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BMC Software F4Q09 (Qtr End 3/31/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) We'll go first to Michael Turits with Raymond James.

Michael Turits - Raymond James

Just on the cash flow shortfall, about \$35 million short of the midpoint of guidance -- just making sure I understand -- is that the full amount of the shortfall, you are attributing that to essentially to late collections due to longer sales cycles, so should we see a catch-up on that in the coming quarter?

Stephen B. Solcher

Michael, you would and there is going to be an expectation for that cash flow to catch back up but we are not thinking that the distribution is going to go back to its normal pattern, so how we are guiding you is from a conservative point of view. We believe that this trend in bookings, the completion of bookings, is going to still be very back-end loaded like we experienced in Q4.

Michael Turits - Raymond James

And then I went back into the margins --

Stephen B. Solcher

Michael, to answer your question, yes, that is the entirety of the cash flow, simply the January and February were light and March was very strong.

Michael Turits - Raymond James

Okay, and as I said, I'm back into what the EPS guidance implies in terms of margin but am I right in thinking that you ought to have about a point of margin expansion -- is that something you feel like you can target?

Stephen B. Solcher

Yeah, I would say between one and two points, a hundred basis points to 200 basis points is really kind of right in the middle of what we are thinking. You know, I think the difference is going to be in other income, people are projecting some level of interest income and we would like to get people to think that with today, the full hurt that is associated with interest expense and then the earnings that we are doing, we're looking for about a \$2 million to \$3 million loss per quarter in other income.

Michael Turits - Raymond James

Okay. Great, thanks very much, Steven and Bob.

Operator

We'll go next to Israel Hernandez with Barclays Capital.

Israel Hernandez - Barclays Capital

Just a question in terms of the -- I guess the back-end load of the quarter. With respect to your mainframe business, do you see any changes in customer behavior on some of your larger mainframe contracts that came do? And what is your expectation on those as we begin the new fiscal year?

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