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Art Technology Group, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Your first question comes from the line of Shyam Patil.

Shyam Patil – Raymond James

Hi, good morning.

Julie Bradley

Good morning.

Shyam Patil – Raymond James

Could you guys talk a little bit more about the five large deals in terms of how many were deferred, what on-demand components they included geographically, how they were spread out, and by vertical if you can as well?

Julie Bradley

Hi Shyam. There was seven – five seven-figure deals and four of the five were deferred and will be recognized ratably, and each one of them has eStara or automated recommendations component with it.

Bob Burke

And from the vertical perspective, Shyam, this is Bob, it's pretty diverse. It includes technology, retail, telco and also the consumer products this past quarter. So, it's pretty widely distributed.

Shyam Patil – Raymond James

Okay, great. Could you also talk about the linearity in the June quarter in terms of total revenue and then also for the larger deals?

Julie Bradley

Sure. A lot more of our revenue is recurring and ratably recognized, so we're not as impacted by linearity. However, we did have 15 new customers that bought product license this quarter, so there is more stages in the process in getting a new customer paperwork completed. However, they were all within our expected range of being signed within the quarter.

Shyam Patil – Raymond James

Okay. And then, it seems like 3Q always draw a lot of attention in terms of being backend loaded. Do you expect this September to be more back-end loaded quarter than June? Could you talk about what trends you are seeing in July?

Bob Burke

So, we still continue to see strength in the pipeline and demand as we enter July. You are right, seasonally typically, especially in some of our international locations, we tend to have more activity that happens in very late August and September. So, typically in terms of product license bookings, it tends to be more back-end loaded than some other quarters, but Julie mentioned, obviously with more of our revenues coming in a more recurring ratable fashion, that has less impact than it has perhaps in last – in prior years.

Shyam Patil – Raymond James

Okay. And just my last question. It looks like online sales growth is – it is still more than four times total retail sales growth, but it has decelerated meaningfully from last year and I was just wondering if you could comment on what kind of correlation you expect that to have with your license bookings growth and why?

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