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QAD Inc. Q2 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

Absolutely. (Operator Instructions). And our first question today comes from the line of Peter Goldmacher with Cowen & Company. Please go ahead.

Peter Goldmacher

Hey, guys. Some of your commentary on the shortfall was from macroeconomic weakness, and you said that was going to delaying some sales cycles. I'd love a little bit more detail on that. Specifically, was it specific verticals you are selling into? And was it delaying sales cycles, or were deal sizes getting scaled down? And, what is your perspective on where we are in a slower purchasing patterns, are we starting, midway through, near the end? And what are you all doing to make sure that you do maintain some level of profitability and continue to generate cash? Thanks.

Karl Lopker

Well, on the vertical side, one vertical is up one quarter and one vertical is up another. So we didn't really notice anything particularly in any one particular vertical. You would expect automotive to be a little bit rougher, but that is where we got some of our bigger license revenue from last quarter because we are strong in automotive.

On the deal size, we did notice that after the deals sizes have reduced a little, we actually did more transactions last quarter than we did a year ago quarter, not a lot, but we did some more, but generated less revenue. The customers are trying to buy in smaller and smaller increments, so that's definitely true. And we don't like to give the big, huge discounts in order to get more in.

On the profitability side, our expenses will pretty much remain leveled, we believe throughout the rest of the year. The first half of the year does have these conferences that we've been going to and other expenses that are a little bit abnormal. And certainly because of the results we've had so far we're going to be tightening up on those expenses.

Peter Goldmacher

Okay. Thank you.

Operator

(Operator Instructions). Our next question then comes from the line of Mark Schappel with Benchmark. Please go ahead.

Mark Schappel

Hi, good evening and I guess congratulations on your move, Daniel. Karl, to start off with you, if you could just provide us with an update on the move to on-demand and what you're seeing? Were the deals that were done in the quarter, were they on the supply chain visualization product, or are you seeing a kind of a breakout into some of the enterprise suite?

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