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Avocent Corporation Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Aaron Schwartz. Your line is open.

Aaron Schwartz - JP Morgan

It looks like the branded business had a pretty good quarter and I was wondering if you could characterize what the negotiation is like there with the customers in terms of pricing, things like that. The environment is rather tough there and you guys did put up a good number. Just wondered if you could talk about that at all.

Sam Saracino

I'll take that one, Aaron. The branded sales were up across the board, including LANDesk as well as management systems and, yes, we see some pressure and we see continued softness in North America, but on the other hand, we've been pleased that our average sales price particularly on the LANDesk products have held very well and we're fairly confident that even in spite of the lower demand based on North America, we will continue to be able to make progress there.

Aaron Schwartz - JP Morgan

In terms of your assumptions going forward, I don't know if you could talk qualitatively about close rate assumptions, whether they're sort of flat with what you've seen in Q2 or the first half or how you're taking into consideration the economy in the US.

Sam Saracino

It seems like things are pretty flat and the uptake and the conversion seems to be equally accepted across the board. So while we see the softness, we're pleased to be able to maintain the flatness that we've had.

Teddy Blankenship

Aaron, the only thing I'd add to that is we're fortunate that our business is fairly balance, that we have a good government business, and we continue to see good demand within the government business which is helping us counter a little bit of the weakness we're seeing in the enterprise base in N.A.

Aaron Schwartz

Do you have any thoughts whether you're looking at any of the strategy the company put together around A&P and some other initiatives, whether you look to do anything transformational outside of the body of the company or whether you're coming in and really just looking to manage the assets.

Sam Saracino

My goal is to execute. They've done a number of things here over the past six months in terms of acquisitions as well as restructuring to deliver some synergies and cost savings. So I want to help the team execute all the things they've put in place. Second, I want to take the first 90 days to evaluate. Should we do anything else.

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