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CA, Inc. F4Q09 (Qtr End 03/31/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) The first question comes from the line of Sarah Friar - Goldman Sachs.

Sarah Friar - Goldman Sachs

On the cash flow guidance for next year those are pretty healthy numbers you are putting out there. X'ing out clearly restructuring a little bit next year, I presume the tax expense also comes down. What else kind of gives you that confidence right now on those sorts of growth rates which I think is a little bit ahead of net income growth?

Nancy Cooper

What you have if you look at our billings backlog you are going to see it has an 8% growth rate so that is good. We also have taken more, as you heard me cost and expense out so that is good. Overall the underlying operational performance of the company is driving that growth.

Sarah Friar - Goldman Sachs

A longer-term question, knowing what you know about CA today and all the kind of execution issues you have fixed over the last couple of years, what do you think kind of normalized bookings growth can look like? Is it still high single digits you are targeting? Anything that has shifted in your opinion over the last couple of quarters?

John Swainson

No, when we look at the model for the company that we outlined for you in December we feel very comfortable that is still the right kind of model with a little bit of acquisition built into that obviously. We are more comfortable, as Nancy said, today that we are closing in on that model and we can see things like the operating margin actually getting there sooner than we might have thought even six months ago.

Sarah Friar - Goldman Sachs

So even with the cost cuts you still feel very good about the execution and you haven't gotten too thin I guess from a sales perspective?

John Swainson

No. Furthermore we feel good enough we can put more money into key R&D and sales hiring initiatives to actually start building some of these things up.

Operator

The next question comes from Michael Turits - Raymond James.

Michael Turits - Raymond James

First, can you give us any more granularity on mainframe? What is the approximate growth rate in terms of mainframe bookings especially on an annualized basis? What is happening with capacity renewals? Are you seeing any slow down in the upgrades in terms of capacity renewals? There have been some reports of that from your competitors.

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