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Miva, Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Alex Vlasto

Before we hand it over to the operator, we've had a couple of questions that have come in through email so we'll address these first.

First is Mike, can you give us your expectations for expense structure excluding ad spend going forward?

Michael Cutler

Our corporate expense structure right now is a little north of \$1 million and as we become a smaller, simpler company, we are actively pursuing several initiatives to reduce our expenses. And by the fact that we're a smaller and simpler company, we expect that our audit fees, our legal fees will be reduced significantly.

We're also actively working to sublet one of the floors we have down in Fort Myers and we're making some good progress with that. Additionally we're working with our New York landlord to see if we can relocate to a smaller office and get the cost down for that.

As we work with our D&O insurance providers and other risk managers, by the fact that we're a smaller company, we expect to reduce those costs and Peter is working actively with our Board to retain them but at a much lower cost.

So this combined with any other opportunity that we have will be actively reducing our corporate cost structure as we move forward.

Peter Carrao

The only thing I'd add to that is as you said when you started, our corporate cost was \$1 million a month, and in fact all of our costs not including ad spend are a little bit north of \$1 million a month including OpEx, Corporate and everything else we've got.

Michael Cutler

Yes, that's all part of this structure. You're right.

Alex Vlasto

The next question is, what's the lowest point you expect cash to reach this year?

Michael Cutler

Per our original plan that we expressed before when we were expecting to get to eight million live users by year end, the low point that we were expecting to get to was about \$4 million. As we've revamped the plan and as we manage towards the five million live users as the end of the year, by the fact that we're scaling down the amount of ad spend that we're going to expend, we also will hit the same point of about \$4 million will be our low point.

And of course by the end of the year, with our recovery, with our improvement in revenue we expect that we'll start getting positive cash flow in the fourth quarter and starting to build up that cash balance again.

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