Good afternoon, ladies and gentlemen, and welcome to Huron Consulting Group's webcast to discuss financial results for the fourth quarter and full year 2015. (Operator Instructions) As a reminder, this conference call is being recorded.

Before we begin, I would like to point all of you to the disclosure at the end of the Company's news release for the information about any forward-looking statements that may be made or discussed on this call. The news release is posted on Huron's website. Please review that information along with the filings with the SEC for disclosure of factors that may impact subjects discussed in this afternoon's webcast.

The Company will be discussing one or more non-GAAP financial measures. Please look at the earnings release and on Huron's website for all of the disclosures required by the SEC, including reconciliations to the most comparable GAAP number.

Now I would like to turn the call over to Jim Roth, Chief Executive Officer and President of Huron Consulting Group. Mr. Roth, please go ahead.
As many hospitals take on or consider risk-based contracts, it becomes increasingly critical to understand and improve the cost of care. Combining our performance improvement and clinical practices will better align our services with these emerging client needs.

Our education and life sciences, or ELS, business concluded 2015 on a strong note, with 15.1% revenue growth on a full-year basis over 2014 results. ELS performed strongly in the first quarter of 2015, and each practice within this business maintained momentum and performed well throughout the year. The fourth quarter was no exception. Within ELS, our higher education practice, which is made up of our strategy and operations, technology and research solutions, saw continued strong demand. And throughout the year, we made solid progress in expanding new services and offerings to our higher education clients, including our cloud-based ERP services.

Our life sciences practice also had the best year in its history. I’m pleased that all of the solutions within the ELS segment achieved such strong performance throughout 2015, responding very effectively to the many complex challenges facing the higher education and life sciences industries.

Our business advisory segment also turned in a strong fourth quarter and year, achieving a full-year revenue growth rate of 32% year over year, with record-breaking performances from both our legacy business advisory practice and the enterprise performance management and analytics, or EPM&A, practice. These businesses are an important part of Huron’s growth strategy, and each practice finished the year with an increased -- with increased margins and strong prospects for the future.

The business advisory and EPM&A practices provide advisory, operational improvement and technology services to large and middle-market commercial clients across multiple industries, including financial services, energy, manufacturing, technology and retail, enabling Huron to expand our market horizons. Equally important, both practices work collaboratively with our healthcare, education and life sciences clients, providing new avenues of products and services to clients in our largest industry verticals.

Before I provide my comments on 2016, I would also like to highlight that earlier this month we closed our acquisition of MyRounding, a Denver-based firm that specializes in creating digital health solutions to improve patient care. MyRounding provides technology solutions that help hospital and healthcare organizations increase levels of quality, patient safety and satisfaction throughout the continuum of care. By combining Huron’s advisory expertise with MyRounding’s technology development and service delivery, we will be uniquely positioned to further expand our portfolio of solutions to enable our clients to implement and sustain improvement across their organizations. We are thrilled to welcome MyRounding to the Huron team.

Now let me turn to our expectations and guidance for 2016. Revenue guidance for the year is $720 million to $760 million, and adjusted diluted earnings per share guidance is $320 million to $340 million. The midpoint of our guidance reflects mid-single-digit revenue growth and low double-digit EPS growth. While we will provide more commentary during our investor day on Wednesday, I want to provide color on a few aspects of this guidance.

First, having sold our Huron Legal business at the end of the year, we now expect less variability in Huron’s financial performance. While the legal business provided tremendous value to its clients, the practice had challenges with revenue growth over the past several years, which tended to mask the growth story of our remaining segments. Excluding the legal segment, annual revenue growth from continuing operations in all other segments has averaged 13% over the past five years.

Secondly, our primary industry verticals -- healthcare, higher education, and life sciences -- continue to undergo dramatic transformation. Whether as a result of government regulation, pricing and cost pressures, or evolving business models, these three industry verticals provide tremendous opportunities for us to assist our clients in successfully navigating their industry-wide challenges. We do not expect the underlying dynamics creating these industry pressures to ease or the pace of transformation to recede in the foreseeable future. The reputation we have achieved and the scale of services that we offer within these industry verticals has positioned Huron very well for solid future growth.

Focusing on our growth expectations for each segment, we anticipate the healthcare practice will achieve low to mid-single-digit revenue growth in 2016, with most of the growth being driven by Studor Group. We expect our revenue cycle business will continue to grow. And while demand for our cost and clinical solution has stabilized, we are cautious about predicting when new large integrated engagements will emerge to support the ongoing strength of the traditional core of our healthcare business. While historically our healthcare engagements have averaged between...
$8 million and $10 million, over the past three years we've had several very large engagements that supported revenue growth in excess of our traditional averages.

As we look to the future, some of the larger engagements that will tail off this year will need to be replaced. We have opted to be conservative with our revenue guidance until we get more visibility into the market demand and timing for these large integrated projects.

Given our conservative growth expectations and our cost in clinical practice during the coming year, we enter 2016 cautiously optimistic about the overall growth of the healthcare segment. We have spent considerable time on prior calls discussing the potential reasons for the downturn in our cost in clinical practice in the second half of 2015. But the primary rationale for our cautious optimism this year is that the operating environment for most not-for-profit hospitals remains challenged, with margin growth expected to be flat or negative.

Given the outlook of most healthcare industry commentary and the overarching economic backdrop of this country, our view remains that healthcare providers will see continued cost pressures that exceed any increases in volume-based revenue, resulting in a negative outlook for hospital margins. How this plays out remains to be seen, but our sense is that the market demand for our services will grow in 2016 and beyond. However, we will remain cautious about the timing of growth and the cost in clinical solution until we see evidence of hospital financial challenges translating into increased demand at levels supporting our desired growth rates for this practice.

Our 2016 guidance reflects expected mid- to upper single-digit revenue growth for our ELS segment. The same industry issues that led to a strong 2015 for the segment continue to be at issue in 2016. Similarly, we expect mid-teen revenue growth for our business advisory segment. We believe this segment is likely to achieve the highest percentage growth in the Company for the second straight year.

In summary, we are projecting modest growth in healthcare and solid growth in our ELS and business advisory segments. Despite the cautious view for healthcare, we expect our Companywide revenue growth to be within the mid- to upper single-digit range that we have set for our long-term corporate objectives.

Finally, as Mark will discuss shortly, we generated $164 million of cash flow from operations in 2015 and expect continued strong cash flow in 2016. We are well-positioned to continue our strategy of acquiring small to mid-sized businesses within each of our three segments and to make internal investments capable of yielding solid financial returns.

In closing, I want to note that our 2015 performance could not have been achieved without the efforts of the tremendous team of people that work at Huron. As a professional services firm, our business is only as good as our people, and our success is directly attributable to the highly talented and passionate team that makes Huron a great place to work. With their unwavering focus on our clients and the strong reputation they have built in their markets, we are well-poised to continue our success. I look forward to the bright future that lies ahead for Huron.

Now let me turn it over to Mark for a more detailed discussion of our financial results. Mark?
Now I will walk through some of the key financial results.

Revenues from continuing operations for the fourth quarter of 2015 were $185.1 million, up 12.9% from $163.9 million in the same quarter of 2014. Revenues for the fourth quarter of 2015 reflect our acquisitions of Studor Group, Rittman Mead India and Cloud62, which in aggregate generated $25.1 million of revenues during the quarter. The year-over-year increase in revenue is primarily attributable to our acquisition of Studor Group and strong performance in our education and life sciences and business advisory segments.

Operating income from continuing operations increased $15.1 million, or 69.7%, to $36.7 million in Q4 of 2015, compared to $21.6 million in Q4 2014. Operating margin was 19.8% in Q4 2015, compared to 13.2% in Q4 2014. Adjusted EBITDA from continuing operations was $40 million in Q4 2015, or 21.6% of revenues, compared to $28.8 million in Q4 of 2014, or 17.6% of revenues. On a full-year basis, adjusted EBITDA from continuing operations as a percentage of revenues increased to 19.9%, compared to 17.6% in 2014.

Net income from continuing operations was $32.5 million, or $1.44 per diluted share, in the fourth quarter of 2015, compared to $10 million, or $0.44 per diluted share, in the same quarter of last year.

Q4 2015 was favorably impacted by a one-time tax benefit of $12.3 million, or $0.55 per diluted share. This tax benefit resulted from the Company’s check-the-box election to treat two of our wholly-owned foreign subsidiaries as disregarded entities for US federal income tax purposes. Let me pause for a moment to discuss the tax benefit in just a bit more detail.

In 2015, we elected to close our Saudi Arabian and Dubai operations, which led to the check-the-box election. Looking ahead, we will continue to look for growth opportunities internationally, including expanding our presence in India, which is primarily being served by our Rittman Mead India team.

Adjusted non-GAAP net income from continuing operations was $21.1 million, or $0.94 per diluted share, in the fourth quarter of 2015, compared to $13.6 million, or $0.60 per diluted share, in the same period of 2014.

For the full year 2015, adjusted non-GAAP net income from continuing operations was $67.6 million, or $2.99 per share, compared with $56.1 million, or $2.45 per share, in 2014. These results are consistent with the updated ranges provided at the time we announced the divestiture of our legal business on December 10.

Our effective income tax rate from continuing operations in the fourth quarter of 2015 was 0% as the result of the Company’s check-the-box election. Excluding the impact of this tax benefit, our effective income tax rate was 38.1% in Q4 2015. This is lower than the statutory tax rate inclusive of state income taxes, primarily due to tax credits and incentives. Our effective income tax rate from continuing operations in the fourth quarter of 2014 was 44.1%, which was higher than the statutory rate inclusive of state income taxes, primarily due to foreign-sourced losses with no tax benefits and an increase in valuation allowances.

On a full-year basis, our 2015 effective tax rate was 25.9%, inclusive of the one-time tax benefit. On a normalized basis, excluding the nonrecurring tax benefit, our effective tax rate was 40.7%. Please note that when comparing prior-year periods, our tax rate has changed as certain tax credits and elections, such as our 2014 check-the-box election related to our UK entity, were related to the legal segment, and therefore are reported as discontinued operations. Now I will make a few comments about the performance of each of our operating segments.

The healthcare segment generated 63.8% of total Company revenues during the fourth quarter of 2015. This segment posted revenues of $118.3 million for the fourth quarter of 2015, up $8.8 million, or 8%, from the fourth quarter of 2014. Revenues for the fourth quarter of 2015 included $23.9 million from our acquisition of Studor Group. Excluding Studor Group, organic revenue decreased 13.8% compared to the year-ago quarter, primarily due to lower performance-based fees and a decrease in revenue from our cost in clinical practice. Performance-based fees in Q4 2015 were $12.6 million, compared to $33.2 million in the same quarter last year.
On a full-year basis, healthcare revenue increased 7.5%, including the impact of the Studor Group acquisition, which added $79.9 million to 2015. On an organic basis, revenue decreased 11.7% for the year. Performance-based fees for the full year 2015 were $52.3 million, compared to $103.2 million in 2014.

Operating income margin for healthcare was 41.1% for Q4 2015, compared to 38% for the same quarter in 2014. The increase in margin was primarily due to lower bonus expense as a percentage of revenues. As expected, utilization in this segment sequentially improved in the fourth quarter. Utilization was 82.7% in Q4 2015, compared to 81.1% in the third quarter of 2015.

The education and life sciences, or ELS, segment generated 23.3% of total Company revenues during the fourth quarter 2015. The segment posted revenues of $43 million in Q4 2015, up $4.9 million, or 12.9%, from the fourth quarter of 2014. On a full-year basis, ELS revenue increased 15.1% versus the prior year. As Jim mentioned, the education and life sciences practices both performed well and saw strong demand across all solution areas within each business.

The operating income margin for education and life sciences was 20.4% for Q4 2015, compared to 22.5% for the same quarter in 2014. Utilization for the fourth quarter of 2015 was 74.4%, compared to 74.2% reported in Q4 2014. The decline in margin was primarily driven by our investment in cloud-based ERP capabilities, reducing margins approximately 200 basis points in the fourth quarter. On a full-year basis, operating margin was 26.3%, compared to 24.8% in 2014.

The business advisory segment generated 12.9% of total Company revenues during the fourth quarter of 2015. The segment posted revenues of $23.8 million in Q4 2015, up $8.1 million, or 51.2%, from the fourth quarter of 2014. Both our legacy, business advisory and EPM&A practices delivered very strong results in the quarter.

On a full-year basis, the business advisory segment revenues grew 32% year over year. The legacy business advisory practice grew 22.4% in 2015, while the EPM&A practice grew 42.6% in 2015, including revenue from the Rittman Mead India acquisition in July 2015 and the Cloud62 acquisition in October 2015. On an organic basis, EPM&A revenue growth was 37% on a full-year basis.

The operating income margin for the business advisory segment was 24.2% for Q4 2015, compared to 12.4% for the same quarter in 2014. On a full-year basis, operating margin was 23.2%, compared to 22.3% in 2014. Other corporate expenses not allocated at the segment level were $18.4 million in Q4 2015, compared with $25.7 million in Q4 2014. The decrease is primarily due to a gain of $10 million from a legal settlement in Q4, also included corporate expenses not allocated at the segment level is $2.4 million of Studor Group’s costs.

Now turning to the balance sheet and cash flows, on a total Company basis, including discontinued operations, DSO came in at 62 days for the fourth quarter of 2015, compared to 74 days for the third quarter of 2015. Excluding Huron Legal, DSO was 56 days at year-end. Total debt includes both a $250 million face value of convertible notes and $92 million in senior bank debt for total debt of $342 million. We finished the year with cash of $58 million, or a net debt of $284 million. This was $154 million improvement over Q3 2015 and an increase of $148 million compared to year-end 2014, as we used some proceeds from the sale of our Huron Legal business to pay down debt. Our leverage ratio at year-end defined as total debt net of cash was approximately 2 times adjusted EBITDA. Cash flow from operations for the year was $164 million. In 2015, we used our cash to invest $355 million in acquisitions, including our acquisition of Studor Group and further investments in Shorelight, almost $35 million in share repurchases, and $18 million in capital expenditures. Free cash flow for 2015 was $146 million.

Now let me summarize the guidance that was included in our press release. Our recent acquisition of MyRounding is included in our guidance range and is not material to full-year results. With that said, for the full year we anticipate revenues before reimbursable expenses in the range of $720 million to $760 million, EBITDA in a range of $136 million to $145.5 million, adjusted EBITDA in a range of $138 million to $147.5 million, net income in a range of $45 million to $50 million, adjusted non-GAAP net income in the range of $68.5 million to $73.5 million and, finally, GAAP EPS between $2.10 and $2.30 and adjusted non-GAAP EPS in the range of $3.20 to $3.40.

Assuming the midpoint of our guidance range, we expect cash flows from operations of approximately $145 million. Capital expenditures are expected to be relatively flat at approximately $18 million to $20 million. Our capital expenditures in 2016 primarily consist of spending on leasehold
improvements in 2 of our larger offices, driven by the timing of lease expirations along with expansion of a new office in Bangalore, India. Capital expenditures for Huron Legal in 2015 were substantially reduced pending the outcome of the sale transaction.

Weighted average diluted share counts for 2016 are estimated to be $21.5 million. The guidance assumes share repurchases only to the extent they have already been completed as of the date of this call. Through today, we have repurchased 1.3 million shares in Q4 2015 and Q1 2016 at a total cost of approximately $76.3 million. We have $35.1 million remaining on the $125 million authorizations. To be clear, our guidance does not assume any further share repurchases that may occur throughout the year under our current $125 million authorization.

Finally, with respect to taxes, you should assume an effective tax rate of approximately 41%. Now let me add some color to our guidance starting with revenue.

Midpoint of the revenue range reflects a 5.9% increase from 2015 revenue of $699 million. Embedded in the guidance range are expected performance-based fees in the healthcare segment in a range of $55 million to $65 million. As Jim mentioned, we are cautiously optimistic about our healthcare business in 2016. Our outlook for the healthcare segment is for revenue growth in the low to mid-single digits. We expect legacy healthcare revenue growth to be in the range of flat to low single digits and Studor Group growth in the high single digits. We expect our revenue cycle in Studor Group businesses to continue to perform well while we continue to make adjustments to reflect the changing market or our costs in clinical solutions, which represents approximately a third of our healthcare business.

We expect 2016 healthcare operating margins to be approximately 37%, reflecting investments in new service lines including the continued growth of our healthcare strategy practice. In education and life sciences, we expect mid- to upper single-digit revenue growth for 2016, and we expect operating margins will be approximately 24%. In the technology practice within our higher education business, Jim mentioned our investment in cloud-based ERP capabilities. We expect 2016 segment operating margins to include approximately 300 basis points of investment, reflecting the hiring, training and other additional expenses to expand this initiative. In business advisory, we expect to see low double-digit to mid-teen revenue growth in 2016, and we expect to maintain our operating margins in the segment.

Turning to the total Company, Huron’s adjusted EBITDA margin is expected to be in the range of 19.2% to 19.4%, a decrease of 50 to 70 basis points compared to 2015. This primarily reflects the investments and initiatives I just discussed.

Our 2016 adjusted EPS at the midpoint of the range of $3.30 reflects growth of 11% and includes approximately $0.15 per share for the impact of the cloud-based ERP investment expenses I just mentioned.

In summary, our financial strategy is to pursue mid- to upper single-digit organic growth over time. In 2016, our adjusted EBITDA margins are expected to be lower than the prior year for the first time in five years before the impact of reclassifying the legal business to discontinued operations. This primarily reflects the investments we are making in new service lines as well as the timing related to adjusting our corporate SG&A expenses to align with a lower revenue base following the divestiture. We continue to remain committed to margin expansion of 20 to 30 basis points per year over time. Other than the impact of investments we make in the form of operating expenses, we generally expect our practice margins to remain relatively steady, with productivity gains and, to a lesser extent, pricing offsetting wages and other costs.

We continue to expect margin expansion to be primarily driven by total Company revenue growth at a faster pace than SG&A expense growth for our corporate overhead expenses. We expect our strong key -- free cash flows to continue to provide an important source of growth and value for our shareholders.

For 2016, we expect free cash flow of approximately $125 million. Our primary uses of free cash flow will continue to be complementary acquisitions that we expect will augment our growth over time. Our deal pipeline remains active, with opportunities in various stages of the pipeline. We expect M&A will continue to be a meaningful contributor to our overall results in 2016 and beyond. As a secondary use of cash, we expect to selectively repurchase shares from time to time under our remaining $35 million authorization.

Our balance sheet is in excellent shape. We ended the year with the lowest DSO achieved in at least five years. And along with strong free cash flow, our leverage, borrowing capacity and relatively low cost of capital provided significant flexibility to achieve our objectives.
As a closing reminder, with respect to adjusted EBITDA, adjusted net income and adjusted EPS, there are several items that you will need to consider when reconciling these non-GAAP measures to comparable GAAP measures. The reconciliation schedules that we included in our press release will help you walk through these reconciliations.

Thanks, everyone. And now I would like to open up the call to questions. Operator?

**QUESTIONS AND ANSWERS**

**Operator**

(Operator Instructions) Tim McHugh, William Blair.

**Tim McHugh - William Blair & Company - Analyst**

First, question on the margins, I guess. I understand the ERP investment, I guess. But I would like a little more color there, I guess especially since I think you already had talked about it being in investment mode in 2015.

And then secondly, I guess I'm just still trying to bridge -- you had given in December pro forma for the sale of legal debt. After taking out some corporate costs, you would be 21.5% EBITDA margins or so. And so 200 basis -- a little over 200-basis-point difference versus what you're guiding to. So I'm trying to bridge that gap.

**Mark Hussey - Huron Consulting Group Inc. - COO, EVP, CFO and Treasurer**

Yes, Tim, this is Mark. I will leave Jim to elaborate on the ERP initiative, but let me start with the -- on the bridge side. I think there's probably three main components. I think one on healthcare, on the margins, we finished the year this year at 38.2% operating margin for the segment. The comment I just made on the guidance is for margins of about 37%. So if you take that delta on an expected revenue, you probably have somewhere between a $5 million, $5.5 million impact. And that really, frankly, relates to a couple things. One is the buildout of the strategy practice. In the second half of 2015, we started hiring new managing directors and continue to expand that initiative into 2016.

I think the other thing that is also an element here is on the mix with contingent fees. And while 2015 contingent fees were at a similar level or maybe just a little bit lower than what we saw -- that we are guiding to in 2016, the reality is that we had expected them to be higher. And to some degree, that impact ended up being covered more and offset in bonus expense the way our plan works. And so to some degree there's a little bit of a mild headwind on those being more milestone-based in 2016 on the healthcare margins.

In the ELS -- and, again, I'll have Jim elaborate here, but essentially what we talked about was an expansion of the initiative. And really what you have is two pieces: Workday, and an Oracle piece. Workday is really an expansion. And so what we had talked about initially was that we thought in 2016 Workday would likely be more of a breakeven. And I think that will continue to be the case in terms of our expectation.

On top of that, there is additional investment because we have the same opportunity really in the Oracle side of the business. And so collectively, when you look at those, roughly 300 basis points on the ELS margins and it being, again, in that similar range of, say, $5 million, $5.5 million.

And then finally on the corporate costs, there is some element of timing here as we work through just the transition of selling what is a business that's twice as large as the acquiring entity. And so their ability to immediately take on and start those costs has some gap in terms of what we thought we were going to be able to do relative to timing, although I think that will quickly dissipate after Q1 and maybe into Q2.
So that's -- those are probably the three big impacts. And I would say you probably have in the low single digit, millions of dollars, $3 million roughly of impact on the corporate side. So collectively, those are the big-ticket items that really would bridge you from where we thought we were going to be. And, again, we had not completed our full budget cycle at that point for where we now see 2015.

And, finally, I would just add, there is some element of conservatism in that outlook because on -- in the ELS mid- to upper single-digit guidance as an example, we are expecting some positive growth in the mid-single millions of dollars in Workday, but that will be the breakeven. So part of that is that mix. And so if you take that piece of it out of that mid- to upper single-digit growth, we are probably being pretty conservative in the outlook.

Jim, do you want to add to the comments on ERP?

Jim Roth - Huron Consulting Group Inc. - CEO of Huron Consulting Group Inc. and Huron Consulting Services LLC, President

Yes, Tim, the only thing I would add at this point is that we announced in 2015 that we are going to be making the investment in Workday, and we had anticipated a certain growth trajectory for that part of the business. And I think pretty early on we realized the demand in the market for those kinds of services, that is basically people that knew and understand the cloud software that was being offered and had the knowledge and awareness of higher education and healthcare background who are going to be in very solid demand. So we actually -- our investments are proving out even better than we had thought they were going to. We feel really good about the way we have been positioned in this part of the business, and it gave us that much more incentive to continue to grow and expand because we believe that, for the foreseeable future, there's going to be a very strong demand, and that we are uniquely qualified to do this kind of work.

The advantage is -- a large part of it is -- what's driving it is, particularly in the higher education space, is that organizations are using this as an opportunity to completely restructure the way they do business, and that gives us a great opportunity to do very sizable process redesign work in conjunction with helping them implement the cloud-based solution. So we continue to view this as a very strong part of our growth strategy for the ELS business, and we hope that will also expand into the healthcare business as well.

Tim McHugh - William Blair & Company - Analyst

Okay. And then just a follow-up, performance improvement -- your introductory comments basically -- I guess you don't think it's that hospitals are lacking for margin pressure. But -- so then what's -- the more you have dug into it, what is the challenge there for you if it's not that they -- the market has changed such that they are not looking for help there?

Jim Roth - Huron Consulting Group Inc. - CEO of Huron Consulting Group Inc. and Huron Consulting Services LLC, President

Well, Tim, this has been -- it's been a little bit of a mystery to us. And so we can conjecture part of it I think -- it still revolves around timing. I think there were certain hospitals in 2015 that had some what we believe to be temporary relief from added volumes from ACA, and that gave them some basis for wanting to delay any of the hard effort that's required where you are to go through a cost reduction.

And so I think a lot of these hospitals, it's not as though they have never done cost reduction before. They had done it over a period of three or four years. They finally found an opportunity where there might be a little bit of a breather, and I think many of the hospitals, we felt, were just waiting to see whether they could delay this any further. And I think some of them did. That's our sense. We don't believe this is a competitive positioning issue for us at all. We believe that, at least for the target clients that we have, this is more of an issue of just wanting to not undertake the somewhat invasive performance improvement efforts until they absolutely have to. And I think in 2015, there was a sense that at least some places didn't absolutely have to.

So I think clients are also buying differently in the sense that they are probably, at least now, focused a little bit on some of the more small targeted projects rather than the comprehensive integrated projects. And that, too, has had an impact on the way they are buying from us. So I think we are continuing to be patient with our clients. And we are -- as we've indicated, we think that there are numerous reasons to believe that the
economics for our hospital clients are going to be challenging at best in 2016. And we are well-prepared to address those demands when they come up. What we didn’t want to do, and the reason that our guidance is conservative, is we did not want to begin to predict the timing of that emergence, even though we feel fairly strongly that it will emerge. We just don’t want to get into a timing discussion on that.

Tim McHugh - William Blair & Company - Analyst

Does the pipeline for that practice look any -- even if revenue is not different, if I asked you pipeline today versus in the fall? Has that looked better yet?

Jim Roth - Huron Consulting Group Inc. - CEO of Huron Consulting Group Inc. and Huron Consulting Services LLC, President

The pipeline remains strong. I think what we’re seeing is the lack of some of the really large integrated projects that have helped put some wind in our sails in the past. So in terms of just the raw number of data points, the number of clients that we have, I think the demand still is very strong. The issue for us is just the size of some of these projects that are just -- our clients are just buying differently, and they are taking a more focused approach to what they want to do.

And on top of that, as we said before, their needs are changing as well. Some have moved on and have done all the performance improvement work they need to do, and they are now more focused on things like population health and understanding cost of care. And so the market has changed. We referenced that back in the last part of last year, and we’re continuing to respond to that.

So our pipeline remains decent. What we don’t have right now is in our -- particularly in the larger health systems and the larger academic medical centers, we don’t have the visibility into the large projects that we’ve typically had. We do believe that they are going to be there. There is considerable stress in the system right now. But rather than figure out or try to predict when the timing of those are going to come around, we decided to take a cautious view given our current lack of visibility for some of those large engagements.

I think the underlying core traditional business that we have looks good in terms of the number of clients we have. It’s just the size of some of the engagements is smaller, and we don’t have the much bigger projects that we have typically had to help us boost some of our revenues.

Tim McHugh - William Blair & Company - Analyst

And just a follow-up related to that, you referenced risk of large projects rolling off. I thought at least some of the big ones you talked about last year didn’t start until the middle of last year. And given they were bigger and longer, I would’ve thought that continues -- that that would’ve been more of a 2017 issue.

Jim Roth - Huron Consulting Group Inc. - CEO of Huron Consulting Group Inc. and Huron Consulting Services LLC, President

As we’ve said before, Tim, these are -- it’s not one project on any one of our -- for example, on a large project that may be -- that may have eight or nine projects that are part of it. And so what happens is some of the projects have peaked. Others are still going and will continue to go into 2017 and maybe beyond. But some of the larger parts of those projects have peaked. It’s not just where the project -- the whole project ends fully in one day. We have some things that pick up in the beginning, some things that begin later in the cycle. Some of the earlier projects are now beginning to tail off while others continue.

Tim McHugh - William Blair & Company - Analyst

Okay. Thanks.
Can you give us some color on acquired revenue for 2016 and maybe some color on MyRounding? And then second, Jim, is the performance improvement -- are this -- when you talk about performance improvement, does it still hold true for clinical transformation? And I thought clinical transformation was sort of the fastest-growing area. Is it concern in the marketplace about ACA or changes or things not going to happen? Is that what's causing people to pause if that is an issue? Thanks.

Mark Hussey - Huron Consulting Group Inc. - COO, EVP, CFO and Treasurer

Yes, let me start on that, Paul. I think -- so (inaudible) acquired revenues. Obviously, let me start with MyRounding since that deal happened. MyRounding is actually a business that we had a relationship, actually Studor prior to our deal going back to the middle of 2014. And they codeveloped a rounding product to use in connection with their clients. That quickly ended up going to market. It was pretty successful, ended up on a combined basis between Studor, who is private-labeling it, and MyRounding, who is selling it separately. Ended up getting to roughly about 85 clients and kind of low-double-digits millions of dollars of TCV for a SaaS-based product.

So for us it was a natural extension of a relationship we already had. I will tell you there was a defensive element to acquiring that business as well as an offensive with respect to being able to do more with that product development capability. So at the end of the day, that one is the story behind MyRounding.

But when you look at the acquired revenues, if you take Studor out of the mix, you really have an average-sized deal that we've been doing probably in the range of two or three deals a year. And, again, who can predict when it can come because you never know, as we all know, with acquisitions.

But really even out of our $125 million in free cash flow, we think we will have conservatively -- we believe that there will be some meaningful number. I don't want to put a number on it, so -- for disclosure purposes. But I would tell you that it's -- I would be surprised if we ended the year without more than this one deal that we have already done because it's just the strength of the pipeline. And I think those generally for us have been good, accretive deals. We've talked about the criteria that we look for really starts with an ROIC usually in the mid- to upper teens is realistic, we think, in this marketplace for the kind of businesses that we are looking for. Oftentimes, they are founder-based companies that are looking for a platform to expand. We certainly have run that play with our EPM&A business, and they've had a lot of success to date integrating them. But there's others out there as well. And each one of our practice areas is -- probably with the exception of legacy business advisory has various deal opportunities in certain stages.

So I think it's reasonable to expect, even though we wouldn't put it in the guidance or be specific about the timing, that there will be some deal closed this year.

Jim Roth - Huron Consulting Group Inc. - CEO of Huron Consulting Group Inc. and Huron Consulting Services LLC, President

Paul, this is Jim. Let me take a shot at trying to respond to the second part of your question. If I understood it correctly, let me just give you two minutes or one minute of background. Historically, we've had a business that was performance -- in healthcare, call it, performance improvement, and that essentially was cost-reduction effort sometimes in the clinical areas, sometimes in the administrative areas.

We also then had a practice that you are correct in referring to the fact that it was called the clinical transformation, and that was really helped at focusing more on helping the clinical operations transform into improved operation or collaboration of care, things of that nature.
And toward the middle part of 2016 as we continue to see changes in the marketplace, we realize that issues like the cost of care, which was becoming increasingly important, particularly in a risk environment, required those practices really to be working more closely together. And if you're trying to transform the clinical operations, you should be doing it in conjunction with some strategy. So we changed the FS system, combined the two practices really to focus on what we believe is to be one of the emerging issues, and that is to have our hospitals better understand the cost of care. And our view of the cost of care involved both the clinical transformation piece and the performance improvement piece.

So that's a long way of saying that you are right; the clinical piece was actually a fast-growing area. We combined it not out of weakness but more out of response to the market needs in terms of what they were looking for to help them with this more urgently evolving practice. Keep in mind under a fee-for-service environment, the cost of care wasn't all that important. As you begin to transition away from that, it suddenly becomes much more important. And I think what we're seeing is I wouldn't describe the transition away from fee-for-service to fee-rapid, but it is still emerging, and more and more hospitals are focusing on the overall cost of care. We felt combining the practice put us in a better position to respond to their needs.

**Paul Ginocchio - Deutsche Bank - Analyst**

So you are still seeing demand for that clinical transformation more so than (inaudible).

**Jim Roth - Huron Consulting Group Inc. - CEO of Huron Consulting Group Inc. and Huron Consulting Services LLC, President**

Oh absolutely. Yes, absolutely, absolutely. Let's not -- we don't -- we still have strong demand. The demand for what we are now calling the cost in clinical solutions, it still has a lot of activity. We are at the point where the jobs are little bit slower right now. And as we said, we are lacking some of the larger -- lacking visibility on some of the larger fully integrated projects. But the need is there, and the need is particularly acute in some of the areas that we have traditionally worked in, and that is the larger health systems and the academic medical centers where, as we said before, there is a unique set of circumstances that make it even more difficult to achieve the objectives.

So there's no question there is demand. What we are trying to do is to get back to the growth rate that we've historically had. And whereas historically we've had better visibility in healthcare into the future because of the size of -- some of the size of the larger projects, we don't have that visibility today, and that is what is making us cautious about our guidance for healthcare in 2016.

**Paul Ginocchio - Deutsche Bank - Analyst**

Thank you.

**Operator**

Tobey Sommer, SunTrust.

**Kwan Kim - SunTrust Robinson Humphrey - Analyst**

This is Kwan Kim on for Tobey. Thanks for taking my question. I have a follow-up on Workday implementation projects. How would you characterize the progress you've made so far with regards to your prior expectations? Could you give us an update?

**Jim Roth - Huron Consulting Group Inc. - CEO of Huron Consulting Group Inc. and Huron Consulting Services LLC, President**

Yes, we are actually making better progress than we had anticipated. We have probably more clients that are active at this point in time than we had. Those projects are still emerging, but they are active. We have more people trained than we had thought we would have at this point in time,
which is clearly a factor of our view of the demand in the marketplace. And we have the prospects, and our success in the marketplace is probably also ahead of where we thought we would be, recognizing that this practice is relatively new for us.

We have -- we know and understand -- particularly in higher education, we understand the business so incredibly well. And the fact that we can get our people up and trained very readily, the fact that we can hire experienced people in this area, has built us a competency and a degree of depth in this business that I think has surprised a lot of people. And we've been successful with our clients who now see and realize the depth of the services -- the depth of experience that we have, not just in Workday but also in the higher education setting. So that's why we've got very strong hopes for the future growth of this business.

Mark Hussey - Huron Consulting Group Inc. - COO, EVP, CFO and Treasurer

And this is Mark. Let me just add that the investment that we ended up making, which, again, just to remind everybody, is in the form of OpEx, ended up being about 170 basis points in 2015, which is less than we had expected. So I think we had good results with a little bit less investment.

And even as we talked about the quality of investments going ahead, the cloud in general is also, when we think about our EPM&A business, one of the major opportunities that organically is creating lots of opportunities. So there's a broader theme here. But ultimately when we get into the implementation of the expansion, we will hopefully have been conservative in terms of what we expect to happen.

Kwan Kim - SunTrust Robinson Humphrey - Analyst

Thank you for the color. And in the business advisory segments regarding restructuring work, what is your expectation for demand in 2016, and which industries are contributing to this demand? Any comments on what you're seeing? Thank you.

Mark Hussey - Huron Consulting Group Inc. - COO, EVP, CFO and Treasurer

This is Mark. I think there's going to be no surprise in terms of the industries that we are seeing. But in general, the easy answer is oil and gas where you see it across the board. But I think for us, we are more of a generalist practice. And just as you see the junk-buying market starting to really tighten up, there's a lot of companies that are trying to get ahead of that either through restructuring or, if the market is not going to be quite open, figure out what their alternatives are.

So I think for the legacy Huron Business Advisory segment, the combination of the strong restructuring practice along with the broker-dealer capabilities that we added in 2014 will continue to have -- produce a good combination of growth. And so we definitely are -- have an expectation for them to be in the double-digit range of growth in 2016 as well as our EPM&A practice.

Kwan Kim - SunTrust Robinson Humphrey - Analyst

Got it. Thank you.

Operator

Randy Reece, Avondale Partners.
Randy Reece - Avondale Partners - Analyst

The consultant headcount in healthcare was a little bit less than we had expected. And I was wondering if you could maybe give us a little bit of a feel of how you expect the revenue and headcount trends to play out sequentially through the year what you have assumed in your guidance. I'm just trying to get an idea to know how slowly the year will start and how you expect it to pick up through year.

Mark Hussey - Huron Consulting Group Inc. - COO, EVP, CFO and Treasurer

Randy, I think -- I actually think -- so looking at 2015, we actually had a very, very slow start to 2015. We're not expecting that to happen this year in healthcare. It should be a much better starting point. And so really I guess addressing head growth -- headcount in both utilization -- I would say for utilization, we would expect to be in the full-year range of the 78%, 79% starting the year with hopefully some acceleration, again, just like we saw this year.

I think from a headcount perspective, again, it's going to be a little bit different because, just like we saw at the end of the year, there's a little bit of adjustment there. As we have seen the pipeline just make some transformation there, we've made a few changes within the mix of the people, and then I expect that to continue to start to grow a little bit in 2016. Although, again, we tend to see our normal turnover usually in the first half of the year. It's a little bit higher with bonus payments, so that's just consistent with past years as well. So I would say it largely should track revenue, but it should be a lot more evenly paced with a gradual upward drive slope.

Randy Reece - Avondale Partners - Analyst

And the sequential trend in business advisory was very impressive and, I get the impression, better than maybe you had expected a few months ago. And looking at the sequential revenue change, where was the pickup?

Mark Hussey - Huron Consulting Group Inc. - COO, EVP, CFO and Treasurer

It was really on both sides of the practices. So the business advisory -- the legacy part of the business where the broker-dealer had some success stories that helped toward the end of the year, and you never know exactly on the timing with that. But, again, collectively, that was a matter of just realizing what we thought was already in the pipeline. It didn't really change necessarily our expectations for 2016, so it wasn't like we were lowering 2016 because of that.

And then collectively, what's going on, the EPM&A practice is that, just in general as businesses are really focusing on their need for better information from a financial perspective in terms of business intelligence, they are making investments and little bit larger investments than we've seen in terms of just the historic mix.

We have a lot of clients who are definitely in the $1 million-plus category now. And these engagements sometimes start a little bit smaller. They are looking for just an entry into the cloud, but oftentimes they end of expanding quite a bit more than you may initially expect.

So we are -- on both sides of the practice, I think they have a very good balance within the service offerings that they have and, just right now, good momentum in the marketplace.

Randy Reece - Avondale Partners - Analyst

Thank you.
Kevin Steinke - Barrington Research Associates, Inc. - Analyst

I believe you talked about Studor Group really driving most of the revenue growth in healthcare in 2016. And you also talked about your cautious outlook for the cost in clinical practice. What about revenue cycle? Expect that practice to grow in 2016?

Jim Roth - Huron Consulting Group Inc. - CEO of Huron Consulting Group Inc. and Huron Consulting Services LLC, President

Yes we do, Kevin. Again, we think that practice is probably low- to mid-single-digit type practice on a conservative basis, but we do expect growth.

Kevin Steinke - Barrington Research Associates, Inc. - Analyst

Okay. Fair enough. And you talked about the fact that in ELS, especially excluding the Workday revenue contribution, that you expect that your overall outlook for growth in 2016 in ELS is a little conservative. Any reason for that conservatism in terms of projects winding down or anything like that? Or is it just kind of the conservative outlook to start the year?

Mark Hussey - Huron Consulting Group Inc. - COO, EVP, CFO and Treasurer

Go ahead.

Jim Roth - Huron Consulting Group Inc. - CEO of Huron Consulting Group Inc. and Huron Consulting Services LLC, President

I think it’s more the latter, Kevin. We are -- we had such -- it was really the first time in a while that we had really every practice in the business that had really gone very well from the beginning. And a lot of it is continuing, I think, into this year. We're just going to be cautious about how it all plays out just because of some of the uncertainty in the economy. But if you look at the core demand for the services within ELS, it's really been very strong, and we don't really see any change as we enter 2016 in here. So we're going to probably still stay a little bit conservative and let the year play out.

Mark Hussey - Huron Consulting Group Inc. - COO, EVP, CFO and Treasurer

And Kevin, just as a reminder, the amount of backlog that we see at any given time because the deal sizes tend to be a little bit smaller -- we have a little bit less visibility in comparison to, say, healthcare on the educational life sciences side of the practice. But at this point, as Jim said, the signals have all continued to be pretty positive. So we would hope that that guidance does prove conservative on educational life sciences.

Jim Roth - Huron Consulting Group Inc. - CEO of Huron Consulting Group Inc. and Huron Consulting Services LLC, President

And, again, part of what we react to is we say the same thing for healthcare as well. But in, frankly, life sciences, but the stresses and strain in those industries are significant. So we are comfortable that there is going to be demand out there. We're going to be cautious to see how it plays out. But certainly in ELS, I think we have turned the corner nicely into 2016.
Kevin Steinke - Barrington Research Associates, Inc. - Analyst

Okay, great. And lastly, Mark, I think you talked about that the variance on the corporate costs takeout related to legal was about $3 million relative to your initial expectations. So what are you assuming that you realize in 2016 in terms of the $11 million of cost savings? How much of that do you expect to get within your guidance?

Mark Hussey - Huron Consulting Group Inc. - COO, EVP, CFO and Treasurer

Kevin, I think realistically we are probably looking at $7 million or $8 million of the $11 million at this point. And it will to some degree just depend on how things wind up. As I said, I think we're pretty optimistic that we will get into the early part of the second quarter and start to be on the run rate than we expect. So I would say at this point, that is a pretty good range right now in that $7 million or $8 million of the $11 million.

Kevin Steinke - Barrington Research Associates, Inc. - Analyst

Okay. That's all I had. Thanks for taking the questions.

Operator

And Mr. Roth, we have concluded the allotted time for this call. I would like to turn the conference back over to you.

Jim Roth - Huron Consulting Group Inc. - CEO of Huron Consulting Group Inc. and Huron Consulting Services LLC, President

Thank you for spending time with us this afternoon. We look forward to speaking with you again in April when we announce our first-quarter results. Have a nice evening.

Operator

That concludes today's conference call. Thank you, everyone, for your participation.