

Intuit

INTU (\$25.22) Buy

Quick take-aways from a consultant interview

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Concerning Intuit (INTU-Buy): This morning we caught up with Paul Rauseo, Managing Director of the George S. May Company (GSM, small business consultants) and the person in charge of their QuickBooks advisory practice. The typical GSM QuickBooks account has roughly 20 employees, about four times the size of the QuickBooks base average. Here are some takeaways:

QuickBooks 2010 release will need stable Win7 code. De-support for QuickBooks 2006 and a 4-6 month wait for a new version of Windows (our est.: Oct-Jan) could mean very soft QB upgrade demand in calendar 2H09. GSM believes a stable upgrade version of Windows 7 is most likely to appear in 1H-2010. Net-net, our 9% average qtr/qtr revenue increase for the October and January periods could be at risk. (Seasonally, QB represents approximately 24% of revenue at those times.)

Need more business intelligence in QB, now. The hunger for performance metrics within the QuickBooks base is enormous. GSM QB advisory thrives (as it has done historically) on helping clients bridge the gap between QB accounting functions and the business itself. Mr. Rauseo is encouraged by Intuit's support and technical smarts which can move QuickBooks over time to be the hub of a vibrant, socially structured developer community. Repeatable and simple integration with stand-alone vertical applications (e.g. restaurants, retail auto parts) is also a must.

Where are those returns? GSM hired record numbers of unemployed CPAs in April, which confirms what Intuit saw this tax season in only modest category growth. Significantly, Mr. Rauseo noted record numbers of small business clients are behind in book-close functions, and similarly behind with their tax filings. This confirms our thesis that Intuit may yet see a July / October quarterly bump-up in consumer tax revenue.

We will cover the full extent of the interview in a follow-up note.



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By: Daniel Cummins

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Rating	Count	Percent	IB Serv./Past 12 Mos.		Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent				Count	Percent
BUY [BUY]	118	48.56	0	0.00	BUY [BUY]	16	34.78	0	0.00
HOLD [HOLD]	93	38.27	0	0.00	HOLD [HOLD]	9	19.57	0	0.00
SELL [SELL]	14	5.76	1	7.14	SELL [SELL]	3	6.52	0	0.00



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Companies Mentioned

Intuit (INTU, \$25.22, Buy, Nasdaq)

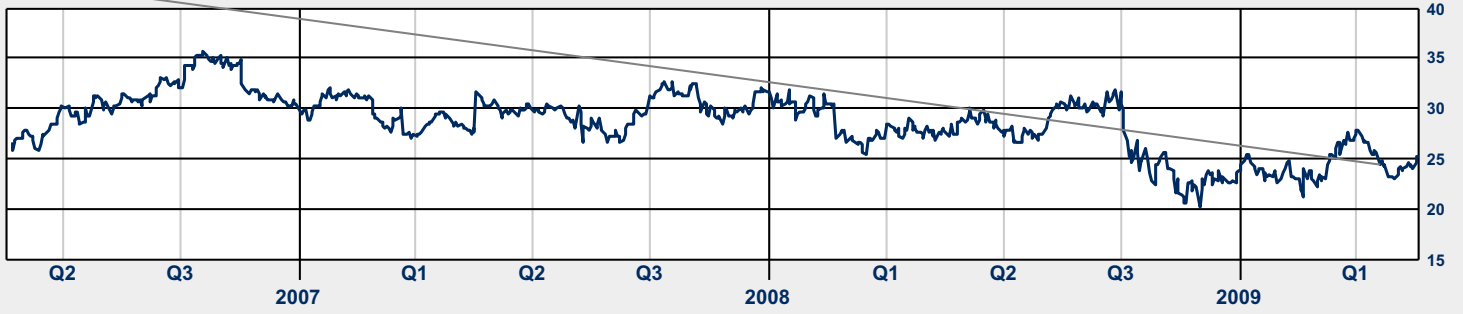


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Lime Rock Research Rating and Price Target History for: INTU as of 05/20/2009

04/17/09
I:B:\$31



Ratings Key: B - BUY H - HOLD S - SELL

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