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## TeleTech Holdings Q3 2007 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Our first question comes from Tobey Sommer, SunTrust Robinson Humphrey. Your line is open.

#### Tobey Sommer - SunTrust Robinson Humphrey

Thank you. I wanted to ask you a question about the goal of 200 basis point of operating margin expansion in 2008. Am I doing the math correctly that based on the trends this year and the losses in the database marketing unit.

Do you expect that the absence of those losses to contribute about 70 or 80 basis points of that 200 basis point improvement? Am I doing the math correctly there?

#### John Troka

Tobey, this is John. Relative to that 200 basis point improvement, obviously, taking Newgen out of the mix will contribute. But we are driving it from many areas, including our expansion in our offshore locations and other things.

So yes, Newgen is factored in there, but it is not the only thing.

#### Tobey Sommer - SunTrust Robinson Humphrey

I know, I understand it's not the only thing. But am I doing the math correctly? Is it contributing roughly, a third of that expected margin expansion?

#### John Troka

Yeah, again, we are not prepared to say that at this point in time.

#### Ken Tuchman

Yes, I mean, I think, Tobey the one thing you need to look at is the fact that our offshore business is growing so rapidly, that by the middle of next year offshore revenues will make up 50% of our overall revenues.

So we are at 41% revenues as it relates to offshore. As we cross the river or the chasm of going from 41 to 50, that certainly will have a significant impact on our ability to achieve these margins.

The second thing, that I would remind you of is that, we are pretty good at managing our cost and as our top line continues to grow, obviously that allows us to dilute our SG&A.

And so I think that, if you really wanted to say where are, what are going to be the biggest margin drivers, we think we've got the efficiencies already built in to the business now and really it is going to come out of growth and how that growth impacts our overall SG&A and lowering it, as well as the fact that more and more business is migrating from that growth to offshore.

So hopefully, that answers your question, but we're seeing very positive trends in that area.

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