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FICO.N - Q2 2025 Fair Isaac Corp Earnings Call

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OVERVIEW:

Company Summary

CORPORATE PARTICIPANTS

Dave Singleton *Fair Isaac Corp - Vice President - Investor Relations*

William Lansing *Fair Isaac Corp - Chief Executive Officer, Director*

Steven Weber *Fair Isaac Corp - Chief Financial Officer, Executive Vice President*

CONFERENCE CALL PARTICIPANTS

Manav Patnaik *Barclays Capital Inc - Analyst*

George Tong *Goldman Sachs Holding Company LLC - Analyst*

Jeff Mueller *Baird Capital - Analyst*

Simon Clinch *Redburn Atlantic - Analyst*

Jason Haas *Wells Fargo Securities LLC - Analyst*

Faiza Alwy *Deutsche Bank - Analyst*

Surinder Thind *Jefferies Group LLC - Analyst*

Ashish Sabadra *RBC Capital Markets - Analyst*

Kyle Peterson *Needham & Company LLC - Senior Analyst*

Joshua Dennerlein *Bank of America - Analyst*

Scott Wurtzel *Wolfe Research LLC - Analyst*

Kevin Mcveigh *UBS Group AG - Analyst*

Matthew O'Neill *FT Partners Equity Research - Analyst*

PRESENTATION

Operator

Good day and thank you for standing by. Welcome to the second-quarter 2025 FICO earnings conference call. (Operator Instructions) Please be advised today's conference is being recorded.

I would now like to hand the conference over to your speaker today. Dave Singleton, please go ahead.

Dave Singleton - Fair Isaac Corp - Vice President - Investor Relations

Good afternoon, and thank you for attending FICO's second-quarter earnings call. I'm Dave Singleton, Vice President of Investor Relations, and I'm joined today by our CEO, Will Lansing; and our CFO, Steve Weber.

Today, we issued a press release that describes financial results compared to the prior year. On this call, management will also discuss results in comparison with the prior quarter to facilitate an understanding of the run rate of the business.

Certain statements made in this presentation are forward looking under the Private Securities Litigation Reform Act of 1995. Those statements involve many risks and uncertainties that could cause actual results to differ materially. . Information concerning these risks and uncertainties is contained in the company's filings with the SEC, particularly in the risks, forward and forward-looking statements portions of such filings. Copies are available from the SEC, from the FICO website or from our Investor Relations team.

This call will also include statements regarding certain non-GAAP financial measures. Please refer to the company's earnings release and Regulation G schedule issued today for a reconciliation of each of these non-GAAP financial measures to the most comparable GAAP measure.

The earnings release and Regulation G schedule are available on the Investor Relations page on the company's website at fico.com or on the SEC's website at sec.gov. A replay of this webcast will also be available through April 29, 2026.

I will now turn the call over to our CEO, Will Lansing.

William Lansing - *Fair Isaac Corp - Chief Executive Officer, Director*

Thanks, Dave. Thank you, everyone, for joining us for our second quarter earnings call. In the Investor Relations section of our website, we've posted some financial highlights slides. We'll be referring to them during this earnings announcement. We had another strong quarter, and we are reiterating our fiscal '25 guidance.

As shown on page 2 of the second quarter financial highlights, we reported quarter 2 revenues of \$499 million, up 15% over last year. We reported \$163 million in GAAP net income in the quarter up 25%.

We reported GAAP earnings of \$6.59 per share, up 28% from the prior year. We reported \$193 million in non-GAAP net income in the quarter, up 25% and non-GAAP earnings of \$7.81 per share, up 27% from the prior year. As you can see on page 10, we delivered free cash flow of \$65 million in our second quarter.

Over the last four quarters, we delivered \$677 million of free cash flow, which would be an increase of 45% over the trailing 12-month period ending March 31, 2024. We continue to return capital to our shareholders through buybacks by repurchasing 112,000 shares in quarter two. In our Scores segment, you can see on page 6 of the presentation, our second quarter revenues were \$297 million, up 25% versus the prior year.

On the B2B side, quarter two revenues were up 31% versus the prior year, primarily driven by mortgage originations revenues. On the B2C side, quarter two revenues were up 6% versus the prior year, primarily driven by revenue from indirect channel partners. Second quarter mortgage origination revenues were up 48% versus the prior year.

Mortgage origination revenue accounted for 54% of B2B revenue and 44% of total Scores revenue. Auto origination revenues were up 16%, while credit card, personal loan and other originations revenues were flat versus the prior year.

FICO continues to build financial inclusion globally. In the quarter, we announced a Kenya specific FICO score. Through our partnership with TransUnion, the FICO Score is part of a credit risk solution, which empowers lenders to serve previously underserved consumers in small, micro and medium-sized enterprises. We also continue to raise awareness of financial literacy. One way we do it is by encouraging consumers to manage their financial health by checking their free FICO score at myfico.com/free.

Over the last year, FICO has seen nearly 70% increase in users accessing their free FICO scores by FICO. I hope you'll tell all of your friends to get their free FICO score at myfico.com. Most importantly, we continue to focus on innovation. FICO Score mortgage simulator is now available for lender used through Exactus, the largest credit reseller in the mortgage industry.

Mortgage professionals can leverage valuable insight from the simulator to help drive smarter decisions that can present more loan options and favorable interest rates for customers. We continue to drive strong adoption of FICO Score 10 T for non-GSE loans and we're seeing strong results from our early adopter program. Lenders who use the classic FICO Score today can receive FICO Score 10 T for free through this program so they can evaluate the advantages before fully moving to utilizing FICO's newest and most predictive score.

Lenders in the program have been able to validate the power FICO Score 10 T in real-world mortgage underwriting, loan production, execution and servicing. Refer to the February 24 post in our FICO newsroom to see a list of recent additions to our growing list of FICO 10 T adopters.

As of today, we have clients with over \$284 billion in annualized mortgage originations and about \$1.43 trillion in eligible mortgage portfolio servicing that have signed up for FICO Score 10T.

In our Software segment, we delivered \$202 million in quarter two revenue, up 2% from the prior year. The revenue increase was driven mainly by growth in license revenue recognized at a point in time, partially offset by a decline in professional services. We continue to drive growth in ARR and NRR through our land and expand strategy with expand driven by increased customer usage.

As shown on page 7, the total ARR was up 3% with platform ARR growing 17% and non-platform ARR declining 3%. Total NRR for the quarter shown on page 8, was 102% with platform NRR at 110% and non-platform at 96%. ACV bookings for the quarter were \$21.8 million compared to \$16.8 million in the prior year. In our software business, we continue to expand our partner channels. FICO recently partnered with Fujitsu, a top digital servicing company in Japan.

Together, we will accelerate digital transformation support for Japanese financial institutions, delivering a future of smarter, more connected banking and payments. This quarter, we announced a partnership with dacadoo to bring AI-powered precision to the life insurance industry. Dacadoo is a Swiss-based technology company that develops solutions for digital health engagement and health risk quantification.

By integrating FICO platform with dacadoo's Health Risk Quantification Risk Engine, we create a solution that enables insurers to target their life insurance products specific profiles. This allows dacadoo to design highly personalized insurance products for their customers using advanced decision science.

Later in the call, I'll talk about our upcoming FICO World Conference, but first, let me pass it to Steve to provide further financial details.

Steven Weber - Fair Isaac Corp - Chief Financial Officer, Executive Vice President

Thanks, and good afternoon, everyone. As Will mentioned, we had another good quarter with total revenue of \$499 million, an increase of 15% over the prior year. Scores segment revenues for the quarter were \$297 million, up 25% from the prior year. B2B revenues were up 31%, driven primarily by mortgage originations revenues. Our B2C revenues were up 6% versus the prior year due to increased revenue from our indirect channel partners.

Software segment revenues for the quarter were \$202 million, up 2% from the prior year. On-premises and SaaS software revenue grew 4% year over year, while professional services declined 9%. We do expect Q3 professional services revenue to increase from the Q2 level.

This quarter, 86% of total company revenues were derived from our Americas region, which is a combination of our North American and Latin America regions. Our EMEA region generated 9% of revenues and the Asia Pacific region delivered 5%. Our total software ARR was \$715 million, a 3% increase over the prior year. Platform ARR was \$235 million, representing 33% of our total Q2 '25 ARR, up from 29% of total Q2 '24 ARR.

Platform ARR grew 17% versus the prior year, while nonplatform declined 3% to \$480 million this quarter. We did see some CCS usage headwinds, both platform and non-platform as some customers chose to either delay or downsize some of their customer outreach programs due to macro volatility.

Our platform land-and-expand strategy continues to be successful. Our dollar-based net retention rate in the quarter was 102%, platform NRR was 110% and while our non-platform NRR was 96%. Platform NRR was driven by a combination of new use cases and increased usage of existing use cases. Our software ACV bookings for the quarter were \$21.8 million compared to \$16.8 million in the prior year.

We have a healthy pipeline for the back half of this fiscal year. Turning now to expenses for the quarter, as shown on page 5 of the financial highlight presentation. Total operating expenses were \$253 million this quarter versus \$260 million in the prior quarter, a decrease of 3%. We expect expenses to be moderately higher in the back half of the year due mainly to our FICO World event and other marketing activities.

Our non-GAAP operating margin, as shown in our Reg G schedule, was 58% for the quarter compared with 53% in the same quarter last year. And this means we delivered non-GAAP operating margin expansion of 450 basis points year over year. GAAP net income this quarter was \$163 million, up 25% from the prior year's quarter.

Our non-GAAP net income was \$193 million for the quarter, up 25% from the prior year's quarter. GAAP earnings per share this quarter were \$6.59, up 28% from the prior year, and our non-GAAP earnings per share were \$7.81, up 27% from the prior year.

The effective tax rate for the quarter was 23.7%, and the operating tax rate was 24.9%. For the full year, we believe our net effective tax rate will be around 22% and our recurring tax rate will be around 26%. Free cash flow for the quarter was \$65 million, a 6% increase from the prior year. Free cash flow was \$677 million over the last four quarters, an increase of 45% over the trailing 12-month period ended March 31, 2024.

Our accounts receivable balance was up this quarter due to the timing of some large payments that were not received until early April. We anticipate our free cash flow will accelerate in the second half of this fiscal year. At the end of the quarter, we had \$192 million in cash and marketable investments. Our total debt at quarter end was [\$2.53 billion] with a weighted average interest rate of 5%.

Currently, 51% of our total debt is fixed rate. Our floating rate debt is prepayable at any time giving us the flexibility to use free cash flow to reduce outstanding floating rate debt balances in future periods. Turning to return of capital. We bought back 112,000 shares in the second quarter at an average price of \$1,849 per share. We continue to view share repurchases as an attractive use of cash.

And with that, I'll turn it back to Will for closing comments.

William Lansing - Fair Isaac Corp - Chief Executive Officer, Director

Thanks, Steve. The macroeconomic environment remains fluid, but our strategy and execution remained consistent. We are well positioned for this fiscal year and remain confident in the fiscal year guidance that we've provided. Our continued innovations drive significant value to our customers. This quarter, we announced several examples.

IA Financial Group leverages FICO platform for expanding insurance underwriting. Nationwide's adoption has led to increased speed and credit decisioning and rollout of new strategies. Lloyds Bank has increased credit card approvals and new-to-bank consumer loan approvals.

Next week, we're hosting FICO World in Hollywood, Florida, where many of our customers will highlight their own success stories from adopting FICO offerings. Four-Day event brings together customers and prospective customers and around the globe to discuss the benefits of making real-time decisions at scale through the power of FICO platform.

Customers will explain the benefits of optimizing interactions with consumers using FICO platform. Those customers are realizing improved profits, increased customer acquisition and retention, reduced costs, growth in new product offerings and improved employee efficiency. The event will showcase FICO platform demonstrations and have exciting announcements related to bringing innovation to the market.

Some of the content from FICO World will be available in the coming weeks on our YouTube channel. I'd encourage all of you to view the demonstrations and presentations to better understand our customers' excitement around this innovative technology.

With that, I'll turn it back to Dave to open up questions.

Dave Singleton - Fair Isaac Corp - Vice President - Investor Relations

Thanks, Will. This concludes our prepared remarks, and we're now ready to take questions. Operator, please open the line.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Manav Patnaik, Barclays.

Manav Patnaik - Barclays Capital Inc - Analyst

Thank you. Will, typically, this is your kind of beat and raise type quarter. So I just wanted some perspective on how you thought results came in versus your expectations? And it sounds like everyone else is just holding the guide given the potential uncertainty. Is that what you're thinking along those lines as well?

William Lansing - Fair Isaac Corp - Chief Executive Officer, Director

Yes, I think that's exactly it. I think we're in an environment with a little more uncertainty than expected. And as usual, we remain conservative though. There's ample time to raise guidance when we're more confident about it, and we're comfortable with where we are.

Manav Patnaik - Barclays Capital Inc - Analyst

And then somewhat of a follow-up, I guess, on the software side, I mean, you guys were pretty confident in the reacceleration of software. So I was just hoping you could give us some context on platform. And then even non-platform was down this quarter. So just curious what's happening there.

William Lansing - Fair Isaac Corp - Chief Executive Officer, Director

Yes. I think I'd put that in the same category of macroeconomic factor. What we see on the non platform side is a little lower, I should say, not lower usage, but lower growth in usage of CCS. And I think that reflects our customers' conservatism around the macro environment. And I remain confident that our growth rate on the platform side will be strong, will continue to be strong.

We'll strengthen from where it is today. As you know, we don't work quarter-to-quarter deal slip. We're okay with that. We -- our customers and our salespeople know that we don't go to extraordinary lengths to try to close deals by quarter end. And so I think there's all those factors at play.

But I think the business is still quite healthy, and we feel good about it.

Manav Patnaik - Barclays Capital Inc - Analyst

Thank you.

Operator

George Tong, Goldman Sachs.

George Tong - Goldman Sachs Holding Company LLC - Analyst

Hi, thanks. Good afternoon. I wanted to see if you can talk a little bit about whether you've seen any changes in credit origination volumes through April, given all the macro uncertainty out there? And if current trends persist, if you can point to where in your guidance range, you would expect to land?

William Lansing - Fair Isaac Corp - Chief Executive Officer, Director

We haven't seen a lot of change there. But remember, we're a lagging indicator.

Steven Weber - Fair Isaac Corp - Chief Financial Officer, Executive Vice President

And in terms of the guidance, I mean, we're comfortable with where we are in the guidance. I mean one of the reasons we probably didn't change our guidance this quarter is that there's a lot of uncertainty, right, this can go a lot of different directions. We're confident in our guidance number, but it's difficult to know with as much volatility as there is even what we would change it to, if we were to change it. So we're sticking with what we have.

George Tong - Goldman Sachs Holding Company LLC - Analyst

Okay. Got it. That's helpful. And then following up on the platform software business, ARR growth decelerated, you mentioned that was due to macro factors. Can you talk about how much visibility you have into reacceleration in platform growth?

And will it take macro conditions improving to drive the growth to be accelerate? Or do you have internal idiosyncratic drivers that can get that growth higher?

William Lansing - Fair Isaac Corp - Chief Executive Officer, Director

We have some level of visibility because we obviously booked the deals ahead of when the revenue is recognized. So I would say, we do have some visibility, and that's part of my optimism about the business. But I think it is tempered by the macro environment. And so sometimes that means deals take longer to close. We haven't experienced this yet, but you never know, deals might not happen because of the macro environment.

So we have the conservatism that goes with that. But in terms of visibility, our visibility says our business is healthy and should reaccelerate.

George Tong - Goldman Sachs Holding Company LLC - Analyst

Got it. Thank you.

Operator

Jeff Mueller, Baird.

Jeff Mueller - Baird Capital - Analyst

Yeah, thank you. [Steven Pollack] on for Jeff. Just on that point, are you seeing any changes in the customer approach towards the platform sales cycles, things like, you know, are you seeing longer cycles, longer decision times, any changes in sort of the contract terms, anything around that?

William Lansing - Fair Isaac Corp - Chief Executive Officer, Director

Not so far. So I would say that -- we've talked about this in the past. The platform is increasingly a strategic purchase by our customers. And it's part of a bigger strategic plan to be more consumer-focused and to optimize all kinds of interaction with the consumer.

So I wouldn't say we're immune from macro conditions, but I do think that we're such a critical part of the strategy for our customers that it's not really going to the back burner or it's not getting canceled just because conditions are not perfect. That said, that's today and who knows how that affects us in the future. But today, we're not seeing it. The deal cycles have not really slowed. No.

Jeff Mueller - Baird Capital - Analyst

Okay. And then on sort of insurance partners -- or customers that you've announced. If you could just talk with the go to market for some of the nonfinancial services customers, is that direct? Is that through partners, kind of maybe what's driving maybe some of the traction in some of the nonfinancial services segments.

William Lansing - Fair Isaac Corp - Chief Executive Officer, Director

It's both. It's both. But as you know, we have been putting increasing emphasis on our indirect channel. And so there is more activity there, and we are getting more deals outside of our direct sales force.

Jeff Mueller - Baird Capital - Analyst

All right. Thank you.

Operator

Simon Clinch, Redburn Atlantic.

Simon Clinch - Redburn Atlantic - Analyst

Hi. Thanks for taking my question. I was wondering if we could just go back to your comments that nothing's really changed in terms of client behavior or volumes through April. But I was wondering if you could perhaps break it down. If -- was that an overall comment around sort of the aggregate level of volumes? Or is there any sort of detail at the sort of vertical level, which you can share with us?

Steven Weber - Fair Isaac Corp - Chief Financial Officer, Executive Vice President

You're talking about the scores business?

Simon Clinch - Redburn Atlantic - Analyst

Sorry, in Scores.

Steven Weber - Fair Isaac Corp - Chief Financial Officer, Executive Vice President

So I mean, honestly, we don't have real-time data, frankly. I mean you'd be better off getting information from the bureaus on that. They can track it on a day-to-day basis. We -- as Will said, we get our reporting in arrears. So we have some anecdotal information, but we don't have [indiscernible] real data today with us.

Simon Clinch - Redburn Atlantic - Analyst

Okay, understood. Thanks. And then just a secondary going back to the software business. And I mean the booking strength was notable this quarter.

That's sort of maintained as why everything was going on. I just wonder if you could give us some a little context around pipeline build and that's sort of touching on the demand side as opposed to just the deal slipping.

William Lansing - Fair Isaac Corp - Chief Executive Officer, Director

The demand side is strong. The pipeline is strong. The current bookings, as you can see, are strong. So it's all in a good direction.

Steven Weber - Fair Isaac Corp - Chief Financial Officer, Executive Vice President

Yes. I mean, again, where we saw the headwinds were on CCS, and it's just about how a lot of our existing customers are reaching out to their consumers. And if there are accounts growth slows down, and you're going to see a slowdown in CCS volume. So a lot of this is -- it has nothing to do with the products necessarily. It's just about how they interact with their consumers.

Simon Clinch - Redburn Atlantic - Analyst

Understood. Thank you.

Operator

Jason Haas, Wells Fargo.

Jason Haas - Wells Fargo Securities LLC - Analyst

Hey, good afternoon. Thanks for taking my question. I'm curious if you could give us any sense for what sort of price increase you took in auto. Just so we can get a sense for maybe in the quarter, how much was volume versus price driven since there's an acceleration there? Thanks.

Steven Weber - Fair Isaac Corp - Chief Financial Officer, Executive Vice President

We don't comment on price increases until we make them.

Jason Haas - Wells Fargo Securities LLC - Analyst

You're talking about the ones that are already made, the ones that we have this quarter?

Steven Weber - Fair Isaac Corp - Chief Financial Officer, Executive Vice President

So there's definitely an impact from the pricing that we've done so far.

Jason Haas - Wells Fargo Securities LLC - Analyst

Oh, I see.

William Lansing - Fair Isaac Corp - Chief Executive Officer, Director

Of course, yes. I mean as the price increase feathers in, as it becomes recognized over the course of the year, price becomes a bigger component, change in price becomes a bigger component of our revenue increase. And so yes, that is happening as we speak.

Steven Weber - Fair Isaac Corp - Chief Financial Officer, Executive Vice President

But we don't specifically call out the percentage of price increase versus volume increase.

Jason Haas - Wells Fargo Securities LLC - Analyst

Got it. Okay. That's fair. And then as a follow-up, it looks like the growth in person outlet expense has maybe moderated a little bit. I wasn't sure if that was just timing where you're finding some efficiencies there? Thanks.

Steven Weber - Fair Isaac Corp - Chief Financial Officer, Executive Vice President

Yes, that doesn't even have anything to do with head count. In essence, there was -- some of it's around fringe, some of it's around -- some of are truing up our supplemental retirement plan. So it has nothing to do with headcount per se. It has more to do with some of the fringe costs around that. So we got a benefit this quarter that we probably won't have next quarter of a few million dollars.

Operator

Faiza Alwy, Deutsche Bank.

Faiza Alwy - Deutsche Bank - Analyst

Yes, hi, thank you. I wanted to ask about the Scores business. It looks like there was a pretty substantial increase in the nonorigination of B2B Scores revenue. And I'm curious if there was something specific that you can point to there?

Steven Weber - Fair Isaac Corp - Chief Financial Officer, Executive Vice President

There's just a lot of -- I mean nothing really anything in particular. There's a lot of things that were kind of -- some of it's in some license sales and some in the international markets. Some of it is a little bit more of a prescreen. There's just a lot of things -- nothing specific to call up, but there's just a lot of things that kind of added to the nonoriginations this quarter.

Faiza Alwy - Deutsche Bank - Analyst

Okay. Understood. And then Will, I wanted you about...

Steven Weber - Fair Isaac Corp - Chief Financial Officer, Executive Vice President

We do have some of those -- We do have a lot of -- quarter-to-quarter, we do have some fluctuation in that number. So there will always be some quarters there are a little bit higher than others.

Faiza Alwy - Deutsche Bank - Analyst

Okay. Okay. Will, I wanted to ask you about just the regulatory environment, there's obviously been a lot of shifts postelection, and you've had some of these new regulators settled into their new roles. So curious how you're thinking about the evolving situation, if you've had any conversations? And anything you can share in terms of your perspective there?

William Lansing - Fair Isaac Corp - Chief Executive Officer, Director

Well, we're always in conversations with the appropriate regulators and agencies and nothing has really changed. We continue to be in touch with them and talk about our industry and how we ought to go forward with it. I would say that the regulatory environment is a good one for FICO. We're pleased with where we are. It's all basically good news for us.

Faiza Alwy - Deutsche Bank - Analyst

It's all basically good news for us. Alright, thank you.

Operator

Surinder Thind, Jefferies.

Surinder Thind - Jefferies Group LLC - Analyst

Thank you. Will, maybe could you possibly comment on just kind of the DBNRR number? Obviously, it's slowed down a little bit. But is there a way to disaggregate the client behavior there in the sense that is it clients have stopped or slowed down kind of the implementation of use cases in the current environment? Or is it more a case of they're just running existing use cases maybe less frequently?

William Lansing - Fair Isaac Corp - Chief Executive Officer, Director

Yes. I would say usage itself. We're not losing customers. And they're not postponing what they do, but things that are usage-based we're seeing less usage. And I really think that's ebbing or flow thing, it has to do with the environment.

Steven Weber - Fair Isaac Corp - Chief Financial Officer, Executive Vice President

Got it. That's helpful. And Surinder, in most cases, it's not like they're really declining. In a lot of cases, it's just not growing as fast as they were in the past.

Surinder Thind - Jefferies Group LLC - Analyst

Yes. I stand corrected there. It's just the growth rate has slowed down, and it was this idea of whether clients are just slower to maybe adopt new use cases as you move from one division to the next to next as well, right, versus....

William Lansing - Fair Isaac Corp - Chief Executive Officer, Director

I don't know it's so much that. I think it's more of the usage itself. I really think it's an environmental factor.

Surinder Thind - Jefferies Group LLC - Analyst

Got it. And then maybe a question for you, Steve. Just on the expenses, the SG&A numbers, how do we think about the run rate excluding the expenses that are associated with the FICO World Conference.

Steven Weber - Fair Isaac Corp - Chief Financial Officer, Executive Vice President

Yes. So we will have higher expenses in the back half of the year. We do -- obviously, at FICO world, we have -- so marketing expense is primarily on the Score side that we've got in the back half of the year that will add some more expense to it. We're adding headcount as well, but it's not all that dramatic. As we've said, obviously, for several quarters, we are having a headcount where we can bring in good people, but it doesn't -- it's not all that material.

So from that point of view, you're not going to see a lot of increase in expenses.

Surinder Thind - Jefferies Group LLC - Analyst

Got it. So excluding FICO World, not a material increase in expenses in the back half?

Steven Weber - Fair Isaac Corp - Chief Financial Officer, Executive Vice President

I'm sorry, say that again.

Surinder Thind - Jefferies Group LLC - Analyst

So excluding FICO World, not a material increase in expenses because that's a big onetime line item, right?

Steven Weber - Fair Isaac Corp - Chief Financial Officer, Executive Vice President

Yes. I mean there's other expenses that we'll have some marketing expenses, too. So I mean if you look at what's implied in the guide, there is additional expenses that will be in the back half of the year. But obviously, FICO World is a big part of that.

Surinder Thind - Jefferies Group LLC - Analyst

Okay, thank you.

Operator

Ashish Sabadra, RBC.

Ashish Sabadra - RBC Capital Markets - Analyst

Thank you for taking my question. I just wanted to ask a question on software as well. How do we think about the timing of converting some of that ACV. We've seen pretty strong ACV in the first half of '25, the timing of that converting over to ARR.

Steven Weber - Fair Isaac Corp - Chief Financial Officer, Executive Vice President

You know, it's probably, you know, nine months, six to nine months before the conversion takes place. It depends on the individual customer. Some customers, if they're a little more sophisticated or easier to implement, it could be a little bit quicker than that. But usually it's in that six- to nine-month range.

Dave Singleton - Fair Isaac Corp - Vice President - Investor Relations

And then, Ashish, it does take three months to kind of ramp that up. So you can, I kind of think of it more like nine to 12 when it's fully ramped, but Steve's right, six to nine when it kind of kicks off.

Ashish Sabadra - RBC Capital Markets - Analyst

That's very helpful color. And maybe just a quick clarification on the auto origination revenues. There was a comment there during the Q&A about pricing getting feathered in. So if our understanding is right, there was only a partial benefit of pricing in the quarter, and we should continue to see that incremental benefit as we go forward? Is that a right assumption?

Steven Weber - Fair Isaac Corp - Chief Financial Officer, Executive Vice President

Yes. I mean, well, auto is the same as everything else. So we repriced it effective January 1. Sometimes it doesn't all roll in right away on January 1. So sometimes, it takes a little bit of time for the full benefit of that to hit.

But the auto pricing is the same way as mortgage and auto -- mortgage and credit card as well.

Ashish Sabadra - RBC Capital Markets - Analyst

That's pretty helpful. Thank you.

Operator

Kyle Peterson, Needham.

Kyle Peterson - Needham & Company LLC - Senior Analyst

Great. Good afternoon. Thanks for taking the questions. I wanted to start on the buyback and capital allocation. Historically, you guys have been fairly steady and formulaic as to how much you guys have returned to shareholders.

Obviously, we seem to be in a more volatile equity market environment, how are you guys kind of thinking about balancing, returning cash to shareholders versus potentially being like opportunistic and maybe stepping up a little bit more if we do get some short-term blips. Any color there on how you guys are thinking about that would be really helpful.

William Lansing - Fair Isaac Corp - Chief Executive Officer, Director

Our philosophy there has not really changed. We've said in the past and it continues to be true that we're not market timers. We have a big view of the future value of our company, the value today and the future value. And so we're really committed to the stock buyback. And we don't spend a ton of time thinking about is this a great time to back up the truck versus should we stay out of the market because it feels pricey.

We pretty much by consistently and we're pretty happy with that. That said, there have been times in our history, as you know, where we felt like the market was punishing us with a bad understanding of our prospects. And so we -- although we've historically tried to match our free cash flow to our stock purchases, there have been times when we have exceeded that by quite a bit. And for a one- to two-year period, we did just a few years ago. And that's not on the question.

I think you'll see us continuing to buy regularly into the future. And as opportunities present themselves, we do sometimes heavy out.

Kyle Peterson - *Needham & Company LLC - Senior Analyst*

Okay. That's really helpful. And then maybe a follow-up on software. I know several other guys have asked about this, but any color on kind of what you guys are seeing maybe a little more under the hood. Is some of the sales cycle changes and such.

Have there been any changes in like whether it's like by geographies or bank size or anything like that over the last, like, call it, few months or something? Or is a lot of the decision-making pretty consistent with what you guys have historically seen and kind of shared on recent calls before this?

Steven Weber - *Fair Isaac Corp - Chief Financial Officer, Executive Vice President*

No, I don't think we've seen -- any discernible trends that way. And actually, if you look at, the bookings have been pretty good. So where we've seen some slowdown is in some of the usage. But we haven't really seen any changes in behavior with -- depending on region or geography or size of bank.

Kyle Peterson - *Needham & Company LLC - Senior Analyst*

That's really helpful. Thanks, guys. Nice quarter.

Operator

Joshua Dennerlein, Bank of America.

Joshua Dennerlein - *Bank of America - Analyst*

Yeah, hey guys. Just wanted to touch base on the platform. I know you are continually rolling out new solutions on that side. Could you remind us what you're rolling out solution-wise this year on the platform? And then just maybe provide some context on how -- when you've added solutions in the past just impacted growth.

William Lansing - *Fair Isaac Corp - Chief Executive Officer, Director*

Yes, we -- well, so I would say that the largest number of solutions and use cases are related to the credit risk life cycle and things that we've historically done with our legacy applications. So originations, line management, that sort of thing. I would say that our fraud solutions on the platform are still in process.

So some of the fraud solutions are available on the platform, some new ones are available on the platform that you couldn't get before. And some of the old ones are not available yet. So I would say that's more of a work in progress in terms of where we are. I would expect that virtually all of our fraud solutions will be available on the platform next year.

Dave Singleton - Fair Isaac Corp - Vice President - Investor Relations

And Josh, there will be announcements about innovation on FICO platform at Fico World.

Joshua Dennerlein - Bank of America - Analyst

Okay. I appreciate that, Dave. Is there -- do you guys I think --?

William Lansing - Fair Isaac Corp - Chief Executive Officer, Director

I would encourage anyone who's interested to -- if you're not an attending FICO world, check out the FICO World YouTube videos because we'll go into a lot of detail on what's being released.

Joshua Dennerlein - Bank of America - Analyst

You guys typically end up getting like with people who are coming to FICO world, do you see like a sales growth bump from that, does that convert to a lot of sales?

William Lansing - Fair Isaac Corp - Chief Executive Officer, Director

Yeah, absolutely. I would say that it's our #1 sales pipeline building effort. What happens is we put a ton of energy into making available all of our top technical personnel so that customers, prospective customers can really get a deep understanding of what we can do for them. We couple that with meeting other customers who have implemented our solutions.

And there's a lot of transfer of knowledge and frankly, we don't do a lot of selling. It's really being done by our customers explaining to other customers and potential customers, what they're doing and where they're having success and where they're not. So it used to be just a show and tell -- and now I would say that most of the customers who come, get a very personalized, customized several days, focused specifically on the needs of their bank, that needs their financial institution and how we best can serve them.

And typically, with references and introductions to other customers who've already done what they'd like to do. So it winds up being a huge channel pipeline building activity.

Operator

Scott Wurtzel, Wolfe Research.

Scott Wurtzel - Wolfe Research LLC - Analyst

Hey, good afternoon, guys. Thank you for taking my question. Just one for me. The color on some of the channel partners that you're working with in the software business is helpful. Just wondering how you feel overall about the partner network in the software business and how that's running right now. Thanks.

William Lansing - *Fair Isaac Corp - Chief Executive Officer, Director*

We continue to believe it's a big opportunity for us. We don't have as much indirect sales as we would like, and we continue to invest in the indirect channel with a view to increasing it. We've talked about this in the past. We have a really dynamic direct sales force. That said, it's quite small.

If you compare our with our distribution strength in direct sales, it's fairly obvious that those are mismatched. And although we're taking a lot of initiative around that, we're adding salespeople. We're growing our direct sales. We recognize that the real opportunity is to expand the indirect sales. And so we have.

We've been investing in it. We have a lot of people working on it right now and for different kinds of things.

We have geographic reach that's occurring. We have diversification into nonfinancial services verticals. We have work going with SIs. And interestingly, the work with the SIs is not just the transfer of our professional services work to them. but they're actually taking our IP and building proprietary solutions for themselves that they use with their customers.

And so I think it's really nice. It's a partnership where we get the professional services extra capacity, if you want to call it that, coupled with them as a channel, a true channel for moving our IP to market.

Scott Wurtzel - *Wolfe Research LLC - Analyst*

Great. Thanks for the caller.

Operator

Kevin Mcveigh, UBS.

Kevin Mcveigh - *UBS Group AG - Analyst*

Great. Would you expect some of the lower kind of usage in CCS to kind of capture that in the back half of this year? Or is that something that you think potentially gets pushed out to '26?

William Lansing - *Fair Isaac Corp - Chief Executive Officer, Director*

Oh. Wow. Your guess is as good as ours. It's just so hard to say. Our business is built around doing some amount of kind of base level revenue for getting something underway and then built on usage. And we can't really control the usage except to the extent that we teach our customers how to get more value by expanding the usage.

But kind of the economic activity level of the usage is something we can't really control. And I don't really have visibility there. I don't know which way it goes.

Kevin Mcveigh - *UBS Group AG - Analyst*

It's helpful. And then with the partner channel on the implementation work, is that explaining some of the recent trends in the professional services? Because it seems like the bookings have really scaled. Or is it just the size of the bookings? Just trying to reconcile the professional services trends against, obviously, what's been pretty good bookings overall.

Steven Weber - *Fair Isaac Corp - Chief Financial Officer, Executive Vice President*

Yes. I would say this quarter, some of it was actually timing. We had some milestones that had to be met in order to reclaim the revenue, and it ticked over from March into April. So there's a little bit of a timing there. You will probably see the -- I think we even referenced this in the prepared remarks, that we expect the -- actually, the revenue to come up a little bit in the back half and even in our third quarter. Thank you very much.

Operator

Matthew O'Neill, FT Partners.

Matthew O'Neill - *FT Partners Equity Research - Analyst*

Hi, John, and thanks for taking my question. Many good questions asked and answered here. So I thought I would open -- ask a more open-ended one, just around sort of strategic priorities, but recognize that FICO World is next week. So whatever you may be willing to preview as far as kind of the focus for the remainder of the year and beyond what would be really interesting. Thank you.

William Lansing - *Fair Isaac Corp - Chief Executive Officer, Director*

Well, I think what you'll see at FICO World is a whole bunch of new capabilities. You'll see a little bit more on the way we're using AI. On the Score side, you'll see some of the innovation that we have coming. We're just gearing up on FICO 11, so you'll get a little taste of that. So those are the kinds of things that we expect to be announcing next week.

Matthew O'Neill - *FT Partners Equity Research - Analyst*

Got it. Appreciate it.

Operator

And I'm not showing any further questions at this time. And as such, this does conclude today's presentation. You may now disconnect, and have a wonderful day.

William Lansing - *Fair Isaac Corp - Chief Executive Officer, Director*

Thank you.

Dave Singleton - *Fair Isaac Corp - Vice President - Investor Relations*

Thank you.

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