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## Jack Henry & Associates, Inc. F3Q09 (Qtr End 03/31/09) Earnings Call Transcript

### Question-and-Answer Session

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**Operator**

(Operator instructions) And we will go first with Glenn Greene with Oppenheimer.

**Glenn Greene – Oppenheimer**

Thank you, and good morning, Jack and Kevin.

**Kevin Williams**

Good morning.

**Glenn Greene – Oppenheimer**

For my first question, I'll just ask about the – your thought son the FIS Metavante acquisition and the implications for the competitive dynamics. And sort of how do you see that playing out an opportunity or a threat for you?

**Jack Prim**

Yes, that's a large transaction. I don't know if I see it changing anything substantially. Obviously, they will have a lot of work to do to get that done. But they got a track record of getting those done and hitting their cost take out numbers. So from our standpoint, this puts them from the side standpoint, right around the same side, maybe a bit larger than Pi serve and I think we compete pretty well against larger competitors in the business for quite sometime and would expect that that would continue to be the case.

**Glenn Greene – Oppenheimer**

Okay. And then different direction, I was just wondering given where we are early in the year, obviously, into May already, what are you seeing of IT budgets within those with Community Bank Credit Union? Space, we've heard from some of your peers that low single-digit declines and we've done some survey works that sort of suggest the same. I'm wondering what you're seeing? And if you're seeing similar, the next question following up on would be why the discretionary parts of your business seems to be falling harder than the IT budget fall suggests, if that makes sense?

**Jack Prim**

Yes. I don't know if I got any great insight to specific percentage increases or decreases in budgets. The last survey on that I saw was the Independent Community Banker's Association survey, which I think was done in November. And 85% of banks, and I think last survey I saw on credit unions was in the same range although it was a little bit more dated. The 85% of banks were projecting budget expenditures end '09 equal to or greater than their '08 budget.

I think the thing that is a little different now than when they were putting those budgets in place – by and large, the biggest difference is these unbudgeted, unplanned, surprise assessments from the FDIC and the MUA related to the items that are talked about earlier. You got to believe that most people probably went into the year with a relatively modest budget as far as growth. And that was with absolutely zero knowledge or expectation around these assessment, which I'll give you an example of the magnitude of the assessments we're talking about. With one bank that I'm familiar with it's about \$250 million in assets and their FDIC assessment initially was another \$400,000, on top of whatever they budgeted in plan on spending this year.

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