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Epicor Software Corporation Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions). And we'll take our first question from Mark Murphy, Piper Jaffray.

Mark Murphy

Thank you. I was wondering if there was any way you could estimate the NSB revenue contributions in the second quarter across the line items license, consulting, maintenance, and other?

Russ Clark

Yeah, we haven't typically broken out NSB-related revenues, and we're not planning on doing that.

Mark Murphy

And when you refer to the softness that you saw in the retail segment, could you help us understand -- I mean, was there a significant, you know, shortfall there relative to the plan on the NSB side?

Tom Kelly

Well, absolutely. That which made us miss-- come in below our guidance was clearly a result of the NS, of our retail business. I don't really separate, we don't look at NSB and CRS separately because we have integrated those product strategies together now, and we are in fact in front of customers with that integrated product offering. What we did see, and as it is in the ERP business, there is in fact a heavy concentration of deal closing that occurs at the end of the quarter. So, when you start, your first opportunity to see things and analyze, you know, why something's sliding occurs at that time. And we started to see for the first time certain projects were slid or postponed, quite frankly, as a result of economic, what we consider just general cautiousness in the market. We've had some that slid. We had one that slid out of the last quarter that has closed already this quarter, so some are sliding and others have slid and are postponed on that area. So, you know, that is the -- and so I don't know that I'm going to, I can't really select the NSB or CRS sides because we've integrated together.

Now, as a follow up, which may not be directly in line with your question, we did, as I mentioned in my call that we are focusing, we're putting a little more emphasis on some of our products at the second half here that have a much easier ROI proposition to customers, ones that they can see a much more rapid payback. One of those products, Sales Audit, allows people to drive down the organizational costs in their companies to implement audit techniques for checking, you know, transaction records and all that, something that is a core part of the retail financial process. And the other one is enterprise selling, which allows for more broad inventory management between

locations, retail locations to get product availability to customers. These are things that customers have a you know, quite frankly, a more keen interest in right now, and we're seeing a much shorter sales cycle for these and a much greater demand, so we'll put a little bit more emphasis on that in the second half of this year.

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