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## IRIS International Inc., Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Thank you. (Operator Instructions). We'll go first to Steve Crowley of Craig-Hallum Capital.

#### Steve Crowley - Craig-Hallum Capital

Good afternoon, gentlemen.

#### Cesar Garcia

Good afternoon, Steve.

#### Steve Crowley - Craig-Hallum Capital

Nice performance, especially with a little bit of change in your deployment strategy around VELOCITY and that is really where I want to focus my first round of questions. The final calibrations, fine tuning, it sounds like you chose to do versus ship some product at the end of Q2. Are you through that? When will you be through that? How significant is this or have you already checked the box?

#### Cesar Garcia

Okay, the answer is that we have gone through most of the issues that we're identifying. One of the realities that we have to face is that we are going to a very competitive market and it was very important that the system that goes out, goes out perfect. We don't want to take any chances because we have been extremely successful with the iQ200 and want to be equally successful with the iChem VELOCITY. We're in this process that validating most the changes and a few things that we still have to finish, but we expect to be shipping within weeks, okay? So that is why we feel confident that we'll be shipping in the third quarter of this year, because we worked hard to finish and we just couldn't get there.

#### Steve Crowley - Craig-Hallum Capital

It also seems like you, to a degree, have the luxury of doing it right. What is the risk of dislocation? Have you lost some business because of the delay, or have you been able to keep all the deals that you won?

#### Cesar Garcia

I think we have kept the interest and we reported \$1.2 million in backlog at this point in time. So Tom Warekois has just joined and he can summarize for you the interest that we have developed for the AACC. Tom?

**Tom Warekois**

Hello, everyone. Yes, Steve, basically what we have done is that we tried to do whatever any company does when we have kind of unanticipated delays, is really try to hold the interest and bridging through discussion through communication. The interest is still there, and as evidence of that is that we have basically the VELOCITY that we're showing for offsite for ex-U.S. customers here at AACC, and over a 2-day period we have 120 customers signed up to see the product. So that to me is an absolutely full schedule and fills up our slots that we have there, and people are very anxious to receive the product, but as Cesar said we have to be sure that the product is -- every "t" is crossed and every "i" dotted before we actually release the product. But the interest is there and we'll be discussing that with our distributors later during the week.

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