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## Computer Task Group, Incorporated Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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**Operator**

Absolutely. (Operator instructions) our first question is the line of William DiTullio. Please state your company name sir.

**William DiTullio – Boenning & Scattergood Inc**

Yes, good morning. Bill DiTullio from Boenning & Scattergood. Thank you for taking my call guys. First question I have is can you give us just an idea what the size of the IBM contract will be in Q4 as a percentage of revenues?

**Brendan Harrington**

As a percent of revenue, probably in the fourth quarter will be about 28%.

**William DiTullio – Boenning & Scattergood Inc**

28%, okay. What do you expect operating margins to be in Q4?

**Brendan Harrington**

At the midpoint of our guidance, we would expect about a 3.8% operating margin in the fourth quarter.

**William DiTullio – Boenning & Scattergood Inc**

Could you give us a little more color on the new initiatives that you are working on within occlusions vertical that will help improve the margins.

**Brendan Harrington**

Certainly. At the beginning of 2008, we really had six new offerings that were in process, five of those were in the healthcare area, and the one that wasn't was a voice recognition system that is used in warehouses. It is an excellent system we believe based upon the installs that we have done and we have installed it now in over 100 warehouses, it has a payback of less than one year. It is not only very efficient but it also works in areas where the ambient noise is very high which is important in a warehouse environment. The second offering was for Facets, Facets is a software product made by a company called TriZetto. Many health insurance companies in the United States use it. It is particularly good at the automatic adjudication of claims. We have a group of people who go in and tweak the system to get a higher auto adjudication of claims. We also do testing around version

upgrades when you are doing upgrade for Facets it is a lengthy process and very expensive and you need to do a lot of testing. The third was electronic medical records for RHIOs, the Regional Health Information Organization. We are working with one of the RHIOs in New York State in installing community-wide electronic medical record system. We actually believe that working with this RHIO that they are further ahead than any of the RHIOs really on getting medical record system up and running. The fourth that we've talked about that is in commercial yet is for fraud, waste, and abuse, it is an ontology which is an IT system that uses an expert language to pull data from various data bases to get much better information. We are working with the payer, we are actually expecting to get their claims data this week and we expect that we will do a (inaudible) in the fourth quarter to verify how much additional frauds, waste, and abuse claims that it identifies above what they have already identified themselves and then we think that we will go commercial with it probably in the first quarter of 2009. Then we have two other offerings we haven't disclosed them yet that's really for competitive reasons. They are both in the healthcare area and we expect them to go commercial in the first six months of next year and one of them truly is by one of the medics that it is the best and no one has ever done even one of them. One of them particularly will affect the way patients are cared for.

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