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Fair Isaac Corporation F2Q09 (Qtr End 03/31/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) The first question comes from the line of Carter Malloy – Stephens Inc.

Carter Malloy – Stephens Inc.

In looking at your scoring revenues can you just help me reconcile the difference between what you are seeing and the bureaus? Both of your public bureau friends there have reported down low single digit scoring revenues versus you down 21%. I'm just trying to understand the difference there.

Dr. Mark Greene

We have to make sure this is a sequential or year-over-year question?

Carter Malloy – Stephens Inc.

Year-over-year.

Dr. Mark Greene

A couple of the bureaus I think are pursuing more than low single digits when you do year-over-year. I have seen a few of them reporting single digits on a sequential basis. A partial answer to your question is it has to do with mix. We are quite heavily weighted in our scoring business to the credit card segment. It is about 70% of our revenue. That of course is the challenged part of the scoring business. Some of the other bureaus that you have seen reporting a little bit more, for instance the mortgages which has been growing, but for us mortgages is about 10-11% of our business. So the mix is not working to our favor at the moment but of course that same mix may benefit us when the card business recovers when the economy does.

Carter Malloy – Stephens Inc.

Did you say it was 70%?

Dr. Mark Greene

About 70% on credit cards. About 10-11% on mortgages. The balance is autos and other forms of consumer credit.

Carter Malloy – Stephens Inc.

Has your card exposure gotten larger? You showed a slide at Analyst Day that said it was 60%.

Dr. Mark Greene

It has been in the mid 60's, so it may not be quite up to 70 but it is within a few points of 65% or something like that. No, nothing has essentially changed.

Carter Malloy – Stephens Inc.

Tom, can you give us the size of the one-time gain in your services?

Tom Bradley

In which?

Carter Malloy – Stephens Inc.

In professional services. You had a one-time gain in the quarter.

Tom Bradley

\$3 million revenue adjustment.

Carter Malloy – Stephens Inc.

What are your expectations for the tax rate going forward?

Tom Bradley

We think a marginal rate of about 30% is our expectation for the rest of the year.

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