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TeleTech Holdings Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) The first question is from Tobey Sommer of SunTrust Robinson-Humphrey.

Tobey Sommer - SunTrust Robinson-Humphrey

Thank you. I had a question for you about the nature of sales cycles right now and whether you are seeing any difference in those sales cycles from an industry perspective or a geographic perspective -- any kind of color you could give there would be terrific. Thank you.

Kenneth D. Tuchman

I think that thus far, I mean, this is something that we are obviously looking at on a weekly basis but thus far, we think the sales cycle is pretty much in the six- to nine-month range and is really for the most part unchanged. That said, we are in the summer months and so things tend to slow down a little bit but then they accelerate towards getting to the end of third quarter, at least that's been our historical path. And so we have reason to believe that there is plenty of business out there right now and are focused on converting it.

Tobey Sommer - SunTrust Robinson-Humphrey

Thank you, and then two other questions and I'll get back in the queue; returns on capital are very high right now. I was wondering if you could give us a sense for perhaps where you think they could go from here. And then I had a question about your I guess philosophy as far as your comfort level with debt and how much -- you know, you are pretty under-levered right now -- how much you are willing to take on and any kind of parameters you could share with us would be terrific. Thank you.

John R. Troka Jr.

Relative to your first question on our return on capital, we believe that we can sustain a rate between 30% and 33% as we continue to invest in our infrastructure going forward as the company is growing. As far as to your second question and the level of debt, we are comfortable right now with the debt we are carrying but do believe that obviously with the cash flow of the company that we could lever the business up one to four times EBITDA.

Tobey Sommer - SunTrust Robinson-Humphrey

That's a pretty wide range. Anything more specific over the near term, given the [inaudible] authorization?

John R. Troka Jr.

You know, I think that we are right now being very opportunistic and looking to see what our opportunities are and at this point in time, we believe the best thing we can be doing is acquiring our stock but at the same time, there might potentially be some other areas that could be viewed longer term as strategic as well, and so we want to keep our options open.

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