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Computer Task Group Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) At this time I'd like to take the first question from Rick Doty. Please go ahead.

Richard Doty – Columbia Management

With the slowdown that you're predicting or that people are saying in the economy, you're actually seeing that with your customers pulling back on some of the staffing needs you're saying?

Brendan M. Harrington

Yes. It's very different depending on the customer and the industry. I described so far in our first quarter technology service providers, the staffing business there is a little soft, not dramatic but it's definitely soft. We don't do much staffing in healthcare outside of life sciences, life sciences is also a little soft. Then, you get to financial services and that's weak, that's really where we're seeing most of the decline but fortunately as I said we've got some other new business coming on so we fully expect it to be flat for the first six months.

Richard Doty – Columbia Management

What's the percent of the staffing business that is financial services?

James R. Boldt

Financial services is 11% of our total business and of that I believe between 6 and 7% is staffing.

Richard Doty – Columbia Management

Okay. And you're seeing – is the weakness on the solution side too in financial services?

James R. Boldt

No. We haven't really seen that. In the United States we did not focus on solutions for financial service companies because they were tending to take things offshore and we just didn't think it was a place to invest our money in. Most of our investment in financial services in solutions is over in Europe and they seem to be holding up okay.

Richard Doty – Columbia Management

Okay. What are you seeing with pricing and gross margins on the staffing side with some of the slowdown?

James R. Boldt

No impact, we're still in a situation where for some of the hotter skills like .net or IBN's web spheres that there's a shortage and we have some advantage in doing pricing where there's a shortage obviously. On the older skills it's flat but that's the way it's been for a while.

Richard Doty – Columbia Management

So flat to up slight?

James R. Boldt

Yes.

Richard Doty – Columbia Management

Then, one could probably back into this, I guess what you're saying is solutions maybe grows a percentage or two from the 33%, what was that in Q4?

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