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## Compuware Corporation Q3 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Our first question comes from Walter Pritchard – Cowen and Company.

#### Walter Pritchard – Cowen and Company

Laura, I wasn't 100% clear on the effect of currency on maintenance revenue. I think we've seen currency bounce around quite a bit just over the last three years and it's the first time that it seems like it's had this impact. Was there something different going on in terms of its impact on maintenance this quarter?

#### Laura Lawson Fournier

Absolutely not, it's just a function of where the currency levels went during the quarter because we have to use average rates but for maintenance revenue the decline from Q2 to Q3 as well as the year-over-year we can absolutely attribute the entire thing to currency. If we did it at the same rates as last year for example, the European maintenance numbers and international numbers would have grown.

#### Walter Pritchard – Cowen and Company

And I guess we saw the billings on the maintenance side actually pretty good. On the pro serve side, I'm not surprised to see it shrink. I guess the question would be in terms of margins there, is there a point where we're going to see those margins come up as it shrinks? It seem like you're trying to distill that down to a business that's got higher profitability. That question first and then I just had a follow up around pro serve.

#### Peter J. Karmanos, Jr.

We're taking several actions over the next few months and starting off the new fiscal year that business will be a 15% to 20% operating margin business and that may require us cutting back in some other areas, but we have a very good handle on the high profit business that we have going forward and we think that you won't see much more decline in our services revenue but you'll see a dramatic, dramatic increase in the profitability of that business.

#### Walter Pritchard – Cowen and Company

Just around that business, Pete, it seems like the majority of that, you almost have to cut that business in half or some sort of meaningful amount to get that down to, I guess this is just my sense.

Is that the case? Is that something we should expect to hear you do? Thus far it seems like it's been sort of incremental cuts in that business.

**Peter J. Karmanos, Jr.**

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