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EMC Corporation Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Amit Daryanani – RBC Capital Markets.

Amit Daryanani – RBC Capital Markets

Just a question, I'm trying to understand in March at the analyst meeting you guys talked about IT spending being down mid to high single digits and now it looks like we're talking about it being down almost low teens. It didn't sound like demand patterns changed much for us so what's really driving your expectation of a worse IT spending pattern?

Joseph M. Tucci

It's just what we saw in the market. Obviously when we talked to you in January we were giving you everything we believe, everything that we were seeing at that time. As we went in to January and February and we watched other results and the guidance of others, we clearly believed that this was going to be a little tougher than we originally thought which is again, why we're taking the additional expense reduction and as always we're telling you how we're seeing it and this is how we're seeing it right now.

David I. Goulden

If you go back and think of what the global economic situation was in January, people are saying that it might be a global recession. Now, if you look at things in April there's no doubt it's going to be a pretty big global recession, the first one in the last 60 years so that's a significant change just in the whole global environment. From an economic perspective that's happened from January through to now and that difference is also driving our different view in IT spending.

Operator

Your next question comes from Aaron Rakers – Stifel Nicolaus Investment Advisors.

Aaron Rakers – Stifel Nicolaus Investment Advisors

I guess if I look at the cost cuttings that you guys are implementing through 2009 now at \$450 million on the core information infrastructure business, can you help me understand how to model that through this year? And, how much maybe with op ex down \$200 plus million non-GAAP, how much is already been kind of been floating in to the model already?

David I. Goulden

As we said, the \$450 is still going to be about one third in COGS and two thirds in op ex. The extra \$100 that we spoke about is really all going to be aimed at the second half of the year. Most of it is related to the salary reductions that Joe mentioned that we'll be implementing later in this quarter that will be in place for the rest of the year. So, that kind of leaves us with the original \$360 which we spoke about and again, that will be more vast towards the second half.

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