John Wiley & Sons, Inc.

NYSE:WLY

Earnings Call

Thursday, September 3, 2026 3:00 PM GMT

Call Participants

EXECUTIVES

Brian Campbell
Vice President of Investor Relations

Craig Albright
Executive VP & CFO

Matthew S. Kissner
President, CEO & Employee Director

ANALYSTS

Will Gildea
CJS Securities, Inc.

Presentation

Operator

Good morning, and welcome to Wiley's First Quarter and Fiscal 2027 Earnings Call. As a reminder, this conference is being recorded. [Operator Instructions] At this time, I'd like to introduce Wiley's Vice President of Investor Relations, Brian Campbell. Please go ahead.

Brian Campbell
Vice President of Investor Relations

Good morning, everyone. I'm joined today by Matt Kissner, President and CEO; and Craig Albright, Executive Vice President and CFO. Our comments and responses reflect management views as of today and will include forward-looking statements. Actual results may differ materially from those statements. The company does not undertake any obligation to update them to reflect subsequent events. Also, Wiley provides non-GAAP measures as a supplement to evaluate underlying operating profitability and performance trends.

These measures do not have standardized meanings prescribed by U.S. GAAP and therefore, may not be comparable to similar measures used by other companies, nor should they be viewed as alternatives to measures under GAAP. We'll refer to non-GAAP metrics on the call and variances are on a year-over-year basis and will exclude the impact of currency. Additional information is included in our filings with the SEC. A copy of this presentation and transcript will be available at investors.wiley.com.

I'll turn the call over to Matt Kissner.

Matthew S. Kissner
President, CEO & Employee Director

Thank you, Brian, and hello, everyone. Welcome to our Q1 earnings call. If fiscal '26 was our breakout, then this is the year we build on that momentum and scale our new revenue streams. Q1 played out as we expected. Strong momentum in our research and AI growth engines was offset by a prior year AI comparison, which we previously mentioned, and continued soft market conditions in learning. Recall that Q1 is our seasonally smallest period, so our year-over-year comparisons carry some noise. However, nothing in the quarter changes our full year expectations, which Craig will cover shortly. Wiley's trusted content and intelligence are the foundation for the rapid advancement of science and innovation worldwide.

As I've stated before, when it comes to high-stakes scientific research, AI will only live up to its promise if it is fueled by current, accurate and trusted content and data. Wiley has one of the most comprehensive and continuously growing content and data portfolios in the world. You saw that validated twice this quarter in ways I would not have anticipated a year ago. We were invited to be the sole scientific publisher to participate in the U.S. Department of Energy's Genesis Mission and the founding data partner for CuspAI's Global Materials Foundry. In these endeavors, we stand alongside innovators like NVIDIA, AWS, Microsoft and others.

Behind those headlines, the commercial engine kept running. We signed new AI licensing agreements across multiple industries. I'll walk you through the quarter and the momentum we're seeing in our growth engines, and Craig will take you through our financials and outlook.

Let me start with the Q1 takeaways and a brief word on how our 2 growth engines work together. Research is the foundation where our scale, brands and society relationships enable us to generate proprietary content across a widening share of high-demand disciplines. AI and data analytics are built directly on top of that foundation, leveraging our content and data to create research tools for high stakes R&D. The relationship runs both ways. Publishing fuels the AI and data analytics engine with a continuous flow of proprietary content and AI powers the researcher productivity that increases the flow of publishing. That's the Wiley flywheel. A few highlights from the quarter. We delivered a 12% increase in Research

Publishing, reflecting strong global demand to publish with submissions at record levels, the Emerald addition and AI momentum all contributing.

Learning, on the other hand, faced challenges from a prior year comparison, soft market conditions in professional, and a seasonally small quarter in academic. We generated $14 million of AI revenue in the quarter, and our pipeline is expanding across models, channels, and verticals. We remain well on track to deliver our full year AI revenue goals. Our spectral analysis API portfolio launched into the laboratory market. It's another milestone in our evolution towards an AI and data analytics company. I'll explain this advance later in my remarks. We're integrating Emerald to extend our scale advantage in research and content advantage for AI and data analytics.

As expected, the fit is strong on all 3 dimensions, financially, strategically and culturally. Our teams are working very well together, and the integration is ahead of schedule. And we raised our dividend for the 33rd consecutive year, putting Wiley in rarefied company.

Turning to the headline numbers. Craig will provide more detail, but performance this quarter was in line with our plan. Two known factors drove the year-over-year revenue comparison. The $29 million of AI licensing revenue that landed in the prior year quarter and continued soft market conditions in learning, particularly professional. Neither changes how we see the full year. AI revenue was $14 million in the quarter, with a further $14 million already contracted across Q2 and Q3. Emerald contributed $13 million to the top line. On profitability, adjusted EBITDA was down 4% on the year-over-year revenue performance. Adjusted EPS was down 10%, further impacted by higher net interest expense related to the Emerald acquisition. GAAP EPS was a loss of $0.23 compared to earnings of $0.22 in the prior year, largely due to restructuring charges and acquisition and integration costs.

Let's discuss our continuing strong progress in research. Our key metric for research is publishing throughput. Strong demand to publish remains undiminished worldwide with submissions up 31% and output up 8%, demonstrating both continued growth and a clear focus on quality. This is evident across both rapidly growing and mature markets. We successfully closed our calendar 2026 journal renewal season with customer retention remaining above 99%. On expanding our journal portfolio and leading brands, we launched 2 new advanced journals, Advanced Immunology and Advanced Brain and published the first papers in Advanced Computing and Advanced Oncology.

As a reminder, our Advanced portfolio is accelerating as a global top-tier brand across disciplines with more than 30 journal titles and revenue of $70 million, growing at strong double digits. Also in the recent industry citation index released annually, 15 Wiley journals were ranked #1 in their respective categories with 248 of our journals achieving top 10 rankings. Wiley now accounts for over 10% of all citations in the index. This is an important quality signal and quality is what deepens our competitive moat. On driving publishing efficiency and margin expansion, we increased our research adjusted EBITDA margin by 130 basis points to 29.6% through the addition of Emerald and cost savings initiatives. We now have 1,600 journals migrated to our Research Exchange publishing platform.

On leveraging our IP and relationships for AI and data analytics growth, our clinical outcome assessments growth engine is rapidly expanding. This portfolio grew from $6 million in fiscal '25 to $11 million last year, and we see a strong trajectory ahead. Q1 revenue rose by more than threefold, thanks to Wiley's leading differentiated position. As a reminder, clinical outcome assessments are peer-reviewed instruments that are used in clinical trials to measure the impact of treatment from the patient's perspective. They've been developed carefully, tested across patient groups and proven to measure what they claim to measure. Choosing the correct instrument early, licensing it properly and implementing it effectively can be the difference between a multimillion-dollar trial that succeeds and one that stalls, and that makes them essential R&D infrastructure.

This is where we come in. We own and license a broad and growing portfolio of these instruments across disease areas and alongside full implementation services. An important milestone, as I mentioned, is that we launched our transformative spectral analysis APIs for the corporate and academic laboratory markets, delivering the industry's most trusted gold standard chemical reference data directly into automated laboratory software pipelines. For corporate R&D labs, this will replace slow manual analysis with embedded real-time spectral intelligence. Said one industry newsletter, the launch of the spectral analysis API portfolio is the clearest signal yet of Wiley's evolution from a legacy publisher into a modern data and technology company.

Let's consider why the research engine remains robust. Publishing is the key metric of academic progress, shaping employment, promotions, prestige and grant acquisition. The need to publish continues to rise alongside global R&D investment and is now further accelerated by AI advancements. Looking at research across the rest of the year, 6 reinforcing drivers continue to give us confidence. First, our publishing pipeline is robust and our scale advantage is widening with submissions outpacing an already strong market and researcher productivity set to rise further with AI.

Large-scale, high-quality publishers like Wiley have a structural advantage, and our Q1 KPIs say that is continuing. Second, we concluded a solid calendar 2026 renewal season with strong customer retention. Third, open access growth continues to compound at double digits, driven by the must-have dynamics of publishing worldwide and our journal brand expansion. In fact, we closed July with record gold open access output. Fourth, Emerald is off to a fast start, giving us strong confidence in the combination going forward. Fifth, our clinical outcome assessments pipeline of pharma companies is multiplying.

Our IQVIA go-to-market partnership is scaling, and we continue to activate new in-demand instruments to further bolster our leadership position. Separately, our OpenEvidence partnership is deepening with additional content now under agreement. Finally, we're seeing nice and early momentum in audience monetization. As discussed, we are transitioning this business from traditional advertising to an audience analytics platform underpinned by modern ad tech, AI-enabled product development and verified research professional audiences. The health care advertising market is large and expanding, and our edge is the combination we already hold: proprietary content, deep society relationships and an emerging corporate customer base in health care and the audiences that come with them.

Our digital research content and platforms generate billions of user sessions each year. We recently rolled out new sophisticated ad tech for contextual targeting, along with improved outcomes reporting and agentic tools for audience engagement. The early results are promising with good growth in Q1 billings.

Now on to our AI and data analytics growth engine, the second turn of the flywheel. As a reminder, we took total AI revenue from $23 million in fiscal '24 to $40 million in fiscal '25 and $49 million in fiscal '26. Given our pipelines, we remain well on track for over $50 million in fiscal '27 and AI recurring revenue growing 2 to 3x over prior year. In Q1, we realized $14 million of AI revenue, ahead of the pace we need for our full year target. Importantly, the mix is shifting the way we want. Of the $14 million, $10.5 million is from model training and $3.5 million is recurring. As I mentioned, we've contracted a further $14 million of AI licensing revenue that will be realized across Q2 and Q3 with additional agreements in active discussion.

On the corporate side, we've expanded our customer base for subscription knowledge feeds, bringing us to 23 across 5 industry verticals: life sciences, health care, food and agriculture, materials and chemistry and financial services. A year ago, this was largely a life sciences story. While that continues to be a big focus for us, it's a lot broader than that now. Finally, our Nexus licensing service continues to add more society and publishing partners, bringing the total to 71. As previously discussed, partnerships are foundational to our strategy. This quarter, we were invited to join the public-private partnership supporting the U.S. Department of Energy's Genesis Mission alongside some of the world's largest AI innovators.

The mission is a nationwide effort to put AI to work on the country's hardest science and technology problems, and we are the only scientific publisher at the table. Our role is substantive. We will make our research intelligence tools available to researchers across all DOE national laboratories, provide thought leadership on how AI models are validated against scientific evidence and how scientific data is managed and help shape the consortium's foundational knowledge layer. This builds on decades of engagement with the DOE and other federal science agencies. We became a founding data partner in CuspAI's AI Materials Foundry, a global network comprising over 45 organizations aimed at speeding up new materials discovery.

The foundry focuses on semiconductors, clean energy and advanced manufacturing, where progress is limited by materials rather than engineering. Our contribution is the data layer. CuspAI has licensed access to Wiley's material science content to train the platform. This underscores how our content is being integrated into AI systems that will increasingly drive scientific discovery. AI momentum remains broad-based across verticals, products and channels, and our pipeline is advancing rapidly across model training, commercial licensing and subscription knowledge feeds. Of note, model training is becoming a proven engine with both new and repeat customers.

At the same time, corporate R&D demand is accelerating across chemistry, food and agriculture and other domains, while health care opportunities widen across large corporates and AI start-ups. And through our Nexus licensing service and our own publishing engine, the content and intelligence available to license keeps growing. We remain well on track with our full year AI growth targets. Beyond this, what we see forming is bigger than any 1 year. The world's most important AI systems are being built on trusted scientific knowledge and Wiley is becoming a foundational supplier and partner in that economy.

As discussed in June, our position rests on a remarkably deep reservoir of proprietary data. In addition to published articles and journals, we have structured metadata and linked domains and validated research protocols and methods, how studies were designed, not just what they found. We have the peer review and editorial record behind that work and credibility accumulated over many decades. We have citation networks and reference graphs, effectively a map of how knowledge in one discipline draws on another. And we have relationships with both authors and institutions, who is researching what and where. Wiley holds leading content positions in the disciplines that matter most in the AI economy, 150-plus therapeutic areas in life sciences and health care, 100-plus areas in chemistry and spectral data, 50-plus in engineering and material science, 45-plus in agriculture and food science topics, along with the leading crops disease database and now with Emerald, a leadership position across all key areas of economics, business and finance.

Our advantage isn't only breadth, it's depth where corporate R&D is tackling its most consequential problems and where the next breakthroughs will come from. This depth is now showing up as a widening set of use cases and markets. As a reminder, we're pursuing 3 organic growth pathways around AI and data analytics: database solutions, applied research intelligence and audience monetization, each drawing on our existing IP. What this slide shows is where those pathways are landing commercially today. Our structured data is relevant across each from dermatology instruments for clinical outcome assessments with IQVIA to medical content at the point of care with OpenEvidence. We're working directly with decision-makers inside of corporations, institutions and government bodies deploying our IP for LLM development, corporate AI applications and academic labs.

We'll lay out our full road map at our fiscal '27 Investor Day scheduled for Thursday, March 11, at our headquarters in Hoboken, New Jersey. We hope to see you there. A few words on our critical role in ensuring responsible AI. By grounding AI in evidence-based knowledge, Wiley helps close the trust gap in AI while enabling innovation that benefits many. This mission has made us an AI thought leader worldwide. Here's the distinction I draw. Most companies approach responsible AI from the model outward, guardrails and policies bolted on to the technology. We start a layer deeper. Responsible AI depends on the quality of the knowledge that fuels it, and that's what Wiley has spent 2 centuries building.

You cannot make an unreliable model reliable with policy alone. You have to fix what it learns from, and we are protecting the scientific record as AI use surges amongst scholars. Our approach rests on 4 commitments: One, human oversight. We ensure that judgment stays with people, not models, and that peer review remains a human endeavor. Two, trust and transparency. We protect intellectual property and set the integrity standards for how our content is used. Three, safety and fairness, we ensure it through strict data privacy and active bias mitigation. And four, good governance. We ensure clear internal controls and constructive engagement on smart regulation rather than resistance to it.

The market is asking for exactly this. We answered it in October with comprehensive AI guidelines for authors, editors and peer reviewers covering disclosure, reproducibility and confidentiality. We've built citation and attribution requirements directly into our technical integrations, including our work with Anthropic. And we've stood up AI oversight across the company. All this speaks to the central role of the research publisher in enabling the global scientific ecosystem and ensuring the quality and impact of high stakes AI models.

The last point I'd make is about posture. We are setting the agenda here, not reacting to it. We were the only publishing sponsor at the United Nations AI for Good Global Summit in Geneva this year. And that leadership is commercially load bearing. When the Department of Energy or CuspAI chooses a data foundation, the standards behind the content are part of what they are buying. Trust is the product.

With that, I'll hand it over to Craig to take you through the financials.

Craig Albright
Executive VP & CFO

Thank you, Matt, and hello, everyone. I'll take you through the 2 segments, then cost and capital allocation and close with the outlook. Most of the year-over-year decline in the quarter sits in the prior year AI licensing comparison with the balance in learning during its seasonally lightest period. Underneath that, the operating base strengthened. Research margin expanded 130 basis points. Corporate expenses on an adjusted EBITDA basis came down 19% and free cash flow improved by $30 million. Those are the trends that carry the full year, and our outlook is unchanged. On to Research. Total revenue was $293 million, up 4%.

Research Publishing grew 12% with $13 million from Emerald and the balance from open access growth and AI licensing. Excluding Emerald, Publishing grew about 6%. Research Solutions declined 30%, almost entirely on the prior year AI licensing comparison with softer publishing services and recruiting, partly offset by growth in advertising. Adjusted EBITDA was $87 million, up 9%, with margin up 130 basis points to 29.6%. Emerald added $5 million at a margin above the segment average. Most of the Research margin expansion was organic cost savings after continued investment in the Advanced journal portfolio and in clinical outcome assessments. Emerald integration is tracking ahead of plan with cost synergy capture underway and early AI licensing interest building.

Now to Learning, where revenue was $93 million, down 20%. Academic was $45 million, down 20%, with $8 million of prior year AI licensing and declines in print, offsetting growth in digital content and courseware. Inclusive Access, where the cost of digital course content is added to a student's tuition and fees, remains a catalyst for us and the industry. Professional was $48 million, down 20%, reflecting $5 million of prior year AI licensing, softer consumer demand in retail and softer corporate demand in assessments. In retail, industry unit sales declined at the same rate as ours, so that pressure is market-wide. Excluding the prior year AI comparison, the segment declined just under 10%.

Adjusted EBITDA was $14 million with margin at 15.1% against 27.4%, reflecting revenue decline and mix. The first quarter carries our most difficult comparison of the year. Retail channel inventories normalize as we move through it. Courseware and Inclusive Access continue to grow, and we expect assessments to improve. Meanwhile, we are concentrating the editorial list on titles that earn their place, pushing harder on digital and Inclusive Access and taking cost out to protect margin. Cost and operating efficiency remain a central priority. Corporate expenses on an adjusted EBITDA basis were $33 million in the quarter, down $8 million or 19%, building on the reduction from $166 million in fiscal '25 to $143 million in fiscal '26.

Technology restructuring drove most of that, and some of the quarter also reflects timing of spend. Three work streams sit behind this trajectory. First, technology transformation, where we are reducing legacy and maintenance costs and shifting toward product and innovation. In the quarter, that meant retiring tech debt, consolidating facilities and building out our partnership with Virtusa. Second, the corporate cost base, where restructuring continues to take costs out of shared services, led by technology and global operations. And third, AI productivity, where deployments in legal, marketing and content operations are advancing.

Those savings are ahead of us rather than in this quarter's numbers, and we're scoping the next wave against run rate targets. A quick update on capital allocation and our financial position. First, organic investment. CapEx was $14 million against $15 million a year ago, with the mix shifting toward growth and product development. We expect CapEx of approximately $80 million this year, up from $65 million. Second, inorganic investment. We acquired Emerald Publishing in the quarter for approximately $450 million net in cash at roughly 7x adjusted EBITDA, including targeted cost synergies. Our expectations are unchanged from June with EPS accretion in year 1, the bulk of the cost synergies in year 2 and the full $30 million by year 3.

We also expect revenue synergies from geographic expansion, cross-selling and licensing. Third, portfolio optimization. We continue to manage our portfolio for growth and margin fit. And fourth, return to shareholders. We raised the dividend for the 33rd consecutive year and returned $33 million through dividends and repurchases. On the financial position, free cash flow was a use of $70 million against a use of $100 million a year ago. The improvement is working capital timing, principally collections of late fourth quarter renewal signings, partly offset by $14 million of higher restructuring and acquisition-related payments.

Free cash flow is historically a use through the first half given the timing of annual journal subscriptions and our full year outlook of $205 million is on track. Net debt-to-EBITDA on a trailing 12-month basis was 2.7x against 1.9x a year ago, reflecting the June 1 Emerald acquisition. Including Emerald synergies, pro forma leverage is 2.1x within our range of 1.5 to 2.5x.

Let me close with our outlook, which we are reaffirming in full. Organic revenue growth of low to mid-single digits with Research at mid-single digits. Organic growth excludes the expected $78 million Emerald contribution over 11 months of fiscal '27. Emerald is included in all other metrics. Adjusted EBITDA margin of 26.5% to 27.5%, up from 26.2% in fiscal '26 and 24% in fiscal '25. Adjusted EPS of $4.60 to $5.05, up from $4.19, including roughly $0.10 from Emerald and free cash flow of $205 million, up from $195 million with Emerald dilutive by $15 million in year 1 before turning accretive in fiscal '28.

Our investment priorities are unchanged: Journal and brand expansion, clinical outcome assessments, structured data and research intelligence platforms and audience analytics. We are integrating Emerald, rolling out the Research Exchange platform across the rest of our journal base and standing up our AI center of excellence to take cost and time out of our processes, all while moving technology spend from maintenance to product. We are investing in compounding growth and taking cost out at the same time. Every dollar competes for the highest return, and that discipline is what lets us fund the opportunity in front of us while driving return on invested capital higher.

With that, I'll pass the call back to Matt.

Matthew S. Kissner
President, CEO & Employee Director

Thank you, Craig. To summarize, we delivered the quarter we planned for, absorbing a known $29 million AI comparison headwind while our growth engines kept building. We're well on track to deliver mid-single-digit growth in research with strong publishing demand and output, share gains and society wins. Long-term trends remain favorable. We're also on track for our AI revenue goals with $14 million realized through Q1 and a strong pipeline ahead. Our growth vectors are materializing.

We are fast tracking operational excellence with the full launch of the Research Exchange platform, our tech transformation programs and our AI center of excellence. We're driving cost improvement and continuous margin expansion while freeing up capacity to invest. And we remain relentlessly focused on disciplined investment and capital allocation to drive higher ROIC and recurring revenue growth while rewarding shareholders.

Before I open it up to questions, a quick reminder to mark your calendars for our fiscal '27 Investor Day on March 11. The program is expected to run from 9:30 a.m. to 12:30 p.m. As always, I want to thank our global colleagues for all they do to show that a company can do good and do well at the same time. And finally, 2027 marks Wiley's 220th year of continuous change and innovation. We intend to be known not only as one of the oldest companies in the U.S., but one of its most relevant.
Let's open the line to questions.

Question and Answer

Operator

[Operator Instructions] Your first question comes from the line of Dan Moore with CJS Securities.

Will Gildea
CJS Securities, Inc.

This is Will on for Dan. Organic revenue growth in Research, excluding AI revenue and Emerald was 5%. How does that compare to peers in the market overall? And how does that enhance your confidence in your mid-single-digit growth outlook for the business, both in fiscal year '27 and beyond?

Matthew S. Kissner
President, CEO & Employee Director

Yes. Let me begin, and then I'll turn it over to Craig, who can drill in. This is Matt. We are growing along the same lines with the leaders in the market. And the confidence is really driven by many of the leading indicators that I talked about. Our KPIs are quite strong. This is a seasonally slow quarter for that business because it tends to be back-ended towards Q3 and Q4. But we have confidence in the full year guidance because our signals are all quite strong. Craig, do you want to add any additional color to that?

Craig Albright
Executive VP & CFO

Yes. I think we have previously commented that we see the long-term growth rate of the market in the 3% to 4% range. You quoted a number a little bit higher, and we're seeing similar trends on that. We're particularly excited about how the momentum builds as we go throughout the year. We see some growth coming in our calendar year renewals centered around the American Society of Mechanical Engineering add that we had. Author-paid open access continues to be supported with strong volume growth. And the investments we've been making behind certain areas like Advanced brand and geographic expansion are really starting to pay some dividends in the way that we're looking at the business. So we feel very comfortable about keeping in line with the market averages.

Will Gildea
CJS Securities, Inc.

That is very helpful. And then looking at Q2, remind us how much AI-related revenue you generated last year in Q2 and then what your expectations are for this quarter?

Craig Albright
Executive VP & CFO

Yes, let me take that one. So for quarter 2 last year, we had pretty significant -- it started off in the year in a pretty significant number, as you recall, from the $29 million compare. As we went into the second quarter, it kind of balanced out, and it was a little bit more balanced around $6 million or so in the second quarter and repeated a similar number in the third and fourth quarter. We've previously highlighted that these types of deals are lumpy. Matt highlighted, we've done $14 million in the fourth (sic) [first] quarter, and we've already contracted for another $14 million over the next 2 quarters. So we see pretty similar phasing. You can continue to expect some variability or lumpiness as we go. But right now, we see continued phasing in line with what we saw in the prior year.

Matthew S. Kissner
President, CEO & Employee Director

Yes. And I would comment, this is Matt. As you think about the AI revenues, and I commented on this in my remarks, think about it in terms of growing a more continuous revenue stream in parallel with these licensing arrangements, which tend to be lumpy. And this is still a business. This AI licensing is still a business that's evolving. It's still early as our clients learn how to use AI as effectively as they can in their business.

Will Gildea
CJS Securities, Inc.

Yes. And then just as a follow-on to that, overall, how should we think about the cadence of top line growth, margin expansion, EPS for the year?

Craig Albright
Executive VP & CFO

Yes. One characteristic that's true of our business is Q1 tends to be one of our seasonally lighter quarters, and we see momentum build as we go throughout the year. We see a very similar pattern emerging ahead of us here. So that would be one kind of indicator for where we think we're going. As you saw, we're reaffirming full year guidance. And so that's consistent with seasonally soft first quarter, picking up in quarter 2, 3 and 4 and delivering on the commitments that we've shared with you in the earnings presentation.

Matthew S. Kissner
President, CEO & Employee Director

Yes. And the drivers are strong growth in our foundational Research Publishing business and then the newer growth engines in AI and data analytics starting to get traction later in the year in the third and fourth quarters, which will give us momentum into the next fiscal. While underneath that is continuous margin improvement. That's not a onetime event. It's just as you've seen that over the last couple of years, we've demonstrated that we can do this. We can take that kind of margin improvement and share it with shareholders and also redeploy it into driving growth.

Will Gildea
CJS Securities, Inc.

Can you talk about what you've seen so far at Emerald? I know it's only been 2 months since the acquisition, but just any surprises, good, bad, or otherwise?

Matthew S. Kissner
President, CEO & Employee Director

Yes. Again, I'll begin and turn it over to Craig if he wants to add some color. So no surprises. It's -- as we talked about when we introduced the concept of Emerald, it's a really good fit with our journal portfolio. I think what we're seeing is only reinforcing that logic. It's a very well-run company with talented people and culturally very similar to us. And as I mentioned in my remarks, if anything, again, it's early, 2 or 3 months into this, but the signals are running all green. And quite frankly, we're ahead of the pace that we initially established. So we're very encouraged and view it as a very strong strategic move with actually terrific financial characteristics.

Craig Albright
Executive VP & CFO

Yes. I would just add to Matt's comments, off to a good start. We like what we see both in the stability and the strength of the customer and the revenue base. The working relationship between our 2 teams has been very positive as we've come together and become one company. We've highlighted from a synergies perspective, modest expectations for the first year, the bulk of the synergies emerging in year 2 and achieving the full run rate of synergies of $30 million by year 3. We're very much on track for that, running slightly ahead in the first year. I wouldn't say materially at this point. So we're just going to keep our eyes on it. But every indicator we have is that we're on or ahead of schedule right now and very pleased with the fit and the combination of Emerald with Wiley.

Will Gildea
CJS Securities, Inc.

Can you also provide a little deeper dive into some of the recent partnerships you've announced, starting with IQVIA. Is that generating meaningful revenue for you at this stage? And yes, how are things progressing? What's a reasonable expectation?

Matthew S. Kissner
President, CEO & Employee Director

Yes. IQVIA is a really terrific example of how we talk about a partnership network enabling us to punch above our weight because IQVIA has a very big presence in the drug evaluation business, clinical trials. And we have, as we've talked about, a very important tool in our clinical outcome assessments, peer-reviewed tools that are used in these clinical trials. And so we're able to have 2 and 2 equal 5 because IQVIA as a partner has an established presence, established distribution, and we have this critical instrument. So it's not just a licensing deal. It's really a strategic partnership.

And it's really a model of the way we're going to build the AI and data analytics business. We see partnering as culturally, we're very good at it. It comes from our society business, where we're the largest society publisher in the world. We have terrific long-term relationships, American Cancer Society, 30 years of dealing with these learned societies. So we can take that partnering DNA and use it to basically energize and accelerate our entry into AI and data analytics. Craig, do you want to comment on the financial side of this? It was in my remarks about how that business has been growing. The clinical outcome assessments.

Craig Albright
Executive VP & CFO

Yes. I mean we've talked a little bit about this in the past, but clinical outcome assessments is one of those kind of hidden gems, diamonds in the rough and it grew from hundreds of thousand dollars to $11 million last year. And we continue just to see great continued growth and potential this year that shows this year in line with our expectations, another great year of growth for clinical outcome assessment. I think we're on the front end of something really big here, and we're excited about where that's headed.

Matthew S. Kissner
President, CEO & Employee Director

Yes. It also is a great illustration of what we believe that we have hidden gems within this research corpus we have that go way beyond just publishing content. And internally, we have a pipeline of ideas similar to clinical outcome assessments that we're now developing and experimenting with. So we can create similar new business lines.

Will Gildea
CJS Securities, Inc.

And then similar questions, how are things progressing with OpenEvidence as well as Anthropic, AWS, and others individually or collectively? How should we think about the revenue models and what those agreements could look like from a financial perspective for '27 and the next few years?

Craig Albright
Executive VP & CFO

Yes. Thanks for asking that. We're really pleased with the early stages of the work we're doing together with OpenEvidence. Just as a reminder, that was an agreement we struck, which was $15 million over 5 years. It's a modest add for where we're working on, but a great example of what we're doing with commercial licensing in areas that we can here. I would say we continue to work and develop and see promise of that expanding, but still early days, but on track with what we want to do and a great partnership that we've established.

Matthew S. Kissner
President, CEO & Employee Director

Yes. And we have added content as we've built on our initial relationship and another example of leveraging partnerships because OpenEvidence has a very strong footprint into the U.S. physician market. And it's a terrific opportunity for us to partner to again use our valuable content to create new revenue streams for us.

Will Gildea
CJS Securities, Inc.

And then just one more for me. Looking at the Learning business. First, what was the impact of Amazon reducing inventories this quarter? When do we cycle against that? And how much longer do you expect that to be a headwind? And then a follow-up, excluding print and digital books, what was the organic growth rate for the remaining businesses in Learning?

Craig Albright
Executive VP & CFO

Yes. I'm going to give you some top lines on this. We don't go into that level of detail in terms of our public data here. But what I can tell you about Learning is we're at where we expected with Learning. And in particular, if you kind of break down the Learning business, it's really 2 major segments: academic, professional. We see academic being very healthy, driven by things like digital content, Courseware, Inclusive Access and continued growth potential and opportunity. In the professional space, it's really made up of 2 business areas, one around trade publishing or the professional books business, and the other assessments.

And it's in the trade publishing area that as we call it internal, where we saw last year the significant reduction in inventory on hand through the Amazon channel. That had an impact on our business. And if you recall, it really impacted us in the latter parts of August. So we're really in the toughest compare in a year-over-year perspective on a change that we saw happening really at the end of August last year. And there has been some softness in demand and sell-through, as we call it, in some of the titles in the areas that we're seeing here.

We're still working and monitoring and thinking about our title positioning and managing through that part. The other part that I managed -- talked about was assessments. We see steadier performance here. It was a little bit light in Q1, but we definitely see some improved performance potential as we're moving through the year on that. So stepping back, I would say, normalizing trends in trade publishing against these inventory on hand impacts that we saw in August, improved performance in assessments as we continue to modify the business model there.

And in particular, as we kind of move forward here, I think on the opposite side, the Inclusive Access and zyBooks are going to continue to drive growth for us as we move through the year. So improving trends to look forward. I would describe them as normalizing against the prior year impacts, pretty much where we expected they would be, and we continue to manage that business with a lot of strong talent and discipline looking into it.

Operator

This concludes the Q&A. I will now turn the call back to Mr. Kissner for closing remarks.

Matthew S. Kissner
President, CEO & Employee Director

Well, thank you again for your continued support and confidence as we work hard to build the next chapter of Wiley, opening the door to new and exciting businesses around our terrific research franchise. We will update you again in December. And again, note that March date because I know that we definitely owe you a more detailed view of our plans for the future. With that, thanks very much for joining us.

Operator
This concludes today's call. Thank you for attending. You may now disconnect.