



Real Matters Q2 2023 Conference Call - Transcript

April 28, 2023

Corporate Participants

Brian Lang, *Chief Executive Officer*

William (Bill) Herman, *Executive Vice President and Chief Financial Officer*

Lyne Beauregard, *Vice President, Investor Relations & Corporate Communications*

Other Participants

Gavin Fairweather, *Cormark Securities*

Martin Toner, *ATB Capital Markets*

Daniel Chan, *TD Cowen*

Thanos Moschopoulos, *BMO Capital Markets*

Robert Young, *Canaccord Genuity*

Presentation

Operator

Good morning, ladies and gentlemen, and welcome to the Real Matters Second Quarter 2023 Conference Call. [Operator Instructions] This call is being recorded today, Friday, April 28, 2023. I would now like to turn the conference over to Lyne Beauregard, Vice President of Investor Relations. Please go ahead, Lyne.

Lyne Beauregard

Thank you, operator, and good morning, everyone. Welcome to Real Matters Financial Results Conference Call for the second quarter ended March 31, 2023. With me today are Real Matters' Chief Executive Officer, Brian Lang and Chief Financial Officers Bill Herman and Rodrigo Pinto. This

morning, before market opened, we issued a news release announcing our results for the three and six months ended March 31, 2023.

The release, accompanying slide presentation as well as financial statements and MD&A are posted in the Investors section of our website at realmatters.com. During the call, we may make certain forward-looking statements, which reflect current expectations of management with respect to our business and the industry in which we operate. However, there are a number of risks, uncertainties and other factors that could cause our results to differ materially from our expectations. Please see the slide entitled Cautionary Note regarding forward-looking information in the accompanied slide presentation for more detail.

You can also find additional information about these risks in the Risk Factors section of the company's annual information form for the year ended September 30, 2022, which is available on SEDAR and in the Investor Relations section of our website. As a reminder, we refer to non-GAAP measures in our slide presentation, including net revenue, net revenue margins, adjusted EBITDA and adjusted EBITDA margin. Non-GAAP measures are described in our MD&A for the three and six months ended March 31, 2023, where you will also find reconciliations to the nearest IFRS measures.

With that, I'll turn the call over to Brian. Brian?

Brian Lang

Thank you, Lyne. Good morning, everyone, and thank you for joining us on the call today. Before we get to the business of the day, as this will be his last earnings call with us, I'd like to take a moment to acknowledge our CFO, Bill Herman, for his dedication and contributions to the business over the last six-plus years. He's been an integral part of the team, and it's been a privilege to work with him. On behalf of Jason and the Board, thank you, Bill. We wish you nothing but the best in your next chapter. I'd also like to extend a warm welcome to our incoming CFO, Rodrigo Pinto. We're very happy to have you on board Rodrigo, and we look forward to continuing to grow this business together.

Now on to the business of the day. I'll start today by providing an overview of our second quarter performance and some of the key drivers behind our numbers. Bill will then take a deeper dive into our segment financials, and I'll wrap up the call with some brief remarks prior to taking questions.

We are very pleased with how the business performed in the second quarter, a quarter that has

historically been our lowest seasonal period in our fiscal year. Consolidated net revenue increased to \$9.9 million in the second quarter, up 1% sequentially. Our U.S. Appraisal segment posted record net revenue margins of 27.6% and consolidated net revenue margins increased 70 basis points sequentially to 26.4%. With an improved net revenue margin profile and a lower cost base, we improved consolidated adjusted EBITDA to a loss of \$1.7 million versus the \$2.9 million loss we recorded in the first quarter of 2023.

U.S. mortgage market conditions continue to be challenging in the second quarter as spreads remained wide due in part to market volatility and 30-year mortgage rates fluctuated in the 6% to 7% range. That said, home sales seem to be bottom bouncing and 87% of refinance originations today are cash out transactions, which is the highest share on record in the last 30 years. On the purchase side, we are starting to see green shoots in the market, and we are cautiously optimistic that a spring market will deliver sequential market volume growth in the third quarter. We continue to believe that the refinance market will return to more normalized levels in the future, and we have the capacity in place and the ability to scale the business to meet the demand of higher market or organically driven volume growth.

Beyond the impact of current market conditions, we made solid progress in the second quarter as we continue to win market share and add new clients. In U.S. Appraisal, net market share increased year-over-year, and we launched one new lender and one new channel with an existing client. In U.S. Title, we launched one new lender and one new channel, and we were awarded additional market share with our Tier 1 lender at the end of the quarter. In Canada, we launched three new channels. In U.S. Appraisal, purchase origination revenues were down 3% sequentially and refinance origination revenues were up 2% quarter-over-quarter. We set a new high for U.S. Appraisal net revenue margins in the second quarter, which increased 60 basis points to 27.6% from the record 27% we posted in the first quarter this year, continuing to put us in our fiscal 2025 net revenue margin target range for the segment.

Our ability to direct more work to our top-performing appraisers allowed us to achieve higher margins, which supported improved quality and drove faster turn times. We continue to perform at the top of our Tier 1 lender scorecards in the second quarter. Our performance has been key to continuing to win additional market share and our ability to advance the sale cycle for new channel expansion as well as title opportunities.

U.S. Title segment revenues were down 6% quarter-over-quarter and down 9% for centralized title. As I noted earlier, we continued to adjust our cost base in U.S. Title and we narrowed our adjusted EBITDA loss to \$2.3 million in the second quarter from the \$2.9 million loss we posted in Q1. The team remains highly engaged with existing and potential new clients, and our focus remains on leveraging our current performance and various strategies to onboard new clients and build franchise value for the long term.

In Canada, we launched three new channels, and we increased market share year-over-year. Canadian segment net revenue was flat sequentially. However, net revenue margins increased 80 basis points quarter-over-quarter to 18.7%, and we increased adjusted EBITDA margins to 69.8% from 64.2% in the first quarter of fiscal 2023.

With that, I'll hand it over to Bill. Bill?

William Herman

Thank you, Brian, and good morning, everyone. Turning to slides 4 and 5 for a closer look at our second quarter financial results.

U.S. Appraisal revenues declined 60% year-over-year to \$28 million due in large part to lower addressable mortgage origination volumes, partially offset by net market share gains with existing clients and new client additions. Other revenues from home equity and default were down 14% year-over-year. Transaction costs in U.S. Appraisal declined 63% year-over-year, but net revenue was down 49% year-over-year to \$7.7 million. As Brian outlined earlier, net revenue margins increased a further 60 basis points from the record we set in Q1 2023 to a new high of 27.6% and represents a 620 basis point increase over the same quarter last year. The increase in net revenue margins is the result of leveraging our appraiser network in a lower market environment and servicing a greater proportion of standard properties.

U.S. Appraisal operating expenses declined 37% year-over-year to \$4.6 million, down from \$7.2 million in the second quarter of fiscal 2022. U.S. Appraisal adjusted EBITDA decreased \$4.7 million to \$3.1 million in the second quarter of fiscal 2023 and adjusted EBITDA margins declined to 40.6% from the 52.1% we posted in the second quarter last year, owing in large part to lower market volumes.

Turning to our U.S. Title segment, revenues declined 79% year-over-year. Revenues attributable to centralized title services declined 88% year-over-year, while diversified title revenues totaled \$0.2

million down from \$0.4 million in the second quarter of fiscal 2022. Other title revenues of \$0.9 million, representing revenue from home equity services were down \$0.2 million compared to the second quarter of fiscal 2022. Transaction costs in our U.S. Title segment declined 60% year-over-year, while net revenue margins contracted to 36.8% from the 67.1% we posted in the second quarter of fiscal 2022. U.S. Title net revenue was down \$6.4 million from the second quarter of fiscal 2022.

We continued to trim operating expenses in the quarter due to lower refinance mortgage origination market volumes. Operating expenses declined \$6.3 million year-over-year to \$3.1 million in the second quarter of fiscal 2023. The U.S. Title segment posted an adjusted EBITDA loss of \$2.3 million compared with a loss \$2.2 million in the second quarter of fiscal 2022 as a result of lower market volumes, partially offset by cost reduction efforts undertaken over the last 12 months.

In Canada, revenues declined 47% on a year-over-year basis to \$7.4 million, while net revenue margins expanded by 530 basis points year-over-year as we leverage our appraiser network in a lower market environment. Canadian segment operating expenses declined \$0.2 million year-over-year and adjusted EBITDA margins increased to 69.8% from the 67.3% in the second quarter of 2022.

In total, second quarter consolidated net revenue declined 59% to \$9.9 million compared to the \$24.2 million we reported in the second quarter of fiscal 2022, largely due to lower market volumes across all three segments. Consolidated net revenue margins increased to 26.4% from the 25.5% we posted in the second quarter of fiscal 2022, reflecting higher margins in U.S. Appraisal and Canada. We reduced consolidated operating expenses by 47% year-over-year to \$11.6 million in the second quarter, excluding stock-based compensation expense. Corporate segment salary and benefit costs included \$0.3 million of severance expense in the second quarter, and we posted a consolidated adjusted EBITDA loss of \$1.7 million this quarter down from the loss of \$2.9 million in the first quarter of fiscal 2023.

Turning to the balance sheet. We ended the quarter with cash and cash equivalents of \$41.8 million at March 31, 2023.

Before I hand things back over to Brian, I'd like to take this opportunity to thank the investment community for their ongoing support over the last six-plus years. It has been a great pleasure to be part of this company and to be part of a team that communicates the Real Matters story. While the North American mortgage market presents its own challenges in terms of industry benchmarks and data, I think we've made some great strides in evolving how we present and communicate our

results. For that, I thank my very talented team for their persistence and support. I am confident that the company is well positioned to achieve its long-term objectives and I look forward to watching its continued success in the coming years as a continuing shareholder of Real Matters.

With that, I'll turn it back over to Brian. Brian?

Brian Lang

Thank you, Bill, and thanks for your ongoing support.

We posted very solid results in the second quarter against what we believe is a bottom bouncing market and what is typically our lowest quarter of the year. We continued to gain market share with some of our largest lenders in both Appraisal and title, while our performance kept us at the top of lender scorecards. In addition, we improved our margin profiles quarter-over-quarter across each of our segments by leveraging our platform and making prudent adjustments to our operating expenses. We also reduced our adjusted EBITDA loss sequentially, in line with our focus to keep the business EBITDA neutral on a full year basis through this part of the mortgage market cycle.

The adjustments we made to our business over the last 18 months have positioned us well for growth. And while we can't call the market, we are starting to see signs of improvement on the horizon. Today, our Appraisal and Title operations are more agile than ever, and we have the capacity to take on more volume and scale back up when the market recovers. We remain focused on our top-tier, blue-chip client base while driving performance, growing market share as well as adding new clients and ultimately scaling the business back up as the market normalizes.

With that, operator, we'd like to open it up for questions now.

Question and Answer

Operator

[Operator Instructions] Your first question will come from Gavin Fairweather at Cormark.

Gavin Fairweather

Just maybe to start on U.S. Appraisal, pretty remarkable to see revenue relatively flat and what was called a minus 15% market environment. Curious how you would attribute your outperformance

there? Was that kind of recent share awards or share movements within the market or competitive dynamics? How would you attribute that performance there?

Brian Lang

Thanks, Gavin. Appreciate the question. So I think if you're looking at top line, then I think you're definitely looking at market share gains. So again, very strong performance, top of the podium this past quarter with our key Tier 1 lenders. So I think really strong performance that came with some market share gains with our top customers. And then if you start moving down through net revenue down to EBITDA, you're going to see that we've done another -- I think the team has done a great job this quarter, managing out to the network and really delivering against continuing to be able to scale up the business. So you've seen the 27% that we delivered in net revenue margins last quarter up at 27.6%. So I think those are sort of two of the key drivers around the Appraisal performance this quarter.

Gavin Fairweather

Yes. And just maybe on those Appraisal net revenue margins. As you start to think about activity kind of ramping back up in the market, do you think that these kind of levels are sustainable where you've been running? Or do you think you might give some back if the market gets busier?

Brian Lang

So two answers to that question. The first one is sort of the long-term vision that we have, Gavin. So in '25, we laid out our net revenue target and appraisal of 26% to 28%. So good news, you see us performing within that span. So I think our view is to continue to perform within that span as we look out to '25. And right now, the good news for us anyways is we've kept some capacity in the Appraisal business. So I think in the near term, we'll be able to take on some more volume without needing to add any capacity to the business. So that's, I think, going to weather us well in the near term. And so I'd expect us, as I say, Gavin, to be within those sort of 26% to 28% range over the next upcoming quarters as we see volumes start scaling back up.

Gavin Fairweather

Yes. And you touched on capacity there, which was what I wanted to chat about next. I mean obviously, you've had some learnings throughout this market cycle about how to operate more efficiently internally. So can you give us a sense of the amount of spare capacity that you might have in the model, given how you're operating in today?

Brian Lang

Sure. We -- you mentioned that we've had a lot of learning and going through the fastest up market and down market we've seen in over 20 years. We definitely did an awful lot of learning through that, Gavin. And so both through the way in which we manage the network with some of the technology and process work that we've done, we definitely feel we are even better positioned right now to scale the business up longer term. So when we take a look at capacity right now, we frankly have the capacity in our title business to do 3x the volume that we are currently doing. And that's -- as you know, Gavin, we are a national player. And so there is a certain amount of capacity we need to have in the system in order to be able to deliver for the Tier 1 customer we have and the Tier 1 customers that we're targeting.

And then on the Appraisal side of the house, we also, with the expectation of a seasonal market -- So we do assume that Q3, we should see some increased volume with seasonality. We've kept that type of capacity in the business. So you can definitely see us moving volume up in the sort of mid-teens without us, again, needing to add head count to the business. So I think in the near term, I think we're in really good shape for the back half of the year. But really importantly, as we look long term, I think a lot of the changes that we've made based on those lessons that we've learned will only help us drive towards those 2025 margin targets in the business.

Operator

Your next question comes from Martin Toner at ATB Capital Markets.

Martin Toner

I know -- so it's interesting that centralized title was down sequentially while Appraisal refi was up sequentially. Is that just a market share story specific to Appraisal? Just wondering if there's -- you can elaborate there.

Brian Lang

Yes. So there's mix in there, Gavin. So remember in our Title business, there's some mix in there. I want to pass it over to Bill. Bill?

William Herman

I think that's exactly right, Brian. So Martin, there is definitely mix attributed to the title circumstance. So you referenced how is our CT volume relative to market. I think that is absolutely spot on. I think the other component, as Brian was referencing is really the depth and strength of the Appraisal

business. So we obviously have a much deeper bench. And as Brian touched on already, it certainly has been a market share story for us. So I think that clearly transpired and it was demonstrated in our Appraisal businesses.

Martin Toner

So market share of your customers has been a bit of a headwind. Your customers have been losing some share in the market. And just wondering if you can give us an update if that has continued or abated or reversed?

Brian Lang

Yes. So we're seeing some of the results come out right now, Martin, in the past week or two from our big customers in the U.S. So they continue not surprisingly with some of the challenges in the market to have some challenges around mortgage volume. That being said, I think there's also quite a bit of moving parts right now in the banking industry in the U.S. And so our view has always been that in a market where it's a heavier purchase market than a refi market. The Tier 1s often take advantage of that with their installed customer base. But also, as I say, with the market being a little bit in flux right now in the U.S., there's often a drive to sort of a more safe environment or to safety. And so I think they have -- a lot of the large lenders in the U.S. have actually been quite public around the fact that they are gaining some share from a customer standpoint. So as we look forward, our view would be that there is an opportunity for them to definitely gain some share, both from a purchase versus refi standpoint and also depending on how the market continues to evolve in the U.S., there may be some upside opportunity with a flight from risk to more safety with the big Tier 1 players.

Martin Toner

Fantastic. Last one for me. Given the enormous amount of pressure on volumes, the industry dynamics are such that it must place, I mean, a tremendous amount of pressure on a whole bunch of your smaller competition. You've mentioned in the past that vendors want to consolidate. Can you give us a little update on just like what's happening in the industry? Are you seeing lots of exits? And then is vendor consolidation benefiting [you]?

Brian Lang

Yes. So I think the dust is probably settling a fair bit around that right now, Martin. I think there has been some consolidation definitely in the business. And so we -- as you know, we benefit when our customers consolidate because of our performance. So I think we've seen some benefits with consolidation. We did have a competitor exit the appraisal space. So that is a benefit to us with

the key customers they had. We've already started to see some share gains there, and we expect some more in the back half of the year. So that's really, I think, where it's at from a competition standpoint. As you know, we just stay wholly focused on performance, making sure we're beating out the competition staying at the top of the scorecard. And as I say, I think right now anyways, the dust has settled a little bit there. And so I think they're now turning their eyes towards a ramp up of volume over the next few quarters.

Operator

Your next question comes from Daniel Chan at TD Cowen.

Daniel Chan

So some are expecting this to be the bottom for the mortgage origination market. Just wondering whether you share that view on how you think the market is going to play out over the next year? It sounds like you're pretty optimistic about it, just given that you have some excess capacity there. So I just like to get your view on that.

Brian Lang

Sure. Yes, Dan, I think we've -- I've mentioned that we think really we're in a bottom bouncing market. As you know, calling the 10-year [Treasury rates] and 30-year [mortgage rate] has been no easy task over the last couple of years. And I would say there's still a little bit of volatility right now in the market as to progress around that. But yes, I think you're right on with our view that we are in a bottom balancing market. A couple of the larger sort of associations have come out, especially on the housing side. So NAR came out quite recently and actually started talking about exactly that, that they feel that on the house sales side that we bounced off the bottom, that was actually their language. So I think some of the -- both the KPIs on the mortgage side as well as some of the key indicators on the housing side, I think some of them are starting to turn and starting to look a little bit more positive. So we definitely think there's some tailwinds that are starting to come in play. And as we mentioned, I think seasonally, we're definitely looking towards getting a bit of a bump in the spring/summer market. We may have a little bit more conservative view than some of the big players, the MBAs and Fannie and Freddie's out there. We're a little bit more conservative than they are, but we definitely see some positive momentum in the next two quarters.

Daniel Chan

Great. And with the sentiment stabilizing on the market outlook, how are your discussions with your customers going? Are they ramping up resources? Are they becoming more open to adopting new platforms like your title and closing solution?

Brian Lang

Yes. So I think as we've talked about in the past, we sort of talked about the big lenders and capacity, and it was bringing capacity down when the market was moving in that direction. But I would say that they probably finished that much as we've talked about our operating expenses. We think we're now in a very good place to start looking to the future and to look towards more of a rebound over the next couple of quarters. So I think the lenders are in a similar spot, Dan. I wouldn't say that they're aggressive in any way on the hiring front and building up capacity. But I think they feel like they're in a pretty good position. I think on the down, when they were taking capacity out, they definitely communicated with me, some of the big lenders that they were keeping in mind the upside of the market. So they definitely, I think, kept some more capacity in the system. So I think they're probably very well positioned for this growth that we're expecting seasonally. Yes. So I think they'll be in good shape, and that's why we, of course, have also kept the same sort of level of additional capacity.

Daniel Chan

Any increased interest in -- or interest in your title and closing solution?

Brian Lang

Yes. So again, I think that also has -- because I think the lenders have, I think, finished sort of their capacity views that they've been managing. I think they are now looking towards the future a little bit more. So the RFP conversation, some of which had actually started sort of right at the start of COVID and got pushed out. Those are now definitely being put back on the table. So our expectation is in the next couple of quarters, so the second half of this year, we should see a couple of RFPs come to market from the Tier 1s.

Operator

[Operator Instructions] Your next question will come from Thanos Moschopoulos at BMO Capital Markets.

Thanos Moschopoulos

Brian, give sense for industry capacity in terms of appraisers and title agents, do you have a sense whether there's been a lot of people leaving the profession, which could perhaps cause issues if on sort of scale up?

Brian Lang

We haven't seen any erosion to our network, Thanos. As you can imagine, we've been incredibly focused on making sure that we're continuing to bring our top extraordinary appraisers to the top of the queue and making sure that we're pushing work out to the absolute best of the appraisers, which in a market like this is why you're seeing some of the benefits on the margin lines but also frankly, our customers are seeing the benefits with turnaround time and quality. So I think that's been quite impressive with the volume where it's at right now. We have no concerns right now at all, Thanos, on capacity on the network. We have plenty of capacity for the types of volumes that we saw in '20 and '21, where we had a very strong working network. So no concerns right now on the network front. I think we're in good shape for sort of multiple years with the network.

Thanos Moschopoulos

Great. Is there any update in terms of a title for purchases? Is that still in the pilot phase or is anything of note happening there?

Brian Lang

Well, we continue to look at it. We -- as again, Thanos, we do do some purchase volume in the title space. But this past year, we've seen very, very little volume there. So we'll continue to look at the purchase space on title, continue to look at how we can sort of penetrate that with a bigger rate in the future. But right now, I wouldn't expect anything dramatic in that space in the near term.

Thanos Moschopoulos

Bill, congrats on the next chapter of your career.

Bill Herman

Thanks, Thanos.

Operator

Your next question comes from Robert Young at Canaccord Genuity.

Robert Young

Apologies if I missed this, but maybe just dig into a little more into how the share allocation by the Tier 1 in title. What led to that? What drove it? Maybe any color you can give around that?

Brian Lang

Sure. So on the Tier 1 front on title, I mean we've been performing, I think, very, very well over the last couple of years, frankly. I think they've been on now almost two years. So I think the performance has been incredibly solid. We always talked to the team around building that confidence over time, and we were very fortunate with that Tier 1 that we actually were awarded quite a bit of share in our first year when we were working with them. And I think by continuing to perform at the top of the podiums, as I mentioned, this last quarter, every month, we were on the podium. So being up near the top, I think, makes a big difference for them and their homeowners. So I think we've done a great job. The team has done a great job delivering against the performance expectations. And so hence, you're seeing the increase in share.

Robert Young

Right. And the pace of that share gain with that 1 client, is that relatively reminiscent of the first customer -- the first Tier 1 in Appraisal? Or is that faster or slower?

Brian Lang

No, it's actually somewhat similar. Again, if you remember, I usually talk about trying to get to 5% to 10% in the first year and getting to 20% in the second year. Sometimes we sort of get those as quarterly share increases. In this case, we sort of got us a big punctuation on sort of the end of the second year. So it's almost right in line with, frankly, how we look at onboarding new Tier 1 customers and building out the share over time.

Robert Young

Great. And then I imagine already questions have been asked about the business development amongst with other Tier 1s, but I imagine they're watching that or I assume they are, are they? I mean, does this reference customer help them maybe speed along their own decision to start using you?

Brian Lang

Yes, I think it does. I mean, I think the answer is yes. They definitely keep an eye on this. And as you can imagine, Rob, the sales team does an incredible job at making sure that they're well aware of

the increase in share and the performance that we're delivering. And as you know, I mean, long term, as we look at it, that's the really long-term plan are built into our '25 plan is bringing on a few more Tier 1s. And as I mentioned, we are really of the expectation since they've let us know that there's a plan to at least get a couple more of the RFPs from Tier 1s out on the table in the second half of the year. So what's been for us a slightly frustrating inertia with moving things on the Tier 1 title side, I think we're seeing anyways in the conversations our team is having with the Tier 1s. It looks like they're now putting a focus back on that. And I think a little bit has to do with the earlier question around seeing the market move in a more positive direction.

Robert Young

Great. And then, okay, maybe just on that. I mean, you said green shoots. I mean, how much of that is just the normal spring bounce? And how much of that is something that's indicative of maybe a more sustainable improvement? And then I'll pass the line.

Brian Lang

Yes. So this comes back, as you know, to interest rates, Rob, and calling where interest rates are going to go over the next little while. So I think there's definitely some seasonality in there. And I would think that a lot of the analysts in the market aren't necessarily forecasting a tremendous change in the back half of this year when it comes to rates. We, of course, keep a good eye on that. And as we discussed in the past, if there was a change, if there was a recession, if there was something dramatic changing in the year where rates might drop. Of course, that will have a very different impact on the business from a growth standpoint. So those rates have been a little bit persistent. We've been bouncing sort of back and forth between -- I think we got down to 6.2%, up to 7.2% over the last few quarters. So the good news for us is we're building up some refi inventory for the future in our title business. So that part is a positive for us. But as you say, depending on where the rates move over the next couple of quarters, we could see some more movement just from a rate standpoint as opposed to mostly being driven seasonally.

Robert Young

And would you be more cautious on your ramp back? I mean just thinking of it from a point of view of like operating leverage, if you start to see the market move, would you be more hesitant to maybe build capacity ahead of the future? Or maybe just give us a sense of how you think about your response to a bounce back? And then I really will pass the line.

Brian Lang

Yes. Well, there was an earlier question, I think, that touched a little bit on that, Rob, which is that we've been, I think, very thoughtful around the lessons learned as we did ramp up in '20 and '21. The team, I think, did a great job at the time, but we did take a lot of, I think, really good lessons learned and have made quite a few changes, everything from how we do title search all the way through to how we manage things on the back end. So the teams really, I think, put in yeoman's work to make sure that the next time the volume does start to move and especially even if it moves fairly dramatically, I think the scale of the model will only get not only just emphasized because you know the scale in the business today and how we drive margins when there is more volume. We demonstrated that through '20 and '21. And I think we're only better positioned and a little more agile than we were back when we went through that in 2021. So I would expect us to be, frankly, really well positioned if we are to see the volume move and even if it moves with some pace.

Operator

Your next question comes from Martin Toner at ATB Capital Markets.

Martin Toner

One quick follow-up. If a Tier 1 initiates an RFP, typically, how long before they announced the winner?

Brian Lang

Well, that's a very -- a question with a lot of variety to it, Martin, depending on the lender. So we've been in short RFP processes that have taken three to six months, and we've been in longer ones. So we'll have to see how things move. I would suggest that because things have been quite stagnant on that front for the last couple of years, I would think that they will move with a little more pace than necessarily sort of a usual cycle of RFP. So I think there's not only some demand from the servicing side and the servicers, but also I think that the Tier 1s do want to get out and take a look at what's going on in the market. And as I say, I think we're incredibly well positioned right now to deliver really well on an RFP. So we'll see how things go, Martin, but I wouldn't be surprised if it's a little bit more shortened than sort of the average time it takes.

Operator

Ladies and gentlemen, as there are no further questions, this will conclude today's conference call. We would like to thank you all for participating and ask you to please disconnect your lines.