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## PAR Technology Corporation Q2 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### **Operator**

(Operator Instructions)

Your first question comes from Unidentified Analyst.

#### **Unidentified Analyst**

A couple of questions for you on McDonald's. It sounds like they are ramping up and on the expansion side, as they start to increase the orders, are you going to have to see some list expenditures as well?

#### **John Sammon**

No, I do not think the expansions are going to go up as it starts ramping up. I think that we have the capacity within our organization to deliver the product and deploy the product as the ramp up begins. So, there will be some proportional increase in expenditures especially in the deployment area but I do not think that is going to impact negatively the financials.

#### **Unidentified Analyst**

And so far, how many McDonald's restaurants have started the program versus what is left in the opportunity for them to deploy wider?

#### **John Sammon**

Only a very small amount, I would say probably in the range of 300 stores, maybe 500 at most, I think in the domestic US. Internationally, a significant number have installed the third party software but the US has been lagging and has been behind and causing us delayed sales for the last 18 months but we put in several hundred of stores with the new software and based upon the experience that we have had, it is working quite well. The only difficulties that we are having are really the deployment. The software is quite complex, it does quite a lot of new things for the store and it takes effort to deploy the software and the hardware. So we are delivering an integrated solution which is much more complex than the solution that we are previously delivering and that has an impact in terms of our ability to ramp up quickly so as far as we are concerned, we have turned the corner and the good news is that it is the only software that is available for licensees of McDonald's and corporate stores from McDonald's. The old product has ended its life and we have been installing it and it is working well.

**Unidentified Analyst**

John, I mean there is a value proposition that is pretty strong for the individual restaurant. Are they giving pretty good feedback? If I recall correctly, they could take several more cars through the drive-thru that could be more efficient than the restaurant.

**John Sammon**

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