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PDF Solutions, Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you, Mr. Jones. (Operator Instructions). And our first question comes from the line of Matt Petkun from D. A. Davidson.

Matt Petkun - D. A. Davidson

Hi. Good afternoon. It looks like a pretty descent bookings quarter. So, congratulations on that. I did want to ask, John or Keith, in the revenue breakout you're no longer including license revenue. Are you bundling that into the solutions or really all contracts now signed as solutions and kind of related to that, how should we would be thinking about gross margin for that solutions line item going forward?

Keith Jones

Well, Matt, we've been on that trend of combining more of our projects to combine all of our technology infrastructure, offering a solution, if you will. And as a discrete line item it was not meaningful and as we manage the business and we tend to sell in the future, we combined our software products with our services. So, on a go-forward basis, you should expect to see more of that, and that's why we're reporting it in that fashion.

So overall, the margin projections are what we generally target as we've been doing that for some time now. It's just a matter of changing the presentation of in the mid-60s or so for the current year and then our target margins as we've talked about as the company matures.

Matt Petkun - D. A. Davidson

Okay. I guess I was thinking bouts the margins within what you've called solutions because you used to break out the cost of the licenses as obviously a separate, very small piece. So, it's not that you aren't ever signing your software licenses. It's more that you're just moving to report revenue like this, is that correct?

Keith Jones

That's correct. And when we go through our sales process, obviously as we introduce our products and our solutions, we see that we can add more value so it would be our choice, if you will, to sell

them a solution offering versus a standalone software license. However, when the opportunity arises and that's what the customer needs is, we do sell that on a standalone basis as a software solution.

Matt Petkun - D. A. Davidson

Okay. And then my next question, last quarter you announced a pretty meaningful Data Power deal or at least it sounded meaningful on the call. Any update there, John?

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