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Interactive Intelligence Inc., Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions). Our first question comes from Irit Jakoby, with Susquehanna.

Irit Jakoby - Susquehanna

Hi good afternoon. Thank you for taking my question. You mentioned the lower orders from existing customers, were both the result of not adding new applications, and also not adding as many seats as you would have hoped. Which one do you think was the more dominant in creating the slowdown for you?

Don Brown

At this point I don't have an analysis, Irit, that clearly indicates it. It's just as we look through it, and we look at the level of orders we've received in prior quarters from existing customers, the level was clearly down, and the comments we're getting, we're hearing from partners, and from our salespeople, are just deferrals and making decisions by some of our current customers on upgrades, of various things. Both C counts and applications.

Irit Jakoby - Susquehanna

And in terms of applications is there anything on the product road map that would be a catalyst down the line for accelerating application adoption?

Don Brown

Well, the only things that we've announced are the ones that I mentioned here earlier, the Interaction Feedback. We are in the planning stages of the next major release of our product, that we hope to get out sometime next year, that will have a number of new application capabilities. But we're not ready to publicly talk about those yet.

Irit Jakoby - Susquehanna

Okay. And in terms of partner contribution in the quarter, was it similar to previous quarters?

Steve Head

It was 66% of the orders which is right in line with last year, that I think was 65%. So it was -- first quarter was 75% of partners which is a little unusual. This quarter was more typical at 66%.

Irit Jakoby - Susquehanna

And last question from me, you mentioned in the press release that you're adjusting your operating expenses, given market conditions. Where do you see yourselves cutting back on previously planned investments?

Don Brown

You worded that nicely. Because it's cutting back on previously planned, it's not cutting back on the level we're at right now. In fact, we expect expenses will continue to increase. But it's -- in all the areas of the business, we're trying to limit the amount of the expense increase over the next couple of quarters, until we see revenue starting to accelerate again. Some of the things we've already made commitments on, both on staffing levels and for the new office space, things like that, are expenses we're going to have because the commitments are there. It's just holding the line, as much as we can, on the level that we're at now.

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