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Fair Isaac F1Q08 Preliminary Results Call Transcript

Question-and-Answer Session

Operator

Your first question comes from Tony Wible – Citigroup.

Tony Wible - Citigroup

Have your thoughts on buybacks or strategic M&A changed at all, given the challenges in the current backdrop?

Second, I was hoping you could spend some time weighting the issues you went through; a couple of reasons for the decline, but it seems like there is more of an impact on the bottom line than there is at top line. Is this more really just a pricing issue than anything else?

Charles M. Osborne

Tony, let me take for just a moment the first part of your question. I think the share repurchase authorization remains as we say here, we've got about \$180 million remaining under that authorization. I'm sure our board will continue to evaluate that and certainly at these prices, we believe the stock is an attractive buy.

Nevertheless, we also have in our sights the possibility of M&A activity and we're looking at resources to conduct that as well as opportunities present themselves. So we're not retreating from either of those two potential uses of capital. Our cash flow remains strong and so we feel like we are just in a very good position to pursue both here and the future.

I think on the January 22 call, we'll probably have some more conversation on both fronts. Let me turn the second part of that back to Mark relative to revenue.

Mark N. Greene

You're looking for the weighting on what was behind the revenue shortfall and I think it's equal parts, what we characterize as market headwinds and some execution challenges.

What we did see in the late part of the quarter was a number of deals pushed to the current quarter so we think the spending opportunity is still out there. It was hard for us to capture it all in time for the close of the quarter.

But the market headwinds thing is less of a commentary on pricing pressures which are continuing about as they were before; it's more commentary on concern about volumes of scoring as customers begin to retrench their level of activity.

Tony Wible - Citigroup

Is it fair to say that roughly half of the miss this quarter you anticipate getting at some point over the back half of this year or over the next part of this fiscal year?

Mark N. Greene

Certainly.

Charles M. Osborne

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