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## Gartner Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from the line of Peter Appert with Piper Jaffray.

#### Peter P. Appert - Piper Jaffray & Co.

Good morning. Thanks. Chris and Gene, the margin performance is certainly particularly impressive and I am wondering -- I guess this is for Chris -- how much does it cost do you think could come back as the revenue growth improves? How much is permanent reduction? And I guess the real question is does this make you feel perhaps a little more optimistically about the potential margin target over the next couple of years?

#### Christopher J. Lafond

So a couple of things -- I think in order to understand that, you have to look at each of the three segments separately. So for example, in consulting, we are managing very tightly the resources in consulting to match the demand, so as we see backlog improve over time, we'll match the resources with that backlog and visa versa as we've said earlier, if the backlog declined, we would adjust our resources appropriately.

On the event side, it is a function again of the number of events we decide to hold and the attendees at the events. There are certainly some variable costs related to who attends the events and on the flip side, we also have a lot of fixed costs. So once you decide to have an event, all the venue costs are fixed, so there's some leverage there on the upside as we continue to grow there.

On the research side, I think what you've seen over time is that business has a significant amount of operating leverage inherent to the business, and so -- in fact, probably for the past three or four years, we've been relatively flat in terms of the research analyst base, and so I think we've done a really good job of finding ways to leverage and improve the productivity of our analysts and drive that. So that's kind of each of the three segments.

I think when you look at some of the G&A and other costs, I think some of the costs we've taken out are clearly things that don't have to return. We are being very focused on things that improve our operational effectiveness and so we feel pretty good that some of the costs that we have taken out are things that can remain out of the cost structure.

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