



Safeguard Scientifics, Inc., Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions). Our first question comes from Bob Labick with CJS Securities. Please state your question.

Bob Labick - CJS Securities

Good morning. Thanks for all the information you have given us.

Peter Boni

Hi Bob.

Bob Labick - CJS Securities

Hi. A couple of questions. Peter, you began to discuss this. I was hoping you could expand on one of the comments. Obviously in the difficult macro time right now, you said you are focusing internally on enhancing value, and you also alluded to the fact that you have told your companies to use cash wisely. Could you just give us a global perspective of some of the messages you are giving to your companies in these difficult times, and also what areas can you focus internally to maximize value?

Peter Boni

Okay, Bob. Some combination of Steve Zarrilli and I will take your questions. On October 2nd, I believe, when we had our Analyst Day, that piggybacked on our advisory board meeting where we had all of the CEOs of our partner companies in. And recognizing the macroeconomic environment, we all gave them guidance to preserve and protect their cash. Cash is absolutely king in this climate. And to take their strong cash balance, their strong market position, and aggressively use that, especially against a weaker competitors, be predatory in their marketing as well.

Also, we think this environment is an opportunity for them to enhance their own businesses with the potential acquisition of weaker competitors if they can find a product offering that is strategically sound to expand their business or a channel of distribution to expand their business or a customer set to expand their business. So this is the guidance we have given to our firms, across the board, both in technology and in life sciences.

Regarding the exit climate, we think the exit climate is somewhat retarded in this environment. We might achieve an exit in any one of our companies at any given period of time, but we are focused on timing our exits to maximize risk-adjusted value. Our fiscal planning for 2009 is not planning any

exits, although we continue to position for exits, and we'll be opportunistic as it relates to maximizing risk-adjusted value. My crystal ball is not very good for 2009, especially the back half, but for the front half, I am not anticipating anything more than what we are seeing right now.

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