McGraw Hill

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George Tong: OK, we can go ahead and get started. Welcome, good afternoon. Our next session is with McGraw Hill. I'm very pleased to be joined by Philip, Moyer. Philip, thanks for being here with us today.

Philip Moyer: George, great to be here.

George Tong: Ok, so let's start off with McGraw Hill's overall strategy and AI positioning? So McGraw has 100 million plus paid curriculum licenses, 7.5 million plus users of its AI products. Can you talk about how that installed base really shapes the company's AI strategy and how it creates opportunities to deepen engagements, improve outcomes, and ultimately change the incremental revenue?

Philip Moyer: Yeah, so I think it's super important to understand education. I think a lot of people have this kind of misnomer, you just park a child or you park a student in front of a chat bot and you get a great outcome. The speech that we deliver is some of the most highly regulated and politicized speech on the planet. What you put in front of a child is legislated right down to the zip code level, the language you're allowed to use, the science you're allowed to use. You know, we have to we serve Saudi Arabia, we serve Oregon, we serve Texas, we serve Florida. It is extraordinarily, first and foremost, I'll say, a politicized environment, which creates a huge regulatory moat in the K-12 space. These adoption cycles tend to be long, you know, 5 to 7 years for a lot of the core, and so they're picking a partner to go along with the curriculum over a 5 to 7 year journey. And curriculum tends to be about 1 to 2 cents of the education dollar. And by that I mean the largest cost is teachers. And what you don't want is your teacher sitting up at night trying to make sure you're correcting a chat bot that's hallucinated or that they don't have a way to assess to see whether or not the child is actually grasping what's happening or not. So in the K-12 space, really deep, I'll call it regulatory moat. We are probably one of the largest curriculum providers in the world. We're in about 82% of all the school districts here in the United States. We're one of the few that serves the Middle East. A lot of the Middle Eastern countries, in some cases, are serving as much as 50% of their curriculum. And then in Latin America, a really strong position. Then, as you get up into higher ed, there's a similar dynamic in the sense that the professor really wants to be able to have the trusted content to go along with what he's educating. In the medical space, we just were talking about what we were doing in the agentic space, you need to have medical grade answers. And I'd like to say that in medicine, you need to be able to answer 99.9999% of the time with the exact right answer. That is extremely hard to get medical grade AI, is what I'll say. It's equally important when you're teaching engineering. It's equally important when you're teaching accounting. It's equally important when you're teaching mathematics. It's equally important when you're teaching literacy. It's accuracy, quality of content, and then what I'll say is the local pedagogy or the local requirements, is important.

AI for us is a huge opportunity for us. I like to talk about the fact that we have one of the largest I think we can safely say we have the largest subscriber base to education, like paid subscriber base. If you take a look at something like Duolingo, they have about 12 and a half million paid subscribers. I think Khan Academy I saw might have 35 million. We have over 100 million paid subscribers to our content. And our goal is to expand the number of students and number of subjects we teach. And we think that there's just no end to the things you can teach for humanity and won't be. And then also the way that you teach. And so we have this strategy to be able to build AI tooling on top of the piece of the curriculum. So we're building, when you build an agentic tooling, you know, the four things that you must have in the agentic world is that you have to have content, you have to have context, you have to have an LLM, and you have to have tooling to make sure the whole thing works together. And so you'll see us, we're delivering some of those things today in packages like Sharpen or ALEKS, you know, that can help teach us student algebra or teach a student, be able to do prompting at night for the student. But you're also going to see us build an additional set of agentic services on top of each of those 100 million licenses.

George Tong: And based on the adoption you've seen so far with AI, what have you learned from adoption trends across students, instructors, and institutions, and which products and use cases are demonstrating the most revenue potential?

Philip Moyer: So first of all, you know, one of the things is trust is essential. What you just saw this past week where both Los Angeles and New York actually banned AI chat bots in the classroom. In LA's case, it's K-12. In New York, it's K through 9. There's not a lot of trust. We just did a survey that said, teachers about a couple thousand teachers that we surveyed said 81% will trust AI if it's embedded inside of the tooling that has already been improved. Outcomes matter, first and foremost. I talk a lot about the fact that the average school has over 2,400 learning tools and we're not getting the outcomes. And so increasingly, proof of outcomes in the pedagogy really, really matters. And so I've got to always start with that. Trust is the most important thing in implementing AI in education and I- and we start from a pretty amazing position.

The second is in this area of what I call kind of the ontology of learning. When you teach a child literacy, you're teaching somewhere in the order of about 3,000 skills from kindergarten all the way up to 12th grade. You literally, I can tell you in the fifth grade on the third week, what the activity is going to be for that student. You literally lay down that fine of a grain. And you have thousands of these learning objectives that you have to layer on top of each other. When you teach something like Algebra I, you're teaching 400 skills in a particular semester or class. When you teach biology, it's about 4,000 skills. And then when you go into medicine, my son just graduated medical school, and I like to say that he graduated with 54,000 Anki note cards. So we think that there's about 54,000 things that you teach in medical school. Now, is the student on track or off track? How does a chat bot know that? We have this open learning record, and because we create the content, we also know what these learning objectives are. And you need to be able to have a source of proficiency, a true understanding of proficiency. You know, whether or not you are understanding 100 of the concepts in Algebra 1 or whether you're understanding all 300 and what's your proficiency level. That's the second thing. So we've got a tool like ALEKS that each learner has about 200 to the 400 states when you're learning algebra, and with just 25 questions, we can tell you precisely what that learning proficiency is. So the ability to be able to have data and say are they on track or are they off track and students that are using ALEKS, you know, we're getting, you know, they're able to achieve much higher levels of proficiency much more rapidly.

And then we have a tool like Sharpen as an example. And Sharpen is this great example. It's like, think of it as Spotify for the professor. They can push playlists out to the students, and they're able to engage with that content at all hours of the night. Most of them are engaging, believe it or not, between 11 o'clock at night and 3 o'clock in the morning, along with all of our tools, and that ability to be able to tie it back into the professor, because the next morning when the professor wakes up, they can see what kind of engagement there was, who's overly confident in their answers, and what are they searching for, and what should they be teaching. So tying it back to the

teacher and giving the teacher the ability to be able to guide the classroom is really, really important.

George Tong: You've previously discussed agentic as the next important step within your product strategy. What are your agentic capabilities today, and what technical product or customer milestones do you think is required to move from the pilot phase to broader adoption across your user base?

Philip Moyer: So, agentic, if anyone doesn't know, is just having one AI model talk to another. It's like phoning a friend, like when you need an expert. McGraw Hill curates some of the largest collection of content in the world, like in the pharmacology space, in the biology space. We have some of the greatest authors in the world that are curating content in this space. And so we're putting agentic wrappers around our content. And so I describe it as that in the past, knowledge used to be like a library. You had to go and get it. And what it'll be like in the future is an app store, you know, where if you go into your Claude today, your OpenAI, you can open up and you go into connectors and you can find different connectors. You'll see us in there as one of the connectors. So if you want to really like get into biology 101, you know, we can help you do that. Or we can provide a complete closed system, like a lot of K-12s are requiring.

That business model is really exciting for us because we think it's going to dramatically expand our TAM. You know, when I talked about, I recently had our Harrison's editors, which was like maybe the most successful medical textbook in the history of medicine, they were looking at it and they were grilling it with questions and the thing was just answering precisely. And it was using a fraction of the cost that it takes for large models. And I do believe like what we're seeing is kind of commoditization; as you get open source models and lighter weight models, like we can couple together a 100 billion parameter model, you know, we don't need full Claude model, the largest Claude model, we can couple it together with our content and give these beautiful precise answers at a fraction of the cost. And so what you'll see us do is that we're coupling together different AI, we're making it much more affordable for education, we're making it much more precise, we're using the pedagogy, and we think that there's a couple different business models in this. We're in the pilot phase right now, so we've got, let's call it, over a dozen of some of the top universities in the United States and a couple around the world. We also have a completely non-education organization that actually is in the pharmaceutical space, that has talked to us about using our content. So if you can imagine the different business models, sometimes you can do an upcharge, you know, to give MCP access, like 5% or 10%. Some cases you can do it by the question, which is what most of us pay for with the OpenAI that's in our pocket, or you can charge by the token. And so we're experimenting right now with a whole variety. The interesting thing is that when I talk to most universities they're just flooded with chat bots. And the problem they've got, like I talked to one university, said they have over 62 chat bots, and none of them have the content that the professors want. And we were the first university, or the first organization to approach the university and say, we'll join those chat bots with our MCP interface. And they said that's fantastic, because then both our professor and our student can trust the answers that are coming out of the chat bot. And so we think there's going to be some good business models. We're purely in pilot phase right now. We think there's going to be lots of great business models and actually TAM expansion for us.

George Tong: Let's talk a little bit more about proprietary content because you're seeing a proliferation of general content AI models, some AI-native education content startups. What are the proprietary data points and content that really differentiate McGraw Hill and separate it from the AI competitive landscape?

Philip Moyer: So there's a number of things. I have to say this, and you're going to kind of laugh when I say this for a lot of people. I've been in technology for most of my career, so I'm kind of surprised that I'm saying this. In the K-12 space, we print. Yes, we print. And if you see what's happening in the backlash against screen time, we're discovering that when you use a screen, you have something like 60-70% less dwell time. And as a result, you don't absorb as much. That's terrible for somebody with self-regulation. And so in the earlier grades, K through 5 and we're seeing this

movement away from screens because you don't have a lot of self-regulation in that moment. And with print, you dwell, you absorb, and you get a better learning outcome. As you get more capabilities in the higher grades, you can introduce more AI. And that's really where we also have probably the largest population of learning outcomes and learners, where we're getting this constant feedback. We simply get more feedback from our AI tooling and the products that we're building than almost any other education company in the marketplace. So our ability to be able to iterate and say, into that ontology, somebody is on path or off path is important. We also have one of the only open learning records in the marketplace. And so this idea, all those proficiency scores that I talked about, the 1,000, the 400, the 4,000, we have we allow Pearson to import its assessments into us, NWEA from Houghton Mifflin, Renaissance. These are some of our competitors, and we import their data, and so we have this open learning record in addition to our own assessment. And so we also have this position that we think that we can win in the longitudinal learning record for the child, the same way there's a longitudinal health record. We think we're pretty well-positioned. And then the last thing is our pace of innovation. You know, this past quarter I talked about the fact that we expanded margins again this quarter while doing a record number of both tools and curriculum, which means we're getting faster in innovating on behalf of the student and teacher.

George Tong: Let's switch gears and talk a little bit more about higher education. In higher ed, McGraw Hill has seen over a decade of market share gains. Can you talk about some of the key factors driving these share gains and how sustainable that is?

Philip Moyer: Well, we were private under Platinum's leadership, we actually kind of jumped the chasm. If any of you have ever read Innovators Dilemma, roughly about 30% of students in higher ed wouldn't buy the textbook and I think a lot of us have this kind of misconception that textbooks are $800 for students. The reality is that we made this bet to drop the price and get it into every student's hands so that everybody could have the same learning experience. We did that from a pricing perspective and it was really important. We're at about 2,000 or so universities out of the 3,500 here in the U.S. and a significant number around the world. And we tend to add about another 100 or so universities. And when we add a university, it starts with 1 or 2 professors and quickly expands to 25 to 50. So we've got this really wonderful opportunity to go broader. But then we also made a bet on what we call evergreen. And I think that we can safely say we're one of the only companies, if not the only company, that does this, which is that we're constantly pushing new content. I came out of the media world from Vimeo prior to this, and, you know, we kind of look at it as you have to be an always-on publisher if you intend to keep up with human knowledge in the future. And so Evergreen, it's like taking an app update on your phone. I can literally, as a professor, say, I'll accept this into my syllabus, the content flows into the syllabus, into the assessments, and the professor will say, professor is ready to teach. We push these out every 6 months, which is what professors want. They don't want us updating generally in quarter. We can if we need to. But that ability to have a lower price and then fresher content, more relevant content. And then the last thing is that our customer success team, some of our competitors are pulling their people out and we've actually invested in putting people in. So we have better service, we have a better product, and generally a lower price, while maintaining extraordinary trust in the brand and the content, the pedagogy.

George Tong: Let's talk a little bit more about one point you mentioned just now, which is Evergreen. Uh, what titles have transitioned to Evergreen in your portfolio? And how do the renewal rates for those on Evergreen compare to those not on Evergreen?

Philip Moyer: It’s 800 titles, so please don't make me repeat that or else we'll lose the whole audience. It's a lot. I mean, it's an extraordinary percentage of our higher ed titles are in the evergreen space. And it's everything from engineering to accounting, business. Universities want fresh case studies on a regular basis. You know, pharmacies want- pharmaceutical students want to be able to have the most recent trials, what's been successful, what hasn't. So, you know, we're moving to this model where more than almost everything that we publish, we want to try to keep as fresh as possible. So

that's a really important element to it. I think the growth in that, when I think about where we go with content and our ability to be able to serve a large longer journey, there are so many professions that are now that are requiring continuous certification. And we look at things like the medical field, where you get specializations and then continuing certifications. You're seeing in the legal space, you're seeing in the accounting space, this continual certification. And so when we think about Evergreen, we're starting to think broader about the TAM, our ability to be able to keep the right learning in front of the right student at the right time in their journey. In medicine, they call this precision education, and the American Medical Association has just launched about 12 pilots, because they know they need to be able to. Medical knowledge is doubling every 73 days right now, and so we have to keep the medical profession fresh, all levels of it. So we're looking at that as a big opportunity for us with Evergreen is to kind of stay with the learner throughout their entire journey.

George Tong: Makes sense. Inclusive access is another key driver of higher ed. Can you talk a little bit about that and what the opportunity is ahead compared to the penetration you see currently?

Philip Moyer: Yeah, you know, as mentioned, there's roughly 3,500 or so institutions in the United States. And I think I get asked the question a lot, enrollment declines in the U.S., are they impacting you? And what I just heard me say was that as much as 30% of students didn't buy the book, but now with inclusive access they get the book. And so we feel like if there's a 1% or 2% enrollment decline that happens here in the U.S., we've got this ability to be able to reach more students as a result of inclusive access. And then we're only at about 2,000 out of the 3,500 institutions here in the U.S. We are a global company. We are serving a lot of universities around the world. The other element I think that's really important is that the university professors, or I'm sorry, presidents that I speak to, what's been happening with immigration here in the country is where fewer immigration students are coming here, and in Canada, what I'm seeing from universities, they're actually sending students to satellite campuses. So most universities are now saying, the students don't have to come to us, we're going to the students. And very frequently, they're taking us along with them. And so we're excited about the position we have in Latam, we're excited in Southeast Asia, excited about the position that we have in the Middle East, excited about the position that we have in India. And I think that inclusive access has this opportunity to touch even more of the world.

George Tong: If we step back and look higher level at the higher ed industry broadly, there are multiple drivers, of course, in enrollments. There's also institutional budgets, student affordability. How do you see these various trends converging to drive the overall demand environment for higher ed?

Philip Moyer: We're in maybe the highest growth market for education that we've been in, I think in my lifetime. You know, education normally has grown at about a 2% rate in the world pre-COVID. And it's growing somewhere between 4.5% to 6.5%.

In the emerging world, it's growing as much as 10% to 12%. What's driving that is that we've had a decrease in poverty rate from 26% of the world down to about 18%. And by 2030, we're forecasting approximately 50% of the world's population is going to be in the middle class. When you're in the middle class, you spend about 2 and a half to 3% of your wealth on education, either for yourself or for your children. It's one of the first things, you know, when I talk to a lot of emerging markets about how important it is. And so that kind of meta trend of economic mobility is expanding rapidly.

The other thing is the rate of change of information. You know, there is a very high correlation between your earnings coming out with a college degree and what you studied. And what you studied is about is if the rate of information in your field changes a lot, you tend to have higher earnings. And there's a lot of correlation around this. So when you see knowledge in some of these fields doubling so rapidly, what we're seeing is that when I talk to most professors, they literally can't teach enough in the short period of time that they have. A good friend of mine is a marketing professor. And I said, okay, well, what do you start with? Do you start with AEO, SEO? Do you start with brand? Do you start with global marketing? Do you start with sales marketing? Like

how do you even start? And so most teachers I talk to, they don't have enough time to teach all the content that's in the subject. And so population, the economics, and then also the state of knowledge for humanity is just simply all driving our ability to be able to teach more to more students.

George Tong: If we stay at a high level but then switch gears to talk about the K-12 space, how would you characterize the broader K-12 industry from the perspective of enrollments, district budgets, federal spending and any key drivers for specifically the U.S. market?

Philip Moyer: You know, so federal spending has very little impact on the K-12 marketplace. Education is local, very local. It's funded by local budgets, by your local tax base of the local area. Very rarely; you don't get a whole lot of money from the state. You will find some places where there's subsidies and there's like, you know, in Texas where they're, you know, encouraging some professional development dollars and giving some subsidies out. But it's very, very local, you know, first and foremost. And what we're seeing is, and I talk a lot about this, you know, probably the thing that for me coming back into this industry after being in tech worries me the most is about what's going on with literacy rates and numeracy rates in our country right now. You know, on average, we're at about 31% are graduating with at proficiency level in literacy, and in the order of the high 20s for numeracy. There is a huge crisis among, you know, math professors and colleges where students are not showing up prepared. Now that's also leading to ultimately we've got dropout rates that are still in the 30% range in colleges, and we're staring down an 11 million healthcare shortage in healthcare workers by 2030. We're staring down close to 2 million shortage in software developers. We got a 2 million shortage of trades, people in the trades. We've got 3 million shortage in STEM fields. And so it starts in K-12, you know, where we have to do a better job.

And I bring all that up because there are now 44 states that have mandated that we have to change the way that we're teaching literacy. It's really important how you teach. And so this change, it's for the very first time that you have this many states in the U.S. that have agreed that there must be a change in pedagogy. And so that is leading to what we believe to be a super cycle in the market. Simultaneously, we're seeing a lot of rumblings in the area of school choice. You know, there I and I don't know these numbers by heart, but I've heard that. that school choice could be moving from, you know, as much as like 5% of the covered population of students as high as like 10 to 15%. For McGraw Hill, we provide our curriculum to public schools, to charter schools, to virtual schools, to all kinds of schools. And so we kind of look at the movement between school types not as a threat to us but as continuing to be an opportunity. And then this ability to be able to serve with the right pedagogy we think is an extraordinary opportunity for our TAM.

George Tong: If we look at McGraw Hill specifically, which state or subject area or grade level do you see most opportunity for the company to gain market share within K-12? And conversely, where do you see some potential market share give that you can potentially climb back?

Philip Moyer: We might give back some of our music, the progress we've made in music. I'm kidding. We're doing pretty well, I would say, in the K-12 space. We're pretty proud of our position. We serve, as I mentioned, over 82% of school districts in the U.S., we serve with some kind of curriculum. And we have this, you know, 137 year history, we've taught almost every type of subject inside of a school.

We're strongest in literacy. And literacy is the core of everything else. You can layer social studies, sometimes you teach social studies as part of literacy. Sometimes you even do some of your science as part of literacy. Everything layers on top of literacy. It's 40% of our business. That is really important. As I mentioned, you know, we're moving into what we believe to be a super cycle for literacy because everyone is mandating that you must change the way you teach. We've made the largest investment in our history in a new literacy program that's called Emerge, Summit, and Soar, 1 of the only literacy programs that is fully dual lingual, Spanish and English, from kindergarten all the way up to 12th grade, and then we also are supplementing that with dyslexia screening. We estimate- it's been estimated that uh about 10% of the population has dyslexia. We

just struck a exclusive deal with Stanford University on their dyslexia screening. So we intend to do really, really well in literacy. We just are launching the program. experiencing higher adoption rates than we have in past years when we've had this kind of- at the launch of the program.

We also do very well in math. Math is about 20% of our business. We called out the fact that we weren't performing as well as we wanted to in California this past quarter, but we're heading into this next selling cycle. 80% of the marketplace here in California is yet to be called, and so we're coming back in with updated materials that we're pretty excited about. We had the same position in the past, when we were in Florida in science, and we came from fifth and I think ended at second. And so we're excited about obviously literacy and mathematics.

Science we do really well. I would tell you we are as high as you know two in some cases, one in different states. We provide a huge amount of the science curriculum over in the Middle East which is a very contentious place to do business when it comes to science. And we do really well. And then I would say as well, to a lesser extent, I would say that social studies is probably the most challenging. As you can imagine, teaching social studies in the United States is a really, really very local undertaking. And so our ability to be able to really customize that content in social studies, you know, literally district by district, state by state, we just need to get better and better at that.

George Tong: Makes sense. If we look across print, digital, and blended, how would you say customer purchasing decisions are evolving, and what implications are there for pricing, renewal rates, and ultimately the lifetime value of the customer?

Philip Moyer: We push almost as high as almost 70% in being a digital business. Our growth in digital has been pretty significant, you know, over the past years across the entire spectrum. The area that I think that's most interesting right now is this backlash against screen time. I wouldn't have predicted this, but it's a very real thing. We do print at scale, maybe better than any company that's out there. This past year we've had to find paper pulp providers in the Middle East. We had 1 of our boats hit by a missile that was delivering books and we were able to reroute and get those books delivered in time for the school. We do really good, we have a solid global supply chain in the world for doing print at scale.

And so, when you look at our margins, print is fully loaded in, which a lot of other companies can't say that, and they certainly don't have as well developed. As different districts and around the world, the screen time dilemma is not consistent. I'm seeing in other parts of the world, they're rushing full on into screens, whereas here in the United States, we're pulling back from screens. And so the good thing about us is that I think that we're balanced around the world and have the ability to, we're showing the margins we could have at global print and also global digital. I think in our medical business in particular, you don't see in our medical business, in our global professional business. That thing is growing at close to 5 to 6%, but it's being eclipsed by the fact that we're kind of shifting from print over to digital in that.

George Tong: You recently announced the Teachally acquisition, which is very interesting technology. Can you share more about the opportunity you see there in your overall build versus buy strategy?

Philip Moyer: This was 1 of these, you know, 1 of the things that I focused on when I came in was to really optimize our content supply chain. It's like if you're in an automobile manufacturing optimizing your ERP or you're in a bank optimizing your core banking, you have to be have a flexible content supply chain if you're in the content business. Teachally gives us this ability, it's a really beautiful tool that allows us to do mass customizations, or individual customizations of curriculum. And so that conversation we were just having about social studies, you know, our ability to be able to adapt rapidly and make sure that the state flag is on and that the appropriate governor is, you know, when we talk about the governor and the appropriate assembly of the house and numbers and so forth, Teachally is going to help us do that. It's also going to allow teachers, so we want to extend this, we want to make teachers authors as much as we want them consumers of our content,

we want them to be authors as well in their classroom. And so Teachally is a direct competitor to Magic School. We are really excited about the personalization, the privacy, the kind of standards that we have which it's built, it's a really modern AI platform. And so it's going to do 2 things for us. It's going to help us create more content in a more localized and customized way for all the geographies we serve. And it's also going to bring our teachers into our authorship process with us.

George Tong: Let's talk a little bit about your broader financial model. As you look across the medium term, what are your targets for the company growth and margins? And how do you see AI affecting the growth and margin profile of the company?

Philip Moyer: So I think that we've put a, right now, I think that we're running in the order about 2% CAGR is kind where we're at right now, the margins, we're in the high 30s in the business. So we've set up kind of an IPO model out to be above those growth targets. We have been exceeding our growth targets, and also our margin targets that we sent out at the IPO time. There are a number of things that we're seeing, the tooling that we're putting out, the new curriculum releases, our ability to be able to enter these new markets, and then some of the demonstration of being able to take share. You know, we've been pretty proud that since the IPO, we've exceeded the expectations that we've set for the quarters and for the year, every single quarter that we've been public, which has been just a little bit over a year.

George Tong: Great. I guess at a high level, perhaps to round out the discussion, what do you think investors don't appreciate fully with McGraw Hill's story?

Philip Moyer: You know, 1st of all, I think people really forget the magic that occurred for them in their school years. Every single 1 of you probably has a teacher that changed your life, and teaching is not going away. And we are probably the most trusted brand with teachers in the world. Teaching is only getting more difficult. Content, putting content in front of children and students is becoming more difficult. And I think that you got to keep that as a backdrop in education, that there is just fundamentally something wonderful about having that teacher-student relationship. And so, you know, McGraw Hill is a bet on humans teaching humans. We're going to use lots of AI to help that, but we're going to have to teach each other stuff for a long time.

The second thing that I would say is that we are probably, I would say, 1 of the most financially strong organizations in the marketplace in education. We're 1 of the few global plays that you can have in education. So if you believe that education is going to go to all 1.4 billion students in the world and that somebody has the opportunity to serve that, we probably have a better position, both financially and strategically, to help financially and also from a market perspective. And then the third thing is I would say is that you've got to look at kind of what we've just done really in just this year in terms of the sheer amount of AI capabilities that we've produced. Some of the agentic things that we're producing, we're literally the first to the market. In many cases, even before Anthropic did Claude for Teachers, we were talking about MCP and putting it together with chat bots. And so we're innovating at a pace that I think that when you look at a 137-year-old company, you don't think they can, and we are.

George Tong: Well, we're just about out of time. Philip, thank you for the great discussion.

Philip Moyer: Thank you.