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Insight Enterprises Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions)

Your first question comes from the line of Brian Alexander with Raymond James. Please proceed.

Brian Alexander - Raymond James

Thanks. Just a couple of questions. Rich, you mentioned the assumption that you expect organic sales growth to be roughly flat and I think that was in reference to North America for the balance of the year. I just want to clarify that that's what you said. And if so, what gives you the confidence that you can maintain flat growth in light of what you saw in SMB this quarter, demand being challenging, pricing obviously sounds like it was more competitive and you've got the SAP issues, which sound like they're moving in the right direction but won't be totally fixed for a few quarters? And I have a few follow-ups.

Rich Fennessy

Sure. Specific to North America growth, as you look at obviously first quarter at negative one overall, as you model that out through the rest of the year, and we do anticipate the SAP issues that we felt over the first quarter to each and every quarter getting better.

As we look at the second half of the year and quite honestly, we have an easier compare in the second of the year, given the fact that some of these issues with SAP started in the second half of last year. When you look at all of those combined, we do feel comfortable that relatively flat and that's plus or minus on either side is what we'll see from a revenue perspective for 2008.

Brian Alexander - Raymond James

Okay. And then maybe just to pickup on the pricing comments. It sounds like it was much more aggressive this quarter than it has been in prior quarters. Could you just talk a little bit about what was the source of the pressure? Was it specific competitors? Was it broad-based? Was it across product lines? Any more specific commentary on where the pressure was coming from?

Mark McGrath

I would say it was broad-based. I mean if you look at -- it was across segments. It wasn't just an SMB statement. It was SMB enterprise, as well as public sector. So overall, in North America, the 80

basis point decrease we saw in gross margins really came from, I think, what is pretty typical in these situations where you have tough growth and a slowing market.

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