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MSC Software Corporation Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Woo Jin Ho – Merrill Lynch.

Woo Jin Ho – Merrill Lynch

Bill, you talk about stability in the business model and trying to return to a growth into 09, could you just talk about some of the strategies and how you're going to stabilize the tools business? I think that's one of the foundations to at least returning to that path of growth.

William J. Weyand

When you look at our traditional engineering solutions business it ends up being in two categories, traditional standalone tools with proprietary architecture and the part of our SimEnterprises, the MD solution which is more an SOA architecture. We've been investing clearly in our traditional tools and specifically around the releases in June as well as we've done a number of technical acquisitions the McNeil Group being the third one in the last three quarters which will clearly differentiate our simulation technology and finite element technology from anything else in the marketplace. That's number one.

Number two is that it is absolutely clear today than in our introduction and doing pilots with many, many customers, the major OEMs around the world, for a new solutions pilots, proof of content that we did cause a pause in the buying of our traditional business. And that is that if they're evaluating MD Nastran or Patran or Adams versus the stand alone technology that they tend to put on hold until those proof concepts and pilots went through the cycle. We now have over 300 major global companies that have been testing and doing pilots of our MD solutions and I think you'll see them very complementary going forward in terms of having much broader functionality. The reality is you have to be able to do the old job in new technology so having feature rich functionality in our traditional business moving to a multi-discipline environment as well as with again the Q2 releases all of our traditional pool is now clearly integrated with our SOA architecture as well.

Then last but not least is the, which we have commented on, is we're focused on not only a direct sales model but continue to invest and expand our partners channel business with is more the traditional tool business.

Woo Jin Ho – Merrill Lynch

You mentioned fairly early on the call that you've used services as a growth opportunity. Services as been in [inaudible] for the past several quarters. What gives you the confidence that you've turned this business around?

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