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Kenexa Corporation Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) We will go first to Andrey Glukhov with Brean Murray.

Andrey Glukhov - Brean Murray

Don, if I can get a couple of metrics on the business. Historically you provided us the revenue contribution from EPO. Maybe you can provide a comparable metric this quarter.

Don Volk

Our EPO revenue is approximately 25 to 30% of our total.

Andrey Glukhov - Brean Murray

Given the fact that you tweaked the guidance. I mean is that assumption consistent going forward?

Don Volk

Yes.

Andrey Glukhov - Brean Murray

Basically, if I look at your guidance, you guys are assuming a slightly faster sequential ramp in Q4 versus what you're assuming in Q3. Give us some color whether that you're seeing would help facilitate that.

Don Volk

Once again, looking our pipeline and our backlog and knowing where the customer is going to come inline. It was kind of the same question we were asked at end of Q1, which is how can your sequential growth be so much faster in Q2 and the answer was because we could see our pipeline. From what we're seeing right now, Q4 looks like it's going to grow a little faster than Q3 over Q2.

Operator

We will go next to Brian McCart excuse me, Brian McGrath with Credit Suisse

Brian McGrath - Credit Suisse

In the past you talked about your visibility metric and I just wanted to review that and see what you're seeing as far as visibility right now given your guidance.

Don Volk

As you know, if you remember every year at the beginning of the year we give out visibility number that's calculated by contracted revenues plus renewals at 90% and at the beginning of the year, it comes to 70 to 71% of our total guidance for the year and then as we proceed through the year, the percentage becomes more and more and as Rudy said, we based our guidance in Q4, in Q3, based on that visibility and based on that improved visibility throughout the year. So that number is getting better, but we only give that number on January 1st each year.

Brian McGrath - Credit Suisse

A model subscription revenue, maybe you can give us what kind of growth rate we should be thinking about as far as modeling the other, service revenue in other.

Don Volk

Well as we've always said, other revenue is lumpy and it's harder to model and with Quorum coming in as the majority of their revenue being other revenue, it's a bigger problem for you, but that being said, the number that we've said is in the upper 70% range of our total revenue is expected to be other revenue.

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