

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

A.D.A.M., Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Tim Brown - Roth Capital.

Tim Brown - Roth Capital

Yes hi morning guys.

Kevin Noland

Morning.

Mark Adams

Morning.

Tim Brown - Roth Capital

I just—maybe we start out with the content side. Sounds like things are obviously doing well. But just a question on why and why the content rate was over, or excuse me, the retention rate was over 100%? [inaudible]. That's calculated.

Kevin Noland

That's a good question, in fact it's funny you said that because Mark and I knew that was going to be one of the first questions we'd get. I can let Mark give you a little bit more detail but it's, basically looked at the total available contract dollars that were up for renewal during the period. And all of our customers renewed and in addition to having all of our customers renew with us, we were also able to increase the amount of product on their contract, which increased the value of the contract and on a dollar percentage basis that was above 100%.

Tim Brown - Roth Capital

I got you. So when you look at, you know, the 21% year over year growth, you could basically say 12% is coming from current clients and the rest is from new clients, do you look at it that way?

Mark Adams

A portion of the growth is from the renewal rates. Because what this is, those were contracts that were up for renewal in the second quarter. So it doesn't exactly translate to 12% but maybe somewhat a little bit less than that would come from existing customers.

Tim Brown - Roth Capital

Okay, okay, and then just curious, you mentioned a few areas in the Health Content licensing business and I was just curious what you thought were, you know, I guess bigger revenue opportunities and specifically, for instance the iPhone do you see that as a significant opportunity? Maybe you can give us, tell [inaudible] what you see as the opportunity there?

Kevin Noland

Yes I think that, you know, there's from a traditional licensing business that we've been involved with, the content has been for traditional applications of health information. Our customers taking it and making that a part of their website and really using that as a way to draw traffic to their website to promote service lines and to use it in health management situations. And what we're seeing is like a clear opportunity of where custom, where healthcare companies and other organizations are trying to make information more applicable to sort of the consumer at, sort of when they need information. So whether that's they need information on their iPhone because they happen to be traveling. Or they're getting discharged from a hospital and they need specific information related to discharge. Or perhaps they're coming into the hospital for a particular procedure and they need specific pre-op information. What we're seeing are these organizations taking content and really repackaging it for very kind of specific applications. And when you look at that on a broader context for example on mobile phones we see that as a big opportunity going forward. I think more and more people will get information from their hand held than perhaps even from logging onto their computer at home and getting it. And I think we're witnessing that now through the whole iPhone surge.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.