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NCR Corporation Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions) Your first question comes from Kathryn Huberty - Morgan Stanley.

Kathryn Huberty - Morgan Stanley

Bill, you discussed this briefly but maybe can you go into more detail around what you are hearing from your customers that are in the midst of consolidation as it relates to, you know, is there any risk of a near-term spending freeze? But more importantly, what's the longer-term opportunity as those banks look to upgrade the acquired assets to deposit automation and potentially for the regional banks that have been slower to upgrade, as they're increasingly competing with these larger institutions?

Bill Nuti

I think it's different where you go around the world, Katy, and given our position in certain banks. But I would say in the United States we're in good position because, of course, our positions with the largest banks are quite solid. And the largest banks, who are the acquirers, are acquiring firms that weren't necessarily, for example, moving forward with deposit automation as a primary ingredient to their success next year. So we hope that some of these other networks that they're acquiring, which were not intending to move aggressively towards deposit automation, will move more aggressively towards deposit automation.

The larger banks in the U.S. have not slowed down their deposit automation rollouts. We continue to go at pretty much full steam in the U.S. Our funnel in the national bank segment has improved quarter-on-quarter, meaning the forecast for those national banks - those are the midsized banks in the U.S.

In the U.K., as an example, you're seeing lots of the S&Ls - the Bradford and Bingleys, the Alliance & Leicesters, being rolled up by Santander. We're pretty pleased with our position with Santander on a global basis and certainly in the larger bank segment in the U.K. - Lloyds' HBOS, as an example - similar to the U.S. as well.

Now, there could be a time when banks are rationalizing their footprints, their branches and their ATMs. I don't know if at all there'll be any impact on us. There quite could be, but it's not showing up today, at least, in our funnel or in the strength of our orders. For example, in Q3 we grew orders about 9%, which was over 30% order growth in 2007's Q3. So it was a very strong order quarter year-on-year for NCR.

I'd say Middle East/Africa continues to roll pretty much fairly well. Eastern Europe rolling fairly well; not a lot of dislocations in those markets. The rest of Western Europe is mixed, similar to the U.K., in the impact that's being felt. Asia continues to be strong. It was a very strong quarter for us in China. And I think Asia continues to be fairly positive.

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