Doma Fourth Quarter and Full-Year 2021 Earnings Transcript

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Beatriz Bartolome, ***Head of Investor Relations, Doma***

Thank you, operator. Good afternoon, everybody, and thank you for joining Doma's Fourth Quarter and Full Year 2021 Earnings Conference Call. Earlier today, Doma issued a press release announcing its fourth quarter and year-end results, which is also available at investor.doma.com.

Leading today's discussion will be Doma's Founder and Chief Executive Officer, Max Simkoff; and Chief Financial Officer, Noaman Ahmad. Following management's prepared remarks, we will open up the call to questions.

Before we begin, I would like to remind you that our discussion will contain predictions, expectations, forward-looking statements and other information about our business that is based on management's current expectations as of the date of the presentation. Forward-looking statements include, but are not limited to, Doma's expectations or predictions of financial and business performance, and conditions and competitive and industry outlook. Forward-looking statements are subject to risks, uncertainties and other factors that could cause our actual results to differ materially from historical results and/or from our forecast, including those set forth in Doma's Form 8-K filed today. For more information, please refer to the risks, uncertainties and other factors discussed in Doma's SEC filings.

All cautionary statements that we make during this call are applicable to any forward-looking statements we make wherever they may appear. You should carefully consider the risks and uncertainties and other factors discussed in Doma's SEC filings. Do not place undue reliance on forward-looking statements as Doma is under no obligation or expressly disclaims any responsibility for updating, altering or otherwise revising any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Additionally, during this conference call, we will also refer to non-GAAP financial measures including retained premiums and fees, adjusted gross profit and the other measures described in our earnings release. Our GAAP results and description of our non-GAAP financial measures with a full reconciliation to GAAP can be found in the fourth quarter 2021 earnings release, which has been furnished to the SEC and is available on our investor website.

And with that, I'll turn the call over to Max Simkoff, CEO of Doma.

Max Simkoff, *Chief Executive Officer, Doma*

Thank you, Bea, and a warm welcome to you on your first earnings call as a key new member of the Doma team. We're really excited to have you here.

Today, we will cover 3 main themes: One, we have continued to outperform the industry with our growth. Two, our continued outperformance was driven by our differentiated machine intelligence-driven platform to help close residential real estate transactions faster at higher quality and more affordably. And three, our overall results in 2021 have helped us crystallize a clear set of prioritized investment areas for the business, which we will be executing in 2022 to help accelerate our vision of enabling instant digital homeownership experiences.

With respect to theme number 1, our continued outperformance of the market. In Q4, we again delivered industry-leading growth in a now decidedly rising rate environment for the real estate sector. This marks our third consecutive quarter of outperformance, which we attribute to the ongoing adoption of our Doma technology by customers and referral partners alike. Our Q4 performance also ensured that we delivered full year retained premiums and fees at the high end of our most recent 2021 guidance and meaningfully exceeded our adjusted gross profit expectations for the year.

The second theme for today is what continues to drive our strong results. Our value proposition is better, faster, more affordable home purchase or refinance closings enabled by an industry-leading machine learning platform. We are better because our technology delivers fewer manual steps to our referral partners and customers. This reduction in manual steps creates a superior customer experience. We are faster because in using technology to instantly resolve key action items in the real estate closing process, we take the risk out of key decisions and get people to the closing table in a more expeditious way. We are more affordable because we are driving the cost of the transaction down, part of which reduces the cost of closing to homeowners and part of which increases our own gross margins.

Our value proposition is best evidenced by our continual triple-digit growth rates in the Doma Enterprise channel, where our Doma Intelligence platform is predominantly deployed. And since we still only occupy a relatively small percentage of the market via our core title and Escrow offering to enterprise accounts, the room to continue growing and outperforming in this proven corridor remains abundant as we head into 2022 and beyond.

As we called out late last year, we are also increasingly focused on broadening the use and coverage of our proven Doma intelligence platform to more areas of the market. The nearest term manifestation of that involves expanding our core machine intelligence power title and closing offering into purchase transactions within our local channel. I am now pleased to share that this was yet another area in which we delivered on one of our key commitments in 2021, as we successfully opened our first purchase transactions on the Doma Intelligence platform in December.

The successful application of our technology on the purchase side lines up well with the overall mortgage market backdrop, which is now experiencing a rapid decline in refinance volume. This ties into the third key theme I want to discuss today, which is that, because our technology works, and we continue to have strong conviction in the opportunity in front of us to grow market share, we have now defined specific prioritized areas of investment that we will accelerate in 2022 to enable us to secure our leadership position in the industry, accelerate our growth potential, and add even more certainty to our path to profitability.

I'll now provide some additional detail on what is driving these 3 big themes. After that, I'll turn the call over to Noaman, who will provide more detail on our Q4 financials as well as our outlook and guidance for 2022. With respect to our outperformance of the market, in the fourth quarter, when the overall mortgage market contracted by over 43% year-over-year, according to the Mortgage Bankers Association, in large part due to rising interest rates, Doma grew our retained premiums and fees or RPF, by 24% year-over-year and delivered adjusted gross profit of $25 million, down 9% year-over-year.

For the full year, Doma grew RPF by approximately 37% year-over-year to $260 million, and adjusted gross profit grew approximately 24% year-over-year to $114 million. As a point of reference, this far exceeded the initial outlook we shared with the market last March, calling for RPF of $226 million and adjusted gross profit of $89 million. Our Enterprise channel continues to lead our growth story. This is where we have fully deployed our Doma Intelligence platform and differentiated technology and which, as a reminder, is driven by refinance volume today. We drove market share gains and closed order growth of nearly 300% year-over-year in Enterprise in Q4. And for the full year, we grew the size of this channel 5x based on closed orders while the market for refinance has contracted by 27%.

This growth in Q4 was propelled by the addition of several new Enterprise referral partners that included another top 10 national mortgage lender, a leading provider of innovative home equity products, and a technology-led nonbank originator. In addition, we saw wallet share expansion with a number of our existing Enterprise accounts. For example, a top 5 lender, who launched with Doma in Q2 last year, saw 25% faster title cycle times with Doma than their prior best-performing title and escrow vendor. This superior performance drove them to increase Doma's transaction volume twice in the span of a few months in Q4. Another lender partner has been able to leverage Doma's instant title technology to streamline their prioritization and processing in order to power our targeted 15-day close, prompting them to expand their volume with Doma to 2x more states in Q4 after just 6 weeks post launch.

Some of the wallet share gains within the Enterprise channel were also driven by the expansion of the Doma Intelligence platform to 3 more states, bringing our coverage of the residential real estate market in the United States to approximately 83%, based on gross written premium. In our local channel, we also delivered closed order volume in Q4 that outperformed the residential real estate market for the NBA. This outperformance was driven principally by 4% year-over-year closed order growth in purchase transactions at a time when the overall purchase market fell 8% year-over-year.

Keep in mind that in the local channel, we remain in the earlier stages of incorporating the whole capabilities of our Doma Intelligence platform, and as such, are more limited in our ability to drive outsized growth. As you will recall, in late 2021, we embarked on a transformational effort to bring local purchase onto the Doma Intelligence platform. I'm thrilled to highlight once again that we opened our first purchase transactions using Doma Intelligence in December 2021. Expansion of this offering will be our core focus this year.

With respect to some of the detail behind our second core theme, our differentiated machine intelligence technology, helped us gain further lead in Q4, benefiting from continued investment in new product advancements. Specifically, we added more transparency for cosigners within our Doma Close product, which allows homeowners to review and e-sign about 50% of documents prior to the in-person signing, making the overall experience less daunting and stressful. Additionally, we expanded the overall use of Doma Close among our lender partners, notably launching a product with 1 of the top technology-led lender partners we work with.

We also expanded our machine learning-driven Doma Escrow product capabilities to bring the completely touchless processing of closing disclosure documents to 2 of our largest referral partners. Within Doma Escrow, we also added new capabilities for payoff parsing, policy automation and automated funding disbursement that all helped to further expedite the final stages of closing and drive faster payouts to the parties involved.

Our successful deployment of our Doma Intelligence platform in the Enterprise channel and our growth and platform expansion initiatives to the Local channel, is a good transition to the details behind our third key theme, our acceleration of investment in several key near-term strategic initiatives using the benefit of proceeds raised when we went public in July of 2021. Our top key strategic initiative for 2022 is an acceleration of investment to enable the expansion of our differentiated product and capabilities for home purchase.

In the coming year, consistent with what we previewed on prior earnings calls, you can expect these accelerated investments to be most evident in customer acquisition and go-to-market, migration of purchase transactions to the Doma Intelligence platform, and delivery of new product functionality. Our second highest priority for 2022, informing how and where we invest ahead of planned momentum is expanding into the appraisal and valuation market, to build out broader capabilities for a growing set of lenders and real estate professionals, who have expressed a specific desire for a single product to eliminate the friction of both title and appraisal.

I'll now provide a bit more color on each of these 2 key areas of investment. With respect to our first priority, bringing Doma to purchase, we will be accelerating our investments in our purchase go-to-market plan, particularly in our efforts to acquire new customers. In 2022, we will be making investments in a number of key areas, specifically sales and marketing, that will help get our differentiated offering in the hands of the local business in a more meaningful way. These customer acquisition investments go hand-in-hand with the migration of more transactions on to Doma Intelligence, bringing more of our local purchase volume onto the Doma Intelligence platform is a transformational effort that also comes at an opportune time.

This acceleration will require a number of upfront costs, but also drives undeniable longer-term benefits. This trade-off in the short term will help us drive faster growth in our local channel, which in turn adds more certainty on our path to profitability. So we're looking forward to deploying the necessary capital in that area.

Finally, as it pertains to the new adjacent markets across the residential real estate value chain, we began deploying capital to explore and validate our hypothesis and expansion opportunities in Q4, which quickly helped us hone in on appraisal as the most important key adjacency for us to invest in expanding into in 2022. We aren't yet ready to provide any specific time lines in this area, but I can confirm that we are actively building infrastructure to enter this market.

Additionally, our investment focus in home warranty as well as a few other key areas of opportunity in removing friction in the process of buying or selling a home have taken further shape, and we expect to better articulate our approach to these other potential adjacent opportunities as they develop.

In closing, although the macro economy has become more challenging for real estate companies to operate in, the trajectory of our business in 2021 demonstrates that we have a strong path for continued growth. Additionally, in a rising rate environment, our customers become more sensitive to expenses and speed. We believe that as the market tightens, we will pick up further market share as our value proposition becomes even more attractive to lenders and real estate professionals, who are looking to reduce costs. Because of this, we have confidence that now is the best time to invest meaningfully in the key strategic areas discussed.

We remain confident that the robust growth and continued evolution of our business will continue propelling us forward on our path to profitability and position us to deliver long-term sustainable value for our shareholders.

I will now turn the call over to Noaman to go through the specifics of our fourth quarter and full year results as well as to provide our financial guidance for 2022. Noaman?

Noaman Ahmad, *Chief Financial Officer, Doma*

Thanks, Max, and good afternoon, everyone. The leadership team and I are immensely proud of our entire team as we delivered our third consecutive quarter of industry-leading growth against a challenging backdrop for the mortgage industry, particularly for refinances. We finished the fourth quarter in a position of strength and closed out the year with retained premium and fees at the high end of our guidance for 2021, and adjusted gross profit materially exceeding that guidance. I will first provide a brief overview of Doma's fourth quarter results, before I discuss our financial guidance for 2022, and then we'll be happy to take your questions.

We generated revenue on a GAAP basis of $138 million, up 17% from the fourth quarter in 2020. As we have stated previously, GAAP revenue includes the portion of third-party agent premiums that Doma does not retain. So we focus on Doma's retained premium in fees or RPF, which excludes the premiums retained by third-party agents. We believe this is a much better representation of Doma's underlying top line performance. With this in mind, RPF grew to $66 million in the fourth quarter of 2021, a 24% increase versus the same period the prior year.

Our growth in the fourth quarter was primarily driven by a 296% year-over-year increase in closed orders in our Doma Enterprise channel. The strength in this channel was the result of our referral partners' continued confidence in our differentiated machine intelligence-driven platform. Closed orders in our Local channel declined 24%, but still outperformed an overall 43% market contraction per the MBA. This outperformance was driven principally by 4% year-over-year closed order growth in purchase transactions for Doma, at a time when the overall purchase market fell 8% year-over-year.

Turning to our profitability for the fourth quarter. Our main focus is adjusted gross profit, which came in at $25 million, down 9% year-over-year. Adjusted gross profit, as a percentage of RPF, was 37% in the fourth quarter of 2021, compared to 50% in the fourth quarter of 2020. The decline in adjusted gross profit as a percentage of RPF was primarily driven by the higher mix of Enterprise transactions, which carry a significantly lower price point versus our Local channel, and the expansion and redundancy of our fulfillment staff, as we migrate more transactions to Doma intelligence. This is a trend we anticipate continuing in 2022 with the acceleration of local purchase onto the Doma Intelligence platform.

In our previous earnings calls, we have reviewed both of these dynamics as expected upcoming impacts to our results.

Finally, our accelerated investments in support of our long-term strategic plans resulted in adjusted EBITDA in the fourth quarter decreasing by $33 million year-over-year. The decline in Q4 profitability was driven by investments in customer acquisition, research and development, and other G&A, including investments in service of operating as a public company.

With respect to the capital management side of the business, we continue to operate a capital-light infrastructure, consisting mainly of software development related to the Doma Intelligence platform, which resulted in a $12 million investment in the fourth quarter of 2021.

In terms of our plans for 2022 and beyond, we continue to see positive momentum in our business with open orders in Q4 growing 21% year-over-year. In 2022, we will focus on broadening the use and coverage of our proven Doma Intelligence platform, primarily to drive purchase transactions through the platform. As Max mentioned, we plan on making accelerated investments in go-to-market, migration of purchase transactions to the Doma Intelligence platform, new product functionality, and new adjacent markets across the broader closing process, primarily to enable differentiated capabilities for appraisal and valuation.

While these investments will have an impact on our 2022 financial results, we believe that these strategic priorities will drive long-term sustainable growth and are the path of securing our leadership in this industry.

I'll now close my remarks with our outlook and guidance for 2022. We expect retained premiums and fees of between $300 million and $320 million. Ratio of adjusted gross profit to retained premiums and fees of between 44% and 47%, and adjusted EBITDA between negative $90 million and negative $70 million. Importantly, the company intends to reach adjusted EBITDA profitability in 2023.

I'll now pass the call back to Max, before we open the call to questions.

Max Simkoff, *Chief Executive Officer, Doma*

Thank you, Noaman. We were excited to get back out there and meet both current, prospective investors at various conferences and other hosted events. Some near-term appearances we have planned include the JMP Securities Technology Conference on March 8 and the Jefferies InsurTech conference on March 21. I'll conclude today's call by reiterating how optimistic I am about the future here at Doma and our ability to continue setting a standard for how to eliminate friction, frustration and expense from one of life's most important financial decisions, as we enter our first full year as a public company.

Thank you to all of our partners and customers for your continued trust to our employees for your hard work and to our shareholders for your continued support. Operator, we're ready for questions.

Operator
(Operator Instructions) Our first question will come from Matt Carletti with JMP.

Matthew John Carletti ***JMP Securities LLC, Research Division - MD & Equity Research Analyst***

Max, I was hoping you could dig into kind of the local market -- Local channel build out a little bit more and just update us on kind of how you've been pleased with the progress there versus earlier expectations going back even a quarter or 2? And then just kind of how you see that unfolding as you go across '22?

Max Simkoff, ***Chief Executive Officer, Doma***

Sure. Matt, good to hear your voice. So in terms of the local build out, I'd say, we are quite pleased with the progress we're making there. As you've seen this quarter, just like the quarter previous, we outperformed the market in terms of purchase order momentum, albeit our ability to drive outsized purchase momentum there is affected by how much of our local business is on the Doma Intelligence platform. And the most important key milestone we reached there last quarter was, for the first time ever in the company's history, starting to run purchase transactions through the Doma Intelligence platform. So that is really what informs our focus on that particular channel this year.

We are intensely focused on making sure that we accelerate the movement of purchase transactions from our local division through the Doma Intelligence platform, and we're super excited to be at this important milestone and now running all kinds of transactions through the platform.

Matthew John Carletti ***JMP Securities LLC, Research Division - MD & Equity Research Analyst***

Kind of a follow-up to that in, I guess, more numbers terms, and maybe there's really no way to predict that there's so many moving pieces. But as we look at whether it's kind of full year '22 or by the time we get to the end of '22, do you have a rough strokes estimate of how we should think on the outside of how much of your business is kind of coming through that local market channel versus how that looks today, which is much more heavily Enterprise?

Max Simkoff, ***Chief Executive Officer, Doma***

Yes. So I don't know that we've broken it out between -- specifically between Local and Enterprise. We tend to capture this all in our direct business. I think the consistent theme across both is that, I'll call it, product-led growth, right? So where we have deployed our Doma Intelligence product, we expect to continue seeing outsized share take regardless of the macro backdrop. Certainly, you've seen that in Enterprise this last quarter, again, nearly 300% growth year-over-year at a time when the market was contracting significantly.

And so as we get more and more of our product deployed to the Local channel, we would expect to see more and more share-take accelerated. And to the extent that, that share-take is purchase-driven obviously, that will drive a higher price point and more of the overall direct revenue.

Matthew John Carletti ***JMP Securities LLC, Research Division - MD & Equity Research Analyst***

Okay. Great. And then just one last question, if I can. Just a high-level question on the guidance, particularly the retained premiums and fees portion of it. When you had given us kind of the original guidance back when the merger transaction was done, you had commented that kind of a baseline or kind of what you built off of was an MBA forecast from, I think, November or December of '20, which was pretty dire. Is there kind of a similar industry volume or mix assumption that is included in some way in these projections you're giving? Or are they more kind of ground up what you're seeing at Doma and not connected to MBA or something else like that?

Max Simkoff, *Chief Executive Officer, Doma*

Yes, it's a great question. I'm glad you mentioned the MBA forecast, and maybe I'll let Noaman share some more color here in a second on any of our -- how we make our internal projections. I think what you're hearing is an appropriate degree of caution right now given that -- the -- we've seen a very rapid increase in the 30-year fixed rate mortgage. Just as a point of reference, when we last put that long-term forecast together, we shared about this time last year, as you mentioned, we were referencing the MBA's origination forecast that they'd set as of November or December of, I guess, it would have been 2020 then.

And in those forecasts, they were showing a 30-year fixed rate mortgage getting to right around 3.4%, 3.5% at the end of Q1 of '22. Clearly, we're in a very different place, right? Last year, the 30-year fixed eclipse 4% for the first time in about 2 years. I think what's more notable, it was roughly a 22 basis-point increase week-over-week in that 30-year fixed rate, which was the fastest increase in the rate since March of 2020, and we all know what happened in March of 2020. So I think we've tried to take a more prudent way of forecasting what's going to happen with the macro backdrop while still being quite confident that we'll accelerate share take as I mentioned, where we're deploying the Doma Intelligence platform.

And Noaman, I don't know if you want to add anything specifically about how we use anything else to set our expectations for the macro market?

Noaman Ahmad, *Chief Financial Officer, Doma*

No, I think, Max, you captured it well. I think we're just seeing rates move rapidly, which, again, I think we can take a more cautious approach in our planning here, given that move. But I think from an overall performance perspective, look, we still intend to keep driving share gains like we did all of last year, where our technology is deployed, and I don't think there's any change in sentiment there. So what you're hearing is more around market caution, especially as we bring on more transactions on purchase to Doma Intelligence. We just opened up our first one. So there's significant room to go from here.

Operator
Our next question will come from Tom White with D.A. Davidson.

Thomas Cauthorn White *D.A. Davidson & Co., Research Division - Senior VP & Senior Research Analyst*

Two, if I can. The first one is circling back on the guidance for 2022. So the EBITDA guide is well below kind of the initial forecast you guys put out during your kind of transaction there. And I can understand that you feel like you're operating from a position of strength. You feel like the momentum in the business is just showing how differentiated the product is, and you want to kind of lean into that.

But on the retained premium and fees, the midpoint of that is also below that forecast you guys put out. And that was supposed to be sort of the self-funded plan. So I guess I'm just curious, like other than rising rates and the stuff that you just mentioned, Max, is there anything else, I don't know, related to pricing or just anything that might explain that delta in the retained premium and fee forecast? And then I have a follow-up.

Max Simkoff, *Chief Executive Officer, Doma*

Yes. So thanks for the question, Tom. The short answer is no. There's really nothing else other than the rate environment, right? Again, it's just -- it kind of can't be understated how dramatic of an increase it is from unexpected 30-year fixed of 3.4% to being north of 4%. And again, if you just look at the last couple of months, you've certainly seen a pretty significant increase there. And that's really what's again driving what I'd characterize again, is just a degree of caution in how we set our plan.

As you know, we like to outperform. So we -- and we did that last year. And so we think prudent to set our plans accordingly. I'll let Noaman comment on the specific buckets of investment that go into the delta in the negative adjusted EBITDA number, because I think that's probably important to add a little color to as well. I would summarize it at a thematic level, by exactly what you said. We are operating from a position of strength. And frankly, we feel like now couldn't be a better time for a company like ours with the lead that we have to be investing to this degree in these areas, but I'll let Noaman comment on what a couple of those areas are.

Noaman Ahmad, *Chief Financial Officer, Doma*

Tom, so look, I think if you look at our plan from last year, adjusted EBITDA expectations versus where we are right now, you think about that delta where's the investment going. It's really in the areas that we talked about earlier. I think probably half of that is in product and market development. So this is the adjacencies we just spoke about, and at least Max commented on, appraisal, warranty. There are a couple of other interesting areas we're looking at, to deploy capital and then building out this product capability much faster on the purchase side.

Again, given the criticality of -- which again we realized last year, we need to move purchase on faster than we had originally planned. So we're making those investments upfront. And then I would say about 1/3 of the investment is also related to this purchase transformation, but it's more on the direct fulfillment side. And this is us moving transactions from Local to the Doma Intelligence platform. We just want to have, again, maintain a degree of overlap and excess staffing to ensure that, that goes well.

And then the last thing I would say the remaining delta there is just pure operating expenses from going public that, frankly, we had not anticipated to be as high. As an example, our insurance costs are running $7 million higher than we had planned for. But that's really the bulk of the investment difference that you see and what's driving the EBITDA delta.

Thomas Cauthorn White *D.A. Davidson & Co., Research Division - Senior VP & Senior Research Analyst*

Okay. Just a follow-up on the rollout of Doma Intelligence to Local. Like what's the way that we should kind of think about the progress there? Is it like the percentage of your kind of local branches where it's been deployed and the staff has been kind of trained and whatnot? Or is it the percentage of kind of transactions that get run through DI? And any sense like by the end of next year, kind of maybe what percentages either way in that way, might be? And just as a follow-on to that, any update on like how you might price or change pricing in the Local channel now that you've got DI for refis and for purchase?

Max Simkoff, *Chief Executive Officer, Doma*

Sure. So maybe I'll take the first part of that question, then Noaman can answer the second. In terms of how to think about the pace and momentum in the rollout for the Local channel, it's kind of both of what you mentioned. It's both -- we pay attention to the number of direct purchase orders going through the technology and which regions of the country we're rolling branches on to that technology. And really, what we're looking for is the same exact thing that we saw when we rolled out our technology for refinance, right? We want these transactions to go much faster. We wanted to close with higher certainty, taking advantage of our instant underwriting technology, and we want them to do that with much higher quality.

So -- we have seen that right out of the gate, which is great. I mean I'd like to tell the team here, it's feeling a lot like deja vu around here from when we rolled out the same technology for refi several years back. So that's what I expect to see. I think one note there that's important is that when we rolled out the Doma Intelligence platform for purchase in Local in December, we actually rolled it out to start just by pointing our Doma Intelligence technology at the escrow and settlement piece of the transaction. The instant underwriting algorithm for purchase will be rolling out online very shortly here.

So we will then have full use of all of the technology we use for refi also being used on purchase. So that's how to think about the -- just how we gauge the success and the momentum of the rollout across the Local channel. Noaman, I don't know if you want to comment or if we have commented on what percentage of transactions we have targeted for that. I'll let you provide some color there.

Noaman Ahmad, *Chief Financial Officer, Doma*

Yes. What I'd say is that our goal here is to get the vast majority if not all the volume over the next 4 to 6 quarters. So I don't think we've disclosed percentage or we will be disclosing percentages by quarter, but you should think about it from that lens.

Thomas Cauthorn White *D.A. Davidson & Co., Research Division - Senior VP & Senior Research Analyst*

That make sense. Appreciate it.

Max Simkoff, *Chief Executive Officer, Doma*

I know you asked on pricing, too, so just to touch up on that. As of right now, we think we're pretty competitively priced in the Local channel. We are starting to see some very interesting conversations take place within the Enterprise channel around directing purchase volume. So for the first time ever, lenders -- large centralized national lenders, who are seeing an ability to, especially in a rising rate environment, direct their customers towards more streamlined products like the kinds of digitally integrated title and closing offering we have with them. And so I think it's safe to say that in the Enterprise channel, we plan to continue leaning in aggressively on price. And to the extent that we're able to make progress with them on purchase to the Enterprise channel, I would expect to see it there as well.\

Operator

Our next question will come from Jason Helfstein with Oppenheimer.

Jason Stuart Helfstein *Oppenheimer & Co. Inc., Research Division - MD & Senior Internet Analyst*

So I'm trying to understand what kind of growth investors are supposed to underwrite. So I mean, the -- basically retained premiums are coming in, whatever, 18% or so, less than expectations, top down 20%, give or take, so probably that's consistent. Gross income outlook is down about the same. You're pretty much telling us that the market slowed. So instead of kind of 40% growth, you're seeing 20% growth, yet like the companies that you're kind of want to be [comp'ed] to or I don't think slowing down nearly the same rate.

So -- just how should investors think about like a multiyear view of why they should invest in the company and kind of like underwrite you, given that for 20% growth, you could kind of -- we can look at other companies and kind of what they trade on in multiple. So really, what are investors underwriting as a multiyear, because I don't think 20% is going to attract a lot of interest?

Max Simkoff, *Chief Executive Officer, Doma*

Yes. I mean -- thanks for the question, Jason. I can't speak to what the projected growth profile is going to be for other proptech companies, who are facing the same interest rate backdrop that we are. I think we're trying to take, like I said, a very prudent and cautious view given how quickly interest rates have risen just in the last couple of months. I think as it relates to your question, though, our long-term outlook for the business hasn't changed at all. In fact, I've never been more confident than I am right now in what our long-term opportunity is to take a lot more share in a large antiquated market that we're in.

Our focus this year with -- like I said, with a more cautious and prudent approach to the market backdrop is to be able to still confidently invest in the areas that Noaman outlined. And know that we are investing to accelerate our lead, which will certainly help us continue to take share against the backdrop of a market that is, frankly, the overall macro backdrop is the market's contracting a lot more substantially than what people expected.

So Noaman, I don't know if you'd add anything to that, but I think that kind of summarizes how we've taken the approach that we have here.

Noaman Ahmad, *Chief Financial Officer, Doma*

Yes, I think you countered it well, Max.

Operator
And today's last question will come from Ryan Gilbert with BTIG.

Ryan Christopher Gilbert *BTIG, LLC, Research Division - Director and Homebuilding, Real Estate Tech & Specialty Finance Analyst*

First question is on Doma Enterprise. Appreciated the color you had about new lenders coming on board and the increase in wallet share. And I'm interested in hearing your thoughts on just any changes that you saw in a competitive landscape in the fourth quarter of 2021 or maybe year-to-date 2022, and the extent to which you're starting to bump up against other title companies operating in Enterprise?

Max Simkoff, *Chief Executive Officer, Doma*

Sure. Thanks for the question, Ryan. The short answer is we haven't seen much of a change in the competitive landscape, which I think is also, again, evidenced by our close order growth, again, of nearly 300% in the fourth quarter. Look, the simple truth is we just have a far superior solution, and it shows up in the results that we're producing for these customers. And it shows up across the spectrum of what we're doing for them. I think, if anything, there's a bit of competitive chatter over the last year or so that -- you know that was the best thing we had in our bag was just instant title.

And I think what we've been really pleased with is rolling out some new machine learning technology for escrow and settlement, and seeing an effect kind of all aspects of the closing process for Enterprise partners. We've really become strategic partners for them. And again, I think it's evidenced in the wallet share gains. And again, frankly, we just -- we haven't seen much of a competitive response there. I'm sure it's coming at some point. And frankly, we would welcome the competition.

Ryan Christopher Gilbert ***BTIG, LLC, Research Division - Director and Homebuilding, Real Estate Tech & Specialty Finance Analyst***

Okay. Got it. And I think you touched on pricing in purchase in response to another question. But can you -- is there any way you can quantify the pricing differential on purchase orders that are going through your Doma Intelligence platform versus the non, I should say, specifically opened through Doma intelligence versus open in the traditional Local channel and maybe how that compares with your other title competitors in the market?

Max Simkoff, ***Chief Executive Officer, Doma***

Sure. Yes. Right now, the purchase transactions that are going through Doma Intelligence go through our Local channel. And as such, our Local business has separate rates and fees. And I think they're probably even publicly filed. You could look them up. They're generally competitive, what I would call, generally competitive with other kind of local distribution-focused title companies, where we seek to differentiate on prices primarily for our Enterprise channel where the technology is currently being used for refinance.

As I mentioned earlier, to the extent that we see further opportunity to handle purchase transactions through the Enterprise channel, so direct from our lender partners, that is an area where we would seek to differentiate more on price.

Ryan Christopher Gilbert ***BTIG, LLC, Research Division - Director and Homebuilding, Real Estate Tech & Specialty Finance Analyst***

Okay. Got it. That's helpful. Last one for me, just, I guess, making sure I'm understanding go-to-market correctly. Is that just primarily adding field-level sales staff? Or are you investing in other areas there?

Max Simkoff, ***Chief Executive Officer, Doma***

Yes, go-to-market for us is really sales and marketing. We've made a substantial investment in the business in a really best-in-class marketing capability across not just corporate marketing and brand, but also product marketing and demand generation. So it's primarily salespeople and then marketing dollars that we spend on marketing programs and headcount for assisting our sales force.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for your participation. You may now disconnect.