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ICT Group, Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. Ladies and gentlemen, we will now begin conducting a question and answer session. (Operator instructions). Our first question today comes from the line of Josh Vogel with Sidoti & Co. Please proceed with your question.

Josh Vogel – Sidoti & Co.

Hi, good morning and thank you for taking my call.

Vincent Paccapaniccia

Morning, Josh.

John Brennan

Morning, Josh.

Josh Vogel – Sidoti & Co.

I apologize. I jumped on a couple of minutes late, so if I'm repeating anything you guys talked about, I apologize. But can you discuss the new technologies and infrastructure you are looking to implement this quarter and what kind of drag, well, not this quarter, but throughout this year and what kind of drag it could be on margins?

John Brennan

Well, the overall, I think Vince just mentioned that we intend to add about 1,200 to 1,500 workstations to expand our operations primarily in the Philippines, Latin America and to a smaller degree in Canada in response to demand. I think basically the timing of the infrastructure investments that we are trying to coincide with the ramp up of the programs we won, as well as some facility expansion. In regards to, I'll call it profitability improvement initiatives that what we are investing in, I think from a technology point of view, it's less than a \$1 million to \$2 million of total investment associated with voice mining software to improve the productivity of our sales verification processes, as well as additional licenses for workforce management, as well as technology that we are implementing to better profile and screen applicants to improve performance, as well as reduce attrition. But the net impact of our performance improvement initiatives to our capital expenditures is less than 5% to 10% range of our total CapEx.

Vincent Paccapaniccia

Yes, and that's included in our 5% to 5.5% of revenue projection we put out there, Josh.

Josh Vogel – Sidoti & Co.

Okay, and that \$1 million to \$2 million that you just mentioned, John, is that going to hit up in Q2?

John Brennan

In general that will be implemented over the course of the year as what we are doing on these initiatives is to pilot them and then roll them out. So, I would say it's just going to be --- I don't have an exact schedule in front of me, but I would see most of it happening in the first half of the year.

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