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Electronics for Imaging, Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). We'll pause for just a moment to compile the Q&A roster. Your first question comes from the line of Matt Troy of Citigroup.

Matt Troy - Citigroup

Good evening. Couple of questions. On the wide format side, John, we were up there in, was it March? The fact that it came in where it did, I think certainly should come as no surprise given the economy but I'm interested in your comments about pricing pressure. I would think you would see demand deferrals, maybe some trading down, but can you put some context around that, specifically how do we get comfortable that it is not HP getting more aggressive on wide format. Certainly they've been making a little bit more noise. How should we think about the pipeline going forward? If we look back, I think it was 2001 in that recession, growth in the wide format business actually got a lot worse than the positive 11% you guys put in this quarter. What is the bear case scenario for Inkjet if we stay down here in kind of a down 1%, 2%, 3% economy?

Guy Gecht

Hey, Matt. This is Guy.

Matt Troy - Citigroup

Hi, Guy.

Guy Gecht

So I'll start from the -- kind of the middle question. It's nothing here we believe is any material different to the competitive situation. Of course, we're not the only one aggressive. Other people are also aggressive. But we view our position very strongly. We believe that growing 11% in this economy is positive. Not as positive as we think it should be or would like to see it, but it certainly reflects the demand and what people think about our lineup. The pipeline, both when we talked to you in January and today, is actually very strong. People sit on decisions. Sometimes they have difficulties getting a loan. Sometimes they just wait, they do a second shift. They wait for their older books to be more robust before they pull the trigger. And in some cases unless they have a really good prize in front of me, I don't think I'm going to pull the trigger, I'm going to wait. We're not doing it all the time but in some cases we felt that's the right thing to do to get somebody over to our side now and start to print and generate the ink revenue.

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