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## MPS Group, Inc. Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Thank you. (Operator instructions) We'll go first to Tobey Sommer with SunTrust Robinson.

#### Tobey Sommer – SunTrust Robinson

Thank you. I have a – maybe you can give us some color on your North American IT business, which wasn't down as much as the rest. And I know currency doesn't hit it. But I was particularly interested in the gross margins and maybe you can describe – in addition to the commentary, about how that business is holding up. What specialties, if any, are doing better than others? Thanks.

#### Bob Crouch

Tobey, we were able to in that business hold the gross margins relatively flat, which we were pleased with. I wouldn't say that any one specialty was maybe more prominent than another. Although we – just glancing at it, it looks like there's more kind of helpdesk type work that seems to be available. Not maybe just a customer mix issue, but I think one of the things we're going to have to manage very carefully going forward and this is partly from of our experienced and what we learned last time around is that, the clients are becoming – our customers are becoming very adapted in understanding labor trends in the market place and knowing where there might be some ability to cut cost on their end.

And so, we are already seeing some of the things that we saw in the past. People asking for volume discounts and rate reductions and things with that sort and that's part what happens in this cycle. The thing, of course, that we have to be very careful about doing is making sure we manage our labor cost and lock step with that so that we can keep our margins relatively current. And so, that's what we'll be focused on doing going forward.

#### Tobey Sommer – SunTrust Robinson

In that same regard, could you refresh our memory is to how the competition reacted last time. And then maybe, give us your perspective on how you think the market place would react to that tradeoff of volume and margin in the current environment.

#### Tim Payne

Yes. I think last time what we saw was there was a – particularly a lot of the smaller players were less disciplined about margin and cut their cost. We are seeing some interesting things that we used to believe that some of those smaller competitors are really struggling this time around. And so,

hopefully, we won't have quite the same dynamic that we had last time. And again, we understand that there'll probably some situations where we're going to have to make some price concessions, but we're going to try again – again, try to be as disciplined as we can.

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