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Macrovision Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions) Our first question comes from the line of Sterling Auty. Please state your company followed by your question.

Sterling Auty - JP Morgan

Yes, JP Morgan. Hi guys.

Fred Amoroso

Hi, Sterling.

Sterling Auty - JP Morgan

Good. So a couple questions. I want to be clear; so you said the CE industry saw 6% declines in the fourth quarter. You talked about flat CE revenue for 2009. What have you kind of embedded into those forecasts for your business as it relates to what you think the industry does versus maybe some new design wins to get you to flat for the year?

Fred Amoroso

Sterling, I'm going to turn this over to James, but before I do that I just want to highlight one thing about market trends versus where we are. So assuming if we were a fully embedded and fully developed within the market on our CE guides or CE patent license, we would generally hit market trends. Please realize that obviously this is a new and very growing market for us, so on year-over-year comparisons, it doesn't have a direct correlation to market trends, but to answer your question James.

James Budge

Yes, you heard the market trends right, is for the relationships we currently have, figure we knock off about 10 points from there and go down about negative 10% in 2009. That's offset by growth from new customers we expect to get throughout the year that brings it back up to about flat for the year.

Sterling Auty - JP Morgan

Okay and then to a different topic on the expenses. You talked about the synergies are done, but expenses are supposed to decline through the year. Just highlight for us again what are the specific

expenses you've taken out, that would cause a decline? How much of it is headcount, how much facilities, how much is other expenses that come out of the model through the year?

James Budge

Okay, it's mostly related to outside legal costs. We're putting a lot of energy into some offensive execution of sales activities that we expect to turn into revenue throughout the year and those costs will subside in the second half. It doesn't have anything to do with synergies; on an overall basis we probably expect to spend about that for any annual basis. We're just putting more of it in the first half of the year as compared to the second half. As far as synergies are done, we are definitely done.

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