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Fair Isaac Corporation Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Absolutely, sir. (Operator instructions) and I will begin the question and answer session with the line of Michael Nemrah from Red Brush. Sir, your line is open.

Michael Nemrah – Red Brush

Thank you, thanks for taking my question. Good evening gentleman. Just a couple of questions, it has been a couple of years since we've seen the scoring revenue this low, if you could just parse out may be how much of that decline is coming from the decline in volumes? What is coming from price in pressuring the advantage score in the past since the advantage score has been making you sharpen your pencils on pricing and how much has been lost just right out from competition? Can you just – and I have a follow up please.

Chuck Osborne

Okay, in past calls, we have talked a lot about pricing pressure on scoring. This quarter the team in fact that is less of the fact that this is largely evaluated on particularly in the PreScore area. We do not sense that there – it's hard to know how much of that volume reduction is related to competition, but it does seem to be tied to the diminished business values of many of our banking clients.

Michael Nemrah – Red Brush

Though, Americans Express had made a comment on their call that their business would not be getting better until the economy improves. So do you feel the same way for the scoring business for you guys?

Chuck Osborne

We are making a conservative view that says the scoring business will remain at the press levels for some period of time in 2009.

Michael Nemrah – Red Brush

And then Chuck, I got a question for you. Could you tell us what you are expecting in terms of a free cash flow targets for fiscal 2008 and then roughly how we should think about free cash flow for 2009 relative to net income?

Chuck Osborne

Well, I think, number one, you would, for this year, we are pretty close that numbers that expected on targets are fourth quarter rolling average, so we might be that, actually, states sort of it at that level of the quarter that we are dropping of, the quarter that we are adding are about the same so about \$136 million. And then, I would expect that to grow as we expect revenue to grow when we issued guidance for fiscal year 2009 and I think you would take that up after the increase that you see in the increase that you would see then and our expectations the revenue which will provide then. We are not expecting anything traumatic in terms of tax rate yet, on the corporate side and cutbacks and the dividends, right now, the expectations to be somewhat low.

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