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Harte-Hanks Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions). Your first question comes from Alexia Quadrani with JPMorgan.

Alexia Quadrani - JPMorgan

Hi. Thank you. A couple of questions. First in the direct marketing business, you guys did a very impressive job in the margin side despite the revenue fall off. And I'm just trying to get a better sense of how sustainable do you think that is. The cost cutting efforts that you've done, will they carry through the year or is just depends on the revenue by any mean (ph)? You can maybe talk about it a little bit.

Larry Franklin

Okay. Good question, Alexia. The cost cutting that we... well, as I said started and I guess toward mid last year and then accelerated, we got the benefit of that in the first quarter and add to the cost that Doug referred to that actually are the one time charges that we won't have next quarter.

But those savings, they will play out over the remainder of the year. Now, what we know is that we've got to keep intently focused on our revenue streams and where those are going. And we feel reasonably good about the ability to continue to right size if you will our operations at the revenue picture changes.

We are literally looking at every system that we have everything that we do, every way we deliver our services and the fact that we know we need to deliver our services at better value to our customers and we think there're ways to continue to improve that. We are taking those actions as we speak, and we'll continue to monitor them very carefully.

Alexia Quadrani - JPMorgan

And then if you look at the revenue declines in the drug business, is there a sense you can about how much of that is to pull back of spending on the different verticals that you highlighted or how much that maybe putting some pressure on your fees or what they pay you given the overall environment as what you can you qualify that a little bit?

Larry Franklin

Yeah, the financial performance which was, Don, how much?

Don Aicklen

35.

Larry Franklin

35% that is and... it's now, I think the 14% of our revenue. Those pullbacks were credit card diversified finance, insurance, community funds and those were all customer mailings et cetera. So that is pullback in volumes. And in some cases just eliminating some programs. And the other verticals, it's a mix volume reduction. And it's a mix of some delays and the retail verticals were... what were we down in retail? Mid teens.

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