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IKON Office Solutions, Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Our first question today is coming from the line of Carol Sabbagha with Lehman Brothers. Please go ahead with your question, ma'am.

Amanda Seguin – Lehman Brothers

Actually, Amanda Seguin [ph] on for Carol. First, just a question on the economy in the U.S. and then Europe, kind of what you saw in the quarter and as the quarter progressed versus the prior quarter, if there was any change there?

Matt Espe

Hi, Amanda, it's Matt.

Amanda Seguin – Lehman Brothers

Hi.

Matt Espe

There really wasn't a degradation in the economy sequentially quarter-over-quarter, as we've said. The environment remains challenging, continues to remain challenging. We certainly didn't see it any easier. I think we saw – we have seen some additional challenges. And I guess that sort of manifests itself in longer deal cycles at the very high end. But that's about it. I mean, nothing significantly different sequentially and nothing significantly different than we would sort of anticipate it coming into the year.

Amanda Seguin – Lehman Brothers

Okay. And then one more follow-up. On the Konica Minolta Danke deal, just wondering if that's changed, if there's any update on your relationship with Konica there and the machines in the IKON channel?

Matt Espe

Nope. Konica, we like the 350 and the 550, the equipment is terrific and the relationship is intact.

Amanda Seguin – Lehman Brothers

Okay, great. Thanks for the question.

Matt Espe

You bet.

Operator

Thank you. Our next question is coming from the line of Woo Jin Ho with Merrill Lynch. Please proceed with your question.

Woo Jin Ho – Merrill Lynch

Thanks. Matt, you continue to see good momentum in Europe, 7% on a constant currency basis in the quarter. How do you see the European business developing in light of the softening economy? And I understand you – it is challenging in the U.S., but it seems as if some of it maybe bleeding overseas. And how much – what are some of the European assumptions are there embedded into your FY '09 guidance that you gave on analyst day?

Matt Espe

Well, we are not going to really comment on '09 at this point. We'll have more information, Woo Jin, in our fourth quarter call. But just to – we've got a very stable, very senior leadership team, very experienced leadership team in Europe that our business model there has been very stable as well. We've had solid execution in Germany for quite a long time. We've got solid execution in the UK in the past several quarters. We've got a relatively small share in a relatively large market. So we're cautiously optimistic for the balance of this year and into next year.

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