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NCR Corporation Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Reik Read - Robert W. Baird

Reik Read - Robert W. Baird

You had talked about the retail business; I want to make sure I understand your comments. I thought at one point you talked a little bit about an upgrade cycle and I know that this part of the retail segment has really not seen a lot of activity since the last upgrade cycle in '04. I'm wondering is this a situation where they were starting to upgrade and it's become a disrupted cycle. If that's the case what do you think it takes for these guys to continue that on?

Bill Nuti

Relative to retail you're exactly right. What I would characterize was a really robust point of sale roll out has slowed down, not stopped but what we're seeing is they're pushing out the roll outs to another year. To characterize it this way, if we expected one of our larger wins, \$150 million win to roll out in three years, \$50/\$50/\$50 million it's probably now going to roll out in four years. You see a little bit of a longer tail.

They're committed to rolling it out because of the benefits the point of sale upgrade provides in terms of employee productivity, etc. but they're pushing it out and so they're pushing out their capital spending as a result. I think we're going to see that point of sale upgrade cycle in terms of implementation going to 2011, maybe into early 2012 before it ends as opposed to my thought was it ends around 2010.

Reik Read - Robert W. Baird

Is this a situation where, are you introducing enough equipment that has not just productivity features from a customer standpoint but also equipment that allows easier serviceability, things like that and that's something that might induce these guys in a down environment, are you seeing any activity there?

Bill Nuti

That's the reason why that we continue to see roll outs. The advantages of our 80 XRT which is the one that really has knocked the cover off the ball the last few years it's just unmatched in the marketplace. If you talk to customers yourself they would tell you that. Its two reasons; one, performance of the platform so think about performance enabling a retailer to cut 20 seconds off of a

transaction which of course you can do the math is huge savings and enabling the move productivity through the front end of the store much more rapidly.

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