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National Instruments Corporation Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions) Your first question comes from Antonio Antezano - Macquarie Research Equities.

Antonio Antezano - Macquarie Research Equities

I wanted to if you could provide more color on your activity during the quarter. I mean you mentioned in the last business update an order of decline, 20% in January, 12% in February. I was wondering what happened in March and also so far in April?

Alexander M. Davern

Okay, Antonio, good question. So we – our daily order rate through about March, I think it was March 8th or 9th when we did the update call was at minus 16% on the daily rate. We did have a day less in Q1 this year from Q1 last year. So if you net that out it's roughly about minus 18 at that point in time and it was fairly consistent for the quarter. We were minus 20 for the month of March in total if you take it just on a calendar month.

On an absolute dollar basis from a positive side we did see the daily rate improve from January to February to March, as you went through each month. And you know we talked in the conference call about stabilization that we're starting to see at this point in time. And the key behind that really is we're seeing April business now be a very similar level to January, and that's a significant improvement over the dramatic drop that we saw between October and January.

Antonio Antezano - Macquarie Research Equities

And then I guess regarding the new cost or I would say reduction in the spending which seems to be very significant, what specifically you are doing to get to that target that you have? I mean [inaudible] is more on SG&A or somewhere else or where you can provide examples of initiatives you are taking to get to that?

Alexander M. Davern

Sure. A couple of areas around that as we talked in the call we have chosen to reduce our budgeted spending plan for 2009 by about \$25 million from the plan that we outlined back on March 9. The main factors driving that are we are reducing our net hiring for the year. When we were on the call

on March 9th we were anticipating about 110 additions, net additions for the company this year and we have reduced that to about 15 net additions. We will see attrition in some departments offset by above that increases in areas like R&D and in the field. So reduced hiring is number one. And we have taken a hard look at travel and entertainment expenses across the company and that's an area where we're going to make a significant increase in our use of the web as a communication vehicle with our customers. And so travel is an area we took a hard look at.

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