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Jack Henry & Associates Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thanks to you. (Operator Instructions) And we'll take our first question from John Kraft from D.A. Davidson.

John Kraft - D.A. Davidson & Co.

Good morning, guys.

John Prim

Good morning.

John Kraft - D.A. Davidson & Co.

Hey, Jack, you mentioned in your prepared remarks the core pipeline, I guess, increasing in the mid-tier in the credit union space. And I guess I'm curious what gives you - what's happening there? And then also if I can reconcile a little bit from last quarter you had talked about the increasing acceleration, if you will, on you know, switching from in-house deals to subscription deals. I think you had 14 in the quarter.

John Prim

Yeah, John, couple things. My comments were that we actually had, in terms of units, a pretty solid quarter on the credit union side was about the twice the number of credit union sales that we had in same quarter a year ago, they just were smaller deals. You know, those are what they are. Sell what you can when it's ready to close.

The comments related to increase in mid-tier activity was more related to the banking side than the credit union side. And we have several of those opportunities that we're working on out there at the moment. Regarding the increased switching from in-house to outsource, we did end up the fiscal year with 27 banks that made that change and you'll recall that 14 of those were signed in the fourth fiscal quarter.

I think we had about five in the first quarter which, you know, if you kind of take out the 14 out of the 27 and divide it by three quarters you get 4 point something and so we're tracking in Q1 in line with the kind of change that we saw in Q1 of a year ago or at least in the average of the first three quarters of the year. So what we see, another large jump-up in fiscal Q4? Hard to say, but again I think that all

the factors that have been causing this number of transitions to increase year-over-year-over-year are still at play, so I think there is the potential, if not the likelihood for that to continue to increase.

Kevin Williams

But the other thing to note, John, is the other was 14 that signed in the June quarter, that I would, and I don't know this to be complete fact but I would doubt that any of the 14 have converted yet. So they're still in the backlog to be converted. So that's why you're not seeing the switch from in-house maintenance to outsourcing in the financials.

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