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Autodesk F1Q10 (Qtr End 4/30/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) And your first question comes from the line of Ross MacMillan with Jefferies.

Ross MacMillan - Jefferies

Thanks a lot. So maybe the first one on the cost side, you are outputting costs this quarter at \$326 million non-GAAP. That's down about \$46 million from last quarter, so annualize that, \$184 million of annualized savings. So assuming that's just really the first riff, the one that you explicitly laid out on January 15th, that looks like it's running well ahead of plan. Can you just talk to that? Because it seems to be a much deeper cut, if you will, in round one. Thanks.

Carl Bass

Ross, I think there were a number of things here and it's hard to parse specifically. We started cost-cutting actions some time last year, towards the end of last year. They layer in at all kinds of different rates and so just taking one snapshot, one quarter over another and extrapolating out from there doesn't actually get you quite to the right map.

I would say, however, one of the things that we did do in the first quarter is way beyond headcount reductions -- we dug into other expenses where we thought there was more opportunity to make cuts and we continued to do that. So some of it is purely related to headcount but there were a number of other cuts that are layered in there.

Mark J. Hawkins

Just to echo on to Carl's point, I think, Ross, the best way to think about it is the number he called out, \$250 million year-on-year, is a pretty clean way to think about it in terms of comparing it to the actual for '09.

I think the other thing to think about is if that OpEx, you are going to see the benefit in Q2, largely in Q2 going forward, so just go ahead and apply your seasonality accordingly but that's what you should expect.

Ross MacMillan - Jefferies

So just to be clear, that \$250 million is really just a headcount reduction and any other discretionary cost-savings or other that you would get on top of that could lead to incremental cost-savings, fiscal '11 versus fiscal '09?

Carl Bass

No, Ross -- this is a combination of all kinds of expense reductions that are in there together.

Ross MacMillan - Jefferies

Okay, that's --

Carl Bass

-- all the actions and as Mark said, the cleanest way to think about it is year over year, 250.

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