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Avid Technology, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you, gentlemen. (Operator instructions) And we'll hear from Steven Frankel with Canaccord Adams.

Steven Frankel – Canaccord Adams

Good afternoon. So, Gary, you did a good job laying out the high level restructuring, but I wonder if I might press you for a little more detail especially in consumer. That's a business that has lots of hardware seems to not quite be totally into the enthusiast market like you talked about, so could you tell us a little bit about what you have in store for the consumer business over the next couple of months?

Gary Greenfield

Well, I think as I commented in general, I think it applies to -- certainly applies to consumer. We do see more of a focus on software. During the quarter, we had really strong performance of Studio 12, which is a software-based product, of course, and we want to be doubling down our efforts on software as well as recurring revenue, update revenue, maintenance revenue, et cetera. And in fact, part of (inaudible) customer success team is going to have a revenue component associated with it rather than just simply being a cost center for what we're doing. So, you will see us emphasizing this -- you will see us emphasizing the software components of what we're doing, and I think you point out peripherally that consumer does have some hardware products. We have hardware products in every part of the company as you know, and we will be taking a close look at -- we take a look at streamlining our products which ones are appropriate, where things do have a strong IP or software component and can be differentiated.

Steven Frankel – Canaccord Adams

And how quickly will some of those changes happen in the consumer business? Will it happen between now and the holiday season, or you'll carry some of those low margin hardware products through the holiday season?

Gary Greenfield

I think you'll -- I want to enter next year with a streamlined product portfolio. In other words, as we build next year's budgets and -- next year's budgets, I want to be sure that we've made the decisions, strategic decisions on all of our, of anything that we want to do on our product portfolios whether it

be a double down, whether it will be streamlining, it's hard to make every -- we can't do that between December 25th and January 1st so I think you -- as Ken pointed out, I think we'll have visibility and do all of that by the time we have the Analyst Day at the end of October. And it may be a day -- maybe before then could be a hereafter that's our target, and that's one of the reasons we're not doing the Analyst Day now, because we want to have that type of visibility then.

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