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Interactive Data Corporation Q3 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instruction) Your first question comes from the line of Randy Hugen with Piper Jaffray.

Randy Hugen - Piper Jaffray

Hi. Great quarter.

Stuart Clark

Hello Randy.

Andy Hajducky

Hello Randy.

Randy Hugen - Piper Jaffray

I was just wondering, how should we think about operating margins, I guess longer-term given the impressive incremental op margins from the past couple of quarters?

Stuart Clark

I'll start on that just philosophically and Andy may want to chip in. Philosophically, we try to run the core business with a reasonably strong control on cost. We like to be able to continue to invest in the business, obviously. But we believe that we've achieved the scale in this business where we can -- as long as we can keep our revenue growth at that kind of levels that we've been able to get to that's gives us the opportunity to both invest in the core business but still do it at a level where costs are running below the level of revenue growth.

So that gives us the opportunity, philosophically to enhance the margin slowly and steadily, and making sure that we are able to generate new investment back into the business. That's philosophically how we look at it and I think if you look at historically there have been blips in it, but historically that's pretty much the trend that we have been able achieve. And the goal unless something comes out that's unexpected is to be able to continue to get the margin moving slowly and steadily and in an upward direction. I'll hand over to Andy on that one.

Andy Hajducky

Yes, Stuart. Just continuing on that Randy, I think we've reached the point in our revenue growth where we are able to see a lot of the leverage of the business model contribute to the margin. Our fixed cost structure is such that, we only need to have make investments on a step-cost function, so that as we all know, direct many a relationship between revenue growth and cost growth.

And we're able, as a management team working together to pretty much control our cost structure and we operate the company in such a way that we look at it from a cash [dollar] standpoint. So we do pay a lot of attention to our cost and the cost changes from quarter-to-quarter. So, as our revenue grows, we continue to see some leverage out of the business models going forward.

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