, 4 years ago or 5 years ago. There is -- unemployment is decreasing. Employment is rising. The environment -- the business environment -- again, there's headlines and then there's the facts on the ground. I think that the economy may not be as good as it was 9 months ago, but it's performing pretty well. And I think that's showing in some of our results. I think we had, coincidentally, to your question, a good quarter in terms of our international bookings, particularly in Europe and particularly in France. So we see some positive pockets and some optimism in Europe, and that certainly helps our overall performance for the company. So we're very, very happy about that.

Operator

And our next question comes from David Grossman with Stifel Financial.

David Michael Grossman ***Stifel, Nicolaus & Company, Incorporated, Research Division - MD***

So Carlos, just based on your comments earlier, it sounds like there's a possibility, at least, that you may be able to operate with lower headcount without impacting client delivery. So if I'm understanding that correctly, how would you use kind of that excess margin? And what does that tell you, if anything, about the incremental potential operating leverage in the business?

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

That's a great question because I think there was a comment in our script about "competing demands." And so we believe that we have an opportunity, as we've communicated in our 2018 investor day, for improvements in margin in the -- structurally in the business. On the other hand, we're running the company for the long term. I think I mentioned this in the call last quarter that we're turning 70 years old in June of this year. And our intention is to continue to invest and build a business that will endure for another 70 years. And so that means that you have to be cautious about becoming too greedy and being too focused on the short term. And our board is not going to let that happen, and we're not going to let that happen. So I think the -- we're going to be very careful about making sure that whatever improvements we gain from a margin standpoint are not compromising our client satisfaction, not compromising our retention rate and not compromising our investments in product and R&D.

David Michael Grossman ***Stifel, Nicolaus & Company, Incorporated, Research Division - MD***

Okay. And I guess, the other question gets back to the kind of the durability of the model. And I know you said that you're not seeing any signs of economic weakness. That said, aside from slowed income, which I know there have been some changes in the dynamic since the last recession, but is there any other changes in the business that may suggest you could perform differently if there were another recession in the next 12 to 24 months? And perhaps, you could speak specifically to the PEO, which, I think, it grew through the last recession and just curious whether or not you have any updated thoughts on that, if there was a slowdown and how it may impact that business units as well.

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

It's a great question because we spend a lot of time thinking about making sure that our business is enduring. And we spend certainly some amount of time about what our reaction would be to any kind of slowdown. So I think that the most important thing heading into a slowdown would be to do the things that we are doing now. And we're not doing them because we expect a slowdown. We're doing them because it was the right thing to do, having high client satisfaction scores, having strong retention, making sure that you're properly invested in your sales engine and, most importantly, having great products. And so one of the things that I'm excited about is our next-generation solutions and some of the other investments we've been making in R&D over multiple years are really just -- are in front of us. They're not behind us. So we only have handfuls of clients. And we expect, in a few years, to have many more. And we expect that to make us more competitive. And we expect that to lower our cost structure as well. And so if it just so happens that we have a recession in 2 years, and it just so happens that we have our new products really coming to market and getting the traction we expect them to get, then I would expect that we would, on a relative basis, outperform where we would have performed in the past and where we would see our competitors performing. And so that is, again, one ray of optimism, I think, is that we've been making some investments in the business that weren't intended to address a recession, but they would be particularly handy in case of a recession.

David Michael Grossman ***Stifel, Nicolaus & Company, Incorporated, Research Division - MD***

And how about in the context of the PEO? Would you expect some more performance as we did 10 years ago? Or is it just the business is more mature, more heavily penetrated, so that would be a lot to expect from that particular business?

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

Well, I would hope that it will continue to perform the same way because it is a business like similar businesses where an economic slowdown sometimes creates more discussions and more opportunities. It doesn't mean you can't -- that you don't have to go execute against those and get those deals and get those contracts, which sometimes get harder in the upmarket as people restrain budgets. But there is an argument to be made potentially that in the PEO in a downturn, people do look for alternatives in outsourcing opportunities to stabilize and control their own cost. And that creates some opportunities for the PEO. It's probably going too far to say that the PEO is countercyclical, but it has performed well in the last couple of downturns because we've been through 2 downturns now since we've owned the PEO, and it's performed quite well in both settings. And just a couple of last thoughts on the previous comments, as I thought more about it. Heading into a recession, clearly, the comment about our ability to run the business with less headcount is accurate. And I think that is incredibly helpful. Having a leaner organization with less complexity and executing really well is an incredibly important part of having an organization that's prepared for any kind of downturns, so that we can weather that.

Operator

Our final question comes from Kevin McVeigh with Crédit Suisse.

Kevin Damien McVeigh ***Crédit Suisse AG, Research Division - MD***

Of course, you've been working hard on the retention. I wondered if you could just give us a little update on that. You reaffirmed the guidance where kind of most of the progress has been being kind of down, mid-, upmarket. And then any thoughts on, just longer term, where that can get to?

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

Well, I think -- I hate -- I know this is terrible to do, so I'd just take you back to our 2018 investor day where, I think, we provided some ideas around where we think retention will go in the next several years. There are some structural issues around retention, particularly in the downmarket where, out of business, I think, creates a natural turnover in the client base. But we still have quite a bit of controllable losses in all of our businesses. So I think from a -- the practical answer mathematically is that there's quite a bit of potential still in terms of retention improvement. But the guardrails around that are the reality of history where, I think, over long periods of time, ADP has been able to improve retention structurally over long periods of time, which is very impressive. And that's due probably to a combination of execution, higher attach rates and more stickiness of products, associates performing better. There's probably a number of factors. But these things have happened in, call it, 20, 25 basis point increments, not 1 or 2 percentage points in 1 year. And so I think it's probably a multiyear, multi-decade effort to just continue to ratchet up retention because any improvements in retention, obviously, are incredibly important in terms of the business model profitability and the lifetime value that we create at the client level. It really makes a huge difference for the economics of the business. So we're going to continue to focus on it. And I guess, the simple answer is we still think there's a lot of upside opportunity on retention, but it requires us to have great products, which, we are, just now, I think, focused on rolling out into the market in certain areas. If you take the example of our downmarket and now our mid-market, you would argue that ADP has a lot of potential for improvement in retention.

Kevin Damien McVeigh ***Crédit Suisse AG, Research Division - MD***

And can you remind us, is there a way to quantify how much of the retention is just business failings as opposed to competed away?

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

I think we'll get back to you on that one in terms of overall for ADP. If memory serves me correctly, in our downmarket business, it's between 5% and 10% of the overall losses. Somewhere in that ballpark are, what we call, uncontrollable, so bankruptcies and just companies going out of business because small businesses start and then they kind of go out of business. You've seen the stats around what the average life expectancy is for a company that's less than 50 employees over 5 years. It's a -- there's a natural churn in that space. As you get into the mid-market, the upmarket and international, the structural retention rates are much higher. The potential rates are incredibly high. On our multinational business, in GlobalView specifically, 98% to 100% retention is really kind of the expected retention rate there. It's quite a resilient business.

Operator

This concludes our question-and-answer portion for today. I'm pleased to hand the program over to Carlos Rodriguez for further closing remarks.

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

So we appreciate your questions today. And as you can see, we're very pleased with the start of the year. And we're happy, I think, not just because of the strong financial performance, which we clearly had, but mostly -- most importantly, we're very happy about having been able to accomplish that, while continuing to improve our client satisfaction scores and, in some cases, having those reach record high levels. As always, I want to thank our associates. I think they're the ones that are able to -- that allow us to deliver these kinds of record client satisfaction results, which then allow us to deliver the financial results and the great service that we deliver to our clients. And appreciate their patience and everyone's patience as we continue to enhance and refine our products, our service tools and as we go through our transformation efforts because I know that change is not easy. But clearly, our associates have embraced it, and we're executing well against the transformation initiatives. We'll obviously continue to be confident in the strategy that we've laid out here over the last couple of years and also the -- what we've been talking about for the last few quarters about the performance of the business this year. And we feel good -- very good about the momentum for the rest of the fiscal year. So with that, I thank you for joining us today, and I thank you for your continued interest in ADP.

Operator

Ladies and gentlemen, thank you for participating in today's conference. This concludes today's program, and you may all disconnect. Everyone, have a wonderful day.
