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HURN - Q1 2019 Huron Consulting Group Inc Earnings Call

EVENT DATE/TIME: APRIL 30, 2019 / 9:00PM GMT

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PRESENTATION

Operator

Good afternoon, ladies and gentlemen, and welcome to Huron Consulting Group's webcast to discuss financial results for the first quarter 2019. (Operator Instructions) As a reminder, this conference call is being recorded.

Before we begin, I would like to point out to all of you that the disclosure at the end of the company's news release for 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 a 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 reconciliation to the most comparable GAAP numbers.

And now I would like to turn the call over to Jim Roth, Chief Executive Officer of Huron Consulting Group. Mr. Roth, Please go ahead.

James H. Roth - *Huron Consulting Group Inc. - CEO & Director*

Good afternoon, and welcome to Huron Consulting Group's First Quarter 2019 Earnings Call. With me today is John Kelley, our Chief Financial Officer; and Mark Hussey, our President and Chief Operating Officer.

Huron delivered 6% organic revenue growth in the first quarter driven by solid demand across all 3 of our operating segments. We continue to see evidence of growing demand across our business and today affirm our full year guidance.

I'll now provide a brief overview of the performance for each segment and then John will add color to the financials.

Let me begin with Healthcare. During the first quarter, Healthcare segment revenues grew 4% compared to prior year quarter. The year-over-year quarter was primarily attributable to strong demand in our performance improvement solution. The road ahead for many of our hospital and health system clients continues to be challenging and uncertain. The current healthcare environment has been heavily impacted by consolidation with gradual shift to value-based contracts, the rise of consumerism and what has become a never ending battle to reduce costs. Nearly every hospital and health system that we work with has an urgent need to improve the quality of care while delivering the cost of that care -- sorry, while lowering the cost of that care. This fundamental market force continues to create new opportunities for Huron's healthcare service offerings. With the breadth of our services in health care industry, we are well positioned to strategically and operationally help our clients be proactive in defining their future. Through our expanding work across the Healthcare spectrum, we are delivering -- developing new services beyond our traditional performance improvements, technology and leadership offerings. Several of the primary areas that we are focused on include transforming care delivery to optimize health outcomes and power consumers and reduce the total cost of care, creating a customer-centric experience to attract and retain consumers and addressing leadership talent gaps to achieve sustained continuous improvement.

Many of these new offerings will require collaboration among and between our 3 operating segments, particularly as it relates to technology and its collaboration continues to be one of the central reasons why our services are so effective in the market. We are proud of the way that Healthcare business has expanded its set of capabilities, which we believe will be responsive to the underlying challenges and market trends of the industry.

Turning to the Business Advisory segment. Revenues grew 5% over Q1 2018 primarily driven by the Enterprise Solutions and Analytics, or ES&A business. Each of the 4 businesses in this segment continue to see solid demand for their services. As an indicator of the evolving competitive landscape throughout the commercial sector, our Innosight team publishes an annual corporate longevity forecast. The 2019 study highlights the shrinking lifespans of many companies driven in part by a combination of technology enhancements, shifts in the global economic structure and new innovations and business models.

With the array of services we provide to our commercial sector clients from strategy in our Innosight and Life Sciences businesses to technology and operations in our ES&A and Business Advisory practices, we continue to assist clients across numerous industries. Based on the demand we see across markets, we believe there is a long runway of growth ahead for this segment.

The multitude of our collaboration across segments in the first quarter of 2019 the Business Advisory segment generated approximately 34% of its total revenues in Healthcare and Education industries. Also, during the first quarter, 6 of Huron's 10 largest clients worked with at least 2 practices within Huron. Our ability to meaningfully collaborate to bring the right solutions to clients strengthens our client relationships and competitive advantage.

Turning now to Education. Education segment revenues in Q1 2019 grew 8% over the same period in 2018. The strong quarter-over-quarter growth was led primarily by our research and cloud ERP solutions. The higher education industry, like Healthcare, continues to undergo significant change. These changes stem from a number of challenges facing higher education institutions and sustainability of their business models, including increasing competition for students, both traditional and nontraditional sources, flat research funding and public scrutiny as it relates to the value and ROI of postsecondary education. With the depth of our industry experience and wide array of service offerings to address this market, our ability to collaboratively solve our client's most pressing challenges further differentiates Huron. We believe the Education segment remains well positioned to meet the rapidly changing needs of the education industry.

Finally, let me turn to our outlook for the year. Today, we affirm our company-wide 2019 guidance. We are committed to driving long-term shareholder value through our focus on a sustainable organic growth strategy that we believe will lead to increased profitability. With this strategy, we are focused on unlocking the value that we believe exists across our company. This value will enhance our competitive differentiation in the market by strengthening our client relationships and creating new growth opportunities for our businesses. We believe we have the portfolio of services and collaborative culture needed to become the premier transformation partner to our clients. I remain encouraged about our prospects for the year as we further execute our strategy and commitment to achieving sustainable growth and increased profitability over time.

Now let me turn it over to John for a more detailed discussion of our financial results. John?

John D. Kelly - *Huron Consulting Group Inc. - Executive VP, CFO & Treasurer*

Thank you, Jim, and good afternoon, everyone. Before I begin, please note that I'll be discussing non-GAAP financial measures such as EBITDA, adjusted EBITDA, adjusted net income, adjusted EPS and free cash flow. Our press release, 10-K and Investor Relations page on the Huron website have reconciliations of these non-GAAP measures to the most comparable GAAP measures, along with the discussion of why management uses these non-GAAP measures and why management believes they provide useful information to investors regarding our financial condition and operating results. Also, my comments today are all on a continuing operations basis.

Now let me walk you through some of the key financial results of the quarter. Revenues for the first quarter of 2019 were $204.4 million, up 5.6% from $193.7 million in the same quarter of 2018. The increase in revenues in the quarter was driven by solid organic growth across all 3 operating segments.

Net income was $3.4 million or $0.15 per diluted share in the first quarter of 2019 compared to net loss of $3.2 million or $0.15 per diluted share in the same quarter in the prior year. The increase in net income in the quarter was driven by higher revenues that outpaced growth and expenses. Our effective income tax rate in the first quarter of 2019 was 29% compared to negative 14.7% a year ago. Our effective tax rate for Q1 of 2019 was less favorable than the statutory rate, inclusive of state income taxes, primarily due to foreign losses with no tax benefit and additional tax expense related to certain nondeductible items. These unfavorable adjustments were partially offset by a discrete tax benefit for share-based compensation awards invested during the first quarter of 2019.

Adjusted EBITDA was $18 million in Q1 2019 or 8.8% of revenues compared to $13.7 million in Q1 2018 or 7.1% of revenues. Adjusted non-GAAP net income was $8.9 million or $0.40 per diluted share in the first quarter of 2019 compared to $4.2 million or $0.19 per diluted share in the same period of 2018.

Now I'll make a few comments about the performance of each of our operating segments. The Healthcare segment generated 46% of total company revenues during the first quarter of 2019. This segment posted revenues of $93.7 million for the first quarter of 2019, up $3.8 million or 4.2% from the first quarter of 2018. The increase in revenue was primarily driven by strong performance in our performance improvement solution. Operating income margin for Healthcare was 29.7% for Q1 2019 compared to 27.2% for the same quarter in 2018. The year-over-year increase in margin was primarily due to an increase in revenue that outpaced growth and expenses.

The Business Advisory segment generated 29% of total company revenues during the first quarter of 2019. Segment posted revenues of $58.8 million in Q1 2019, up $2.9 million or 5.2% from the first quarter of 2018. The increase in revenue during the first quarter was primarily attributable to our ES&A business. The operating income margin for the Business Advisory segment was 16.3% for Q1 2019 compared to 16.1% for the same quarter in 2018.

The Education segment generated 25% of total company revenues during the first quarter of 2019. The segment posted revenues of $52 million in Q1 2019, up $4.1 million or 8.5% from the first quarter of 2018. The increase in revenue was primarily driven by our research and cloud ERP solutions. The operating income margin for Education was 24.3% for Q1 2019 compared to 23.9% for the same quarter in 2018.

Other corporate expenses not allocated at the segment level were $36.6 million in Q1 2019 compared with $32.9 million in Q1 2018. The Q1 2019 total includes $2.2 million of expenses related to our nonqualified deferred compensation plan. This expense is offset by a gain in value of the assets used to fund the plan, which is reflected as other income in our consolidated statement of operations. The increase in unallocated corporate costs also reflects $600,000 of costs that were previously treated as segment expenses, but are now centrally managed in order to drive company-wide savings.

Now turning to the balance sheet and cash flows. DSO came in at 65 days for the first quarter of 2019 compared to 61 days for the fourth quarter of 2018. The increase in DSO primarily reflects the impact of increase width on certain health care projects with the contractual scheduled billings on revenue recognized through March 31st will occur throughout the remainder of the year. We expect DSO to normalize back to approximately 60 days by the end of 2019.

Total debt includes the $250 million face value of our convertible notes, $76 million in senior bank debt, and a $4 million promissory note for total debt of $330 million. We finished the quarter with cash of $8.5 million for net debt of $322 million. This was a $50 million increase compared to Q4 2018.

The first quarter reflects the payment of our annual bonuses. Our leverage ratio, as defined in our senior bank agreement, was approximately 3.0x trailing 12 months adjusted EBITDA at the end of Q1 2019 compared to 3.77x trailing 12 months adjusted EBITDA as of March 31, 2018.

Cash flow used in operations in the first quarter of 2019 was $38 million, and we used $4.5 million of our cash to invest in capital expenditures inclusive of internally developed software costs resulting in free cash flow of negative $43 million. We continue to expect cash flows from operations for the year to be in a range of $90 million to $105 million. We also continue to expect capital expenditures for the year to be approximately $15 million to $20 million and free cash flows for the year to be in the range of $75 million to $90 million net of cash taxes and interest and excluding noncash stock compensation.

Finally, as Jim mentioned, we're affirming the guidance that we provided during our February earnings call. Thanks, everyone. I would now like to open the call to questions. Operator?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Timothy McHugh with William Blair.

Timothy John McHugh - *William Blair & Company L.L.C., Research Division - Partner & Global Services Analyst*

Jim, maybe start with your comments on Healthcare, what's the new solutions you're talking about there. Are those consulting solutions and where we at with that, I guess, investing to build those up. Have you already built those or is that a future source of investment that we should think about?

James H. Roth - *Huron Consulting Group Inc. - CEO & Director*

Yes. So Tim, I think, if I heard the question correctly, I think, we're in the process of still building them up. So, first of all, we've got a string of new competencies that we've been building up really for the last 1.5 years or so that are continuing to make progress and all of the estimates we have in terms of costs for those are included in our estimates. But I think our hope is that we are going to continue to see these build-out of these new competencies continue to bear fruit as we go forward. Some of them are in pilot mode right now and as we kind of test them out with certain clients it gives us more confidence in terms of what we need to do to be able to take them out to market on a forward basis. But this time we've got probably 4 or 5 things that are in place right now where we are developing new competencies, new services that we know are needed in the health care marketplace.

John D. Kelly - *Huron Consulting Group Inc. - Executive VP, CFO & Treasurer*

Tim, this is John. I'll add that in the February call, we mentioned that there is about 100 basis points of investment in -- netted in the guidance for the year. And these were some of those items that were part of that 100 basis points.

C. Mark Hussey - *Huron Consulting Group Inc. - President & COO*

Tim, I'll just add into that. These things are actually, when Jim says they are in pilot, it's not an internal pilot. To be clear, that's where we believe there's market demand and we have clients that are actually interested in pursuing these services as well.

Timothy John McHugh - *William Blair & Company L.L.C., Research Division - Partner & Global Services Analyst*

And these are consulting capabilities? Are you -- is there more to it than this or these are -- you're developing expertise and competency around advising clients on these topics?

C. Mark Hussey - *Huron Consulting Group Inc. - President & COO*

The way Jim described it, it's best characterized as consulting services, broad multidisciplinary expertise and bringing them together in a combined solution.

Timothy John McHugh - *William Blair & Company L.L.C., Research Division - Partner & Global Services Analyst*

Okay. And then Business Advisory, can you just elaborate on -- beyond the ES&A practice, what, I guess, how did the other pieces of that perform? I didn't catch that part.

John D. Kelly - *Huron Consulting Group Inc. - Executive VP, CFO & Treasurer*

Sure, Tim. This is John. From an overall segment perspective, the Business Advisory, ES&A and Life Sciences Practices all grew during the quarter, year-over-year. Innosight was just about flat. Part of the reason that they were just about flat quarter-over-quarter was some paperwork issues and an amendment that they needed to get signed that we expect to close during the second quarter. After that they also would have been a grower. So generally speaking from an activity perspective all 4 businesses within the Business Advisory segment grew during the quarter.

Operator

And our next question comes from William Sutherland with Benchmark Company.

William Sutherland - *The Benchmark Company, LLC, Research Division - Equity Analyst*

Just curious on business advisory and the seasonality there in terms of the operating margin. Is that -- this kind of typical what we saw this quarter and the first quarter of last year?

John D. Kelly - *Huron Consulting Group Inc. - Executive VP, CFO & Treasurer*

Bill, it's similar to what we saw last year. The things that I would highlight as far as why it's starting more in the 16% range versus the full year guide that we gave of 21% to 23%. There was a mix during the quarter. So ES&A was relatively stronger from a revenue growth perspective versus Innosight. ES&A blends in the lowest from a relative margin perspective due to the technology implementation aspect of what they do versus the strategy aspect of Innosight. They get hit also by the increased fringe rate during the first quarter. So that's another factor and then the third thing that I'd highlight is within the full year guide, there is an assumption about success fees from our broker dealer and it was a relatively light quarter from a success fee perspective. So, in later quarters when you see some of those success fees hitting you will see higher margin in those periods.

James H. Roth - *Huron Consulting Group Inc. - CEO & Director*

And Bill, this is Jim. The only thing I would add to that is, I think that, we're always careful when we talk about the seasonality because the seasonality is really not about, we really don't have revenue seasonality, we have expense seasonality just in terms of the phase out in the business in terms of our meetings and the fringe rates and things like that. So, that's also totally contemplated in our guidance for the year.

William Sutherland - *The Benchmark Company, LLC, Research Division - Equity Analyst*

Right. I could tell because the revenues were tracking nicely. On Healthcare, in the performance improvement and other areas, would you say given the relatively stable to almost better backdrop for the nonprofit, many of the nonprofit systems, at least they're not dealing with crazy changes in direction and policies. Would you characterize your sales cycles as improving -- shortening a bit here because I know you are -- looking ahead, looking at more engagements, higher velocity, lower duration of engagements?

James H. Roth - *Huron Consulting Group Inc. - CEO & Director*

This is Jim. I would say that the sales cycle, I think, is pretty much flat. I don't think there is any material movement on that. I do think the sense of urgency amongst some of our clients in terms of the environment that they are facing is getting a lot more challenging for them. And I think that's why, that's one of the reasons you have seen some reasonably steady growth coming out of Healthcare now for a while. It's a troubled time I think -- and we have a lot of different types of clients, but I think a lot of them that are making reasonable margins today are getting increasingly worried that those reasonable margins just are not going to be around in the next 2 or 3 years. So, I think, that is driving a lot of our business right now. That and just some other areas where they just feel like they are going to have to look at some alternate options for trying to generate revenue because it's just not going to come from the normal clinical reimbursement side of things.

William Sutherland - *The Benchmark Company, LLC, Research Division - Equity Analyst*

And Jim, have you already developed a lot of expertise in value-based reimbursement and risk taking? Or is that one of the pilots that you're working on?

C. Mark Hussey - *Huron Consulting Group Inc. - President & COO*

Bill, it's Mark. We actually have a presence already in value-based and risk-based contracts. What I would say is that, what's evolving here is really the more holistic solution where every system out there, if they're doing that kind of work, they've got majority of business still in the fee-for-service world and as the risk-based environment continues to expand the question is how you really operate in both sides of those. So that's kind of thing we are doing, but then really gets back into really the care delivery aspects as well and risk-based environment as well for fee-for services.

Operator

Our next question comes from Tobey Sommer with SunTrust.

Tobey O'Brien Sommer - *SunTrust Robinson Humphrey, Inc., Research Division - MD*

So at the segment level, it's the first 4 months in the year cause you to think that the cadence of growth rates among the segments will be any different than when we spoke last. Can you give us update on that?

John D. Kelly - *Huron Consulting Group Inc. - Executive VP, CFO & Treasurer*

Tobey, it's John. No, I would say nothing has really changed during the first quarter or with regard to any visibility we have since the end of our first quarter. I think overall, we are affirming the guidance that we put out there and we feel comfortable in the growth of all the segments this year and probably have a better, if there is any updates to different growth rates between the businesses, that's something we'll probably talk about come second quarter. But as of right now, I think we feel comfortable with the initial guide that we put out there.

James H. Roth - *Huron Consulting Group Inc. - CEO & Director*

Tobey, it is Jim. I only add to John's comments that we feel comfortable with the way the demand continues to build across really all of our businesses. You've seen a reasonably steady increase in demand for some time now -- It's our sense at this point in time, at this part of year that that's going to continue so we feel pretty good about how that's evolving in terms of the demand perspective.

Tobey O'Brien Sommer - *SunTrust Robinson Humphrey, Inc., Research Division - MD*

Okay. With respect to your growth in billable consultants, is the difference among the segments -- does that approximate what we should expect for the year? Or is there a sense of timing when you take just a quarterly snapshot that makes those numbers a little different than how you would see the year unfolding?

James H. Roth - *Huron Consulting Group Inc. - CEO & Director*

I would say, Tobey, that for Education and Business Advisory, the growth you see is probably fairly representative of what we're expecting for the year. While we did have growth in headcount in Healthcare for the first quarter, I think, our expectation is that's going to accelerate as the year progresses based on what we see from a demand perspective.

Tobey O'Brien Sommer - *SunTrust Robinson Humphrey, Inc., Research Division - MD*

Okay. Could you expand a little bit more, Medicare for all is in the news and Congress quite a bit, even in election. What does it mean for demand for your services? Are you hearing anything from customers talking about it or is it is too free-formed of a concept right now for any kind of real serious conversations to transpire?

James H. Roth - *Huron Consulting Group Inc. - CEO & Director*

Tobey, this is Jim. The short answer is, our clients are very worried about it but I don't think - I think it seems like something that would not happen in the near future, so they have their eye on it, but I think it's too early for something like that to factor into demand on our end. It is part of a steady drumbeat of pressure that they see on the reimbursement side that we referred to during the script and I think that's going to continue. I think there is no question about that. I think you if woke up morning and had Medicare for all, I think, that would be big problem and we could have probably have a lot of work to be doing, but I just don't think that anyone is at a point of time where they are factoring that into their business models yet, but I think they do have it on their radar but I don't think anyone is predicting it nor are they trying to time it.

Tobey O'Brien Sommer - *SunTrust Robinson Humphrey, Inc., Research Division - MD*

Okay. When you look at your sales funnel and kind of perspective pipeline of new work in healthcare in particular, what is the composition and kind of relative size of large engagements look like versus the last couple of years where those have been kind of tapering down?

C. Mark Hussey - *Huron Consulting Group Inc. - President & COO*

Tobey, it's Mark. I think the profile has been fairly steady. We've had a nice mix of engagements. I would say in general if you look back 2 to 3 years ago, we talked about the fact that our engagement sizes have come down from historic highs. I think we got a good mix now of smaller and kind of midsize, there is always a large engagement or two that's in the mix. But really I would say our client base has really expanded quite a bit over the last several years. And I think that is really one of the positive outlooks for us as we have got a much more balanced practice with respect to the things we're doing for performance improvement, whether the revenue cycle or costing clinical offerings, or medical group offerings. When you look across the technology services as well even beyond EHR optimization. So, with that kind of mix it just gives us a lot more balance in the engagement mix.

James H. Roth - *Huron Consulting Group Inc. - CEO & Director*

I think the other thing that we talked about as being a strong possibility was that in Healthcare when we kind of moved away from small number of larger jobs to much broader portfolio of clients in a much broader portfolio of services, we knew that that would lead to really having longer-term relationships where we may be doing back-to-back-to-back sequential projects as opposed to one big project. And I think a lot of that is actually what has been panning out for us in that we really have been working at some of our clients for much longer than we historically would have been, maybe smaller projects, but they are ongoing and they lasting for a longer period of time. And which is similar to what we see in higher education and I think to some extent when you are able to continue to stay at a client and do successive projects, it cuts down the sales cost from our end, and I think just enables us to enhance the relationship for a longer period of time, all of which are good. So, we're pretty comfortable the way this has evolved. As we said 2.5 years ago, we knew it was a bumpy -- going to be bumpy road to go from where we were back in '16 to where we are today, but I think, we're past those bumps, well past those bumps and now we're in a part where I think we are going to end up having a larger number -- we have, a larger, much larger number of clients but we have got a more stable longer lasting relationship, and I think that bodes well for the practice.

Tobey O'Brien Sommer - *SunTrust Robinson Humphrey, Inc., Research Division - MD*

Could you make a comment about internal consultant turnover and kind of talk about the recruiting environment and the difficulty of growing your headcount at the pace you are?

John D. Kelly - *Huron Consulting Group Inc. - Executive VP, CFO & Treasurer*

This is John. Our headcount turnover has been trending lower and we're very pleased with how that's unfolded during the first part of the year. So throughout that has been a positive. So far, we start out the year from a recruiting perspective we're confident that we're able to find the people that we need. And so, we're encouraged on both elements of it, from a retention perspective, but then also from a recruiting perspective we're encouraged at this point.

Operator

And our next question comes from Kevin Steinke with Barrington Research.

Kevin Mark Steinke - *Barrington Research Associates, Inc., Research Division - MD*

So you made the comment that you continue to see evidence of growing demand across your business as a whole. And obviously, you talked about the favorable environment in Healthcare right now. Just wondering if there are any other demand trends, data points across all of your segments that would be worthwhile drawing out more or highlighting more just to expand upon that statement of that you made about evidence of growing demand.

James H. Roth - *Huron Consulting Group Inc. - CEO & Director*

Kevin, this is Jim. I guess I'd respond to that in 2 ways. I'll start by responding to it from both the Health and Education perspective because I think the nature of the transformation that is taking place in both of those industries are pretty significant and happening at a pretty quick pace. And we know that's a very difficult for our clients to manage through. And particularly in higher education where just the governance structure doesn't really enable leadership to be as nimble as they might otherwise be. That's a tough position to be in when you are trying to get through kind of a rapidly changing environment. So, the reason I think where we've got obviously very, very deep relationships and credentials in Healthcare and Education, and so, for the most part when those needs arrive and our clients begin to feel that they need assistance in those areas they naturally come to us. I think those pressures are going to continue to evolve for some time, and I think that's what is giving us comfort that the demand is going to be there for a while. On the mostly commercial part of the clients that we serve in our Business Advisory segment, it is actually a different story. We serve a lot of different industries, and I think each one of those industries whether it be retail, whether it be energy, whether it be financial services, are going through their own state of transformation, and again, we have -- we bring different solutions to those environments, but I think, it is the same type of thing where we just see a lot of organizations that are challenged in terms of how to think about being more confident about their future and we are helping many of them try to develop business models, structures and operations that are capable of being sustained. So, I look at it in 2 ways, one commercial and one more on the health and education side, but collectively we read about the pressures every day and that's really when we talk about growing demand having, I think it's exactly what you read about in terms of striving that demand. It's a lot of uncertainty about future sustainability of the business model.

John D. Kelly - *Huron Consulting Group Inc. - Executive VP, CFO & Treasurer*

This is John. I'll add with that market overview. When you look at our specific pipelines across the business, it's solid to strong demand across all of our pipelines right now when you take some of those market trends that Jim described and look down at our specific pipelines.

Kevin Mark Steinke - *Barrington Research Associates, Inc., Research Division - MD*

Okay. That's helpful color. I don't know if I missed it, but did you make a comment about Studer Group and trends and expectations there within Healthcare?

John D. Kelly - *Huron Consulting Group Inc. - Executive VP, CFO & Treasurer*

Yes. If you look at the first quarter growth that we had in Healthcare, we saw upper single-digit growth in the PI and technology services solution and then it was a low single digit decline within Studer Group during the quarter and when we look at the trend lines for the rest of the year, I think that that's something that we reasonably expect to see to continue throughout the year. Mark, I don't know if you have any color, commentary there.

C. Mark Hussey - *Huron Consulting Group Inc. - President & COO*

I think you've heard us talk about the changes that we have made within the Studer offering where we have really made the arrangements more flexible than they were in the past and we have expanded into new markets. And it's just really early to see those start to take hold. These are things that, I would say, we're just a few months into. So, we're very optimistic at this point in terms of how it all unfolds, but we are also little bit cautious until we see a few more evidence points.

Kevin Mark Steinke - *Barrington Research Associates, Inc., Research Division - MD*

Okay. And then in the Education segment, you previously touched on the development of the student solutions technology market, any update there in terms of what you're seeing in the market in terms of the development of the offerings as well as internally how you continue to build out to address anticipated demand for those services?

James H. Roth - *Huron Consulting Group Inc. - CEO & Director*

Kevin, this is Jim, again. So, I guess, there is a couple of ways of saying that. We talked about the business model challenges in higher ed. It is probably more acute than it is in healthcare and the key to a lot of our clients is really getting a much better handle around the management of the student part of their business and that's really from the very beginning when people are admitting them to successions throughout the 4, 5 years that they're going to school and being able to retain contact with them afterwards. So, this has really become a core part of their business and for many of our clients it is least mature in terms of technology. So, we have said now for a while that this is likely to be one of the fastest growing areas of our company, and I think with the way things are bearing out in the market that's does exactly how we are seeing it right now. There is a lot of activity. The core technology solutions are still a little bit immature. So, they're not quite starting up, but they are beginning to start up soon. And I think this is 2, 3, 4 years from now we are going to see this as being by far probably one of our biggest growth stories within the company. I think it will start -- we are starting to see some of that in 2019 we'll see a lot in 2020. But I think this is shaping up to be just as big as we thought it would all along and we're very confident that we will play a major part of that role in part because of our technology capabilities and in part because of our deep relationships within the university environment.

Operator

Mr. Roth, I'm showing no further questions in the queue at this time. I'd like to turn the call back over to you for any closing remarks.

James H. Roth - *Huron Consulting Group Inc. - CEO & Director*

Thank you for spending time with us this afternoon. We look forward to speaking with you again in July when we announce our second quarter results. Have a good evening.

Operator

Ladies and gentlemen, thank you for participating in today's conference. This does conclude the program. You may all disconnect and have a wonderful day.