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Sybase, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Steven Koenig – KeyBanc Capital Markets.

Steven Koenig – KeyBanc Capital Markets

I want to start with a financial question, can you help us out, we have the EPS and revenue guidance and we have that handy table on the reconciliation and dilution from the convert, can you help us a little bit with either share count assumptions and/or your operating margin for the year, what we should be expecting?

Jeffrey G. Ross

We're still saying 100 basis point improvement, it'll probably be a little bit more than that, probably 120, 130, 140 to make the model work given our over performance in the first half of the year. We're assuming off of results a modest increase in stock price so in Q3 share count will come down a tad bit because of the full quarter impact of the Dutch Tender but there will be some additional expected dilution because of increased stock price.

Steven Koenig – KeyBanc Capital Markets

If we think about a million shares to the year or maybe a little bit higher than that we're probably in the right range then?

Jeffrey G. Ross

You are very much in the right range.

Steven Koenig – KeyBanc Capital Markets

Then if I can just follow up with one additional question on the cable and wireless acquisition, first of all are you assuming any meaningful revenue this year from the marketing agreement that you have and also in terms of the effective rate of your guidance in the back half, what sorts of assumptions are you making about the contribution from the acquisition? How much should we think of that going up organically I guess is my question.

John S. Chen

You should assume that my guidance is focused on organic growth. It's very, very immaterial in terms of the revenue for this year from cable and wireless of the acquisition we made or the surface agreement we made.

Steven Koenig – KeyBanc Capital Markets

Lastly, on the implied Q4 revenues, I understand you're being conservative with respect to close rates and the economy.

John S. Chen

Different from other companies, there are people who think that they haven't seen anything different.

Steven Koenig – KeyBanc Capital Markets

Yes, we are mindful of the economic slowdown but we're not seeing it yet. I hear that. In terms of your assumptions if actual results were to differ from what you forecast which I think looks like flattish year-on-year in Q4 maybe even down a tad, is it more likely to be up from your assumptions than down and what deviations for large deals could there be?

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