

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

## DST Systems, Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

---

(Operator Instructions) The first question comes from the line of David Koning with Robert W. Baird. Please go ahead.

**David Koning - Robert W. Baird**

Yeah, hey, guys.

**Tom McDonnell**

Good morning.

**David Koning - Robert W. Baird**

I guess the first question I had is in the March quarter it looked like there was I think it was 1.8 million of sort of organic declines in registered accounts just from account closings. I'm wondering as we've seen in the last five weeks or so with the market going up if you are seeing less closures in those accounts, just people kind of holding on now and letting their portfolios go up.

**Tom McDonnell**

Well, I think that the general answer to that is yes. We put in, as we always so, we put in the accounts through April 15, because probably there's usually some account activity prior to the deadline for making contributions and coincidental with the filing deadline. Generally we've seen some net increases. I don't know whether that's durable. And I think it's anybody's guess as to how durable the really the market is. And as we pointed out in the last call, I think it's unclear when people may make a decision if they choose to exit their mutual fund investment based on where they see that, the value of the investment, compared to their original costs. So I mean it's a very difficult area to get any reasonable set of assumptions or analysis on, but the simple answer is yes, we have seen some improvement over the last four to six weeks.

**David Koning - Robert W. Baird**

Okay. Good. And I guess secondly, when we look at license revenues over the last couple of years, it seems like usually in a quarter they've averaged kind of 13 million, 14 million. And this quarter it

was about 11 million which really isn't that much lower than the trend line even though the economy is pretty weak. And I'm wondering if you kind of expect 10 million, 11 million to sort of be a base on the license line?

**Tom McDonnell**

Licenses, there's three areas of licenses. There's DST international which is investment management software, AWD licenses and then some licenses in the health solutions area. I wouldn't want to lock in a baseline at this point I think, and again we've mentioned this before, but the client base that is primarily addressed by the investment management software are large international fund managers. There's other markets, for that software, particularly in Asia, but the main large licenses come usually from multi-national investment managers and quite frankly, they're out of the game at the moment it would appear with little or no budgets per software acquisition.

Copyright © 2009 CBS Interactive, Inc. All Rights Reserved.