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ACI Worldwide, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from George Sutton - Craig-Hallum Capital.

George Sutton - Craig-Hallum Capital

I wanted to better understand from your perspective the strong operating income guidance for 2009 certainly relative to what we were expecting. I'm trying to understand how much of that is related to the mix of business and getting more of these high margin term renewals and how much of it is cost related. It does sound like you found an additional \$8 million of costs that you can work with.

Philip G. Heasley

I'm going to let Scott answer it. This is Phil, but I'm going to let Scott answer that and maybe Ron chime in, but I just want to give you one piece of information that I think we mentioned several times in the presentations but I want to make sure that we recap it. The way we're structured in terms of both variable expense and the way we've distributed a lot of our R&D around the world, we are virtually – we have a virtual natural hedge in terms of so when FX goes and it reduces our backlog or it reduces our revenue, from a net income standpoint we actually – the expense is both at the margin level and the fixed cost level, actually move in sequence, both down and up.

And when we were doing that a couple of years ago people were kind of questioning the wisdom of that and of course we didn't get these economic conditions but we saw the need to right balance ourself because [inaudible]. So one of the reasons that it doesn't look like we're going to have that much increase in sales and revenue but we have an improving bottom line is the fact that the expenses do move in line with the revenues. And I'll let Scott answer to the extent that it's renewals versus –

Scott W. Behrens

Well, yes, obviously the restructuring initiatives that we have implemented and net of the reinvestments we're looking at getting an \$18 million benefit in 2009 from those activities. And just overall other cost control efforts you can see we had in Q4. You know we expect to continue looking at other areas of cost as well in 2009. So it's – a large part of it is the restructuring efforts.

George Sutton - Craig-Hallum Capital

Ron made some interesting comments with respect to a focus on going after the bank customers that are still using processors and I'm just – you mentioned and I know there's some advantage you have

on both the cost side and potentially the efficiency side as well. Can you just give us a little picture as to what that focus is going to be from a marketing perspective?

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