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PC Connection, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) We will pause for a moment to assemble our roster. Our first question comes from Nabil Hanano, Raymond James.

Nabil Hanano – Raymond James

Hi this is Nabil Hanano in for Brian Alexander. I was wondering if you could just talk about the linearity during the quarter for each of your segments they had become progressively worse each month and if so is that trend continued into January?

Tim McGrath

This is Tim. So if we look at the calendarization of sales in the quarter and then the demand trend leaving the quarter by sales segment during Q4 as noted from the call here our average daily sales were lower during the month compared to the previous year. November was the softest month in the quarter. We did see with our public sector business as demand was fairly solid throughout the quarter in terms of the linearity, November was the softest month overall in the quarter so we did see a dip down in November.

Nabil Hanano – Raymond James

So it has bounced back and you are seeing that trend continue into January –

Tim McGrath

No it has not. December was stronger than November but we have not seen that trend continue into January.

Nabil Hanano – Raymond James

Okay.

Tim McGrath

January has been a little softer.

Nabil Hanano – Raymond James

Then what are you seeing in terms of customer retention, how much of the revenue decline is due to customer share loss or customer or share loss versus lower spending by your existing customers?

Tim McGrath

That is a great question. We have been following that very closely so we are pleased to say that we are retaining our customers and in fact our acquisition strategy has been pretty solid. However our existing customer base does have a lot of budget constraints and they just are not spending given the economic environment, not spending as much.

Nabil Hanano – Raymond James

And then in terms of your competition on pricing products, have you seen your competitors become more aggressive as demand continues to deteriorate or is demand the same, steady?

Tim McGrath

As you might guess, when the market contracts it is a highly volatile, highly competitive environment and I think we do tend to see in market conditions like this we see folks really become ultra competitive. I would describe it as a very competitive marketplace right now.

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