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Teradata Corporation Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Our first question is from Nabil Elsheshai - Pacific Crest Securities.

Nabil Elsheshai - Pacific Crest Securities

I was just wondering about Americas. You're a month into the quarter. You talked about delays from Q2. Have you seen those things close at the beginning of Q3? Or seen any change in the macro as you go into the Q3 quarter?

Michael Koehler

We see things pretty much the same as we saw coming out of the first quarter and coming out of the second quarter. Not much change there. The one thing I want to clarify is when we talked about the Americas, it also includes Latin America, where we've had very strong growth going on.

Nabil Elsheshai - Pacific Crest Securities

Yes.

Michael Koehler

My comments will be around the U.S.

Nabil Elsheshai - Pacific Crest Securities

Fair enough. Then in EMEA, do you break out products in EMEA? Just what growth are you seeing on the product side versus the services side in Europe?

Stephen Schepmann

It's not broken out on there on the segment side. Generally speaking, we see strong growth across the product and the services side in EMEA. There is strong growth for both product and services.

Nabil Elsheshai - Pacific Crest Securities

Okay, so fair enough. Then what about products growth ex-currency? You gave us total revenue ex-currency which would be up above 1%. Products were flat with the currency benefit; what would they be without currency?

Stephen Scheppmann

In EMEA?

Nabil Elsheshai - Pacific Crest Securities

No. Just overall products number.

Stephen Scheppmann

For overall products number, you'd just assume that the exchange rate impacts it.

Nabil Elsheshai - Pacific Crest Securities

The same?

Stephen Scheppmann

Relatively consistently.

Nabil Elsheshai - Pacific Crest Securities

Okay great. Then the last question. On the R&D if you could help me a little bit there. If I would add up in Q2 of last year capitalized and reported R&D, it's I think \$49 million. This quarter the sum is \$43 million. I was just trying to figure out the GAAP if you aren't cutting back in R&D.

Stephen Scheppmann

There's no cutback in R&D. As I mentioned, the total engineering spend will be \$11 million greater in 2008 versus 2007. What you're seeing is the impact of more costs being capitalized in 2008 compared to 2007.

The gross spend is more but the costs under FAS 86, the capitalized amount and the capitalized R&D is greater. As a result, it's contributing in my comment in 2009 where you'll see more of that now coming through in 2009 from amortization.

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