

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.

3D Systems Corporation Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Eric Martinuzzi - Craig-Hallum.

Eric Martinuzzi – Craig-Hallum

I am curious to know what gets the Large-Frame moving again, and I would like you to comment in your response in both the SLA and the SLS. If you could also talk a little about the sales force, the number of sales reps, the tenure of the sales force, because I don't think we will get the whole company going again until that's working for us.

Abe Reichental

I think what gets the Large-Frame sales going both in SLA and SLS is greater demands for those parts. These larger systems are more reliant on the manufacturing economy. They tend to go to service providers. They tend to go to automotive companies. They tend to go to other related motor sports, aerospace, and large durable goods and consumer goods customers. Primarily what drives growth in those systems, in our opinion, is greater demand for parts, either paid parts from service bureaus or parts for projects and parts for shortrun manufacturing opportunities.

Within SLA, the driver for growth for Large-Frame will be the combination of what I mentioned, but it will also be driven by digital dental applications as systems will continue to be deployed into those applications driven by companies like 3M, Sirona, and others.

In SLS, the driver will continue to be primarily in the plastics, automotive; in the metals, it will be dentistry and other related metal applications.

With regard to the sales force, the tenure of our sales force, by and large we have a thoroughly mature and experienced sales organization that is well qualified to sell and place these Large-Frame systems. I would say over 80% of the sales force is with a tenure that is over 5 years, so I don't think this is a question of sales capability. I think this is reflecting some of the realities that we experience in the marketplace.

Probably the harshest reality, if you will, for the first half of the year, at least by our surveys, is that parts demand is flat, relative to last year, based on our surveys and our sources.

Eric Martinuzzi – Craig-Hallum

Are those service providers that you're talking with, have they given you any indication as to potential light at the end of the tunnel or is it just things are tough and we don't see any end at this point?

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