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RightNow Technologies Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions). We will go first to Tom Roderick with Thomas Weisel Partners. Mr. Roderick your line is open please check your mute function.

Tom Roderick - Thomas Weisel Partners

Thank you, hi guys, and good afternoon and thanks for let me grab the question here. I noticed you had a handful of big deals in the quarter and 64% of deals are coming from large enterprises. Can you talk a little bit more just about the land and expand strategy. What is happening with sales cycles out there for you as the economy has gotten a little bit tougher? And how are you finding the close rates on your big deals here? Thanks.

Greg Gianforte

Okay. Sure, Tom. Land and expand is really at the heart of the way we go to market. Actually it plays very well in the current economic environment because the land and expand strategy does not require a customer to make a huge investment upfront. Through early success and quick ROI, we earn the right to come back and do the follow-on business. It is really that land and expand strategy, combined with the broader product suite that we have, that has allowed us to support, for example, these higher ASPs, which we saw climb 70% year-over-year.

As I mentioned, I have been out with clients a lot. At least related to the topics that we are talking to customers about, we have not seen impact of the economy on our particular sales cycles. And by keeping the deal sizes relatively small, relative to traditional enterprise type transactions, it is a lot easier for the customers to pull the trigger.

Tom Roderick - Thomas Weisel Partners

Then in terms of the professional services strategy, I noticed that the ratio of revenues coming from professional services is up over historical levels. Do you have to adjust or resize some of the size and experience within the professional services organization? What are you doing to build that team out as your ASPs go up and as you do more seven figure deals here?

Susan Carstensen

Tom, it is really a couple of different factors within the pro services team. We are expanding the team directly, but we are also using these larger call center transformation projects and expansion

opportunities to get more partners involved. For example, in North America we have got about 20%, 25% extra capacity few partners we have trained up.

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