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PROS Holdings, Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Tom Ernst - Deutsche Bank Securities.

Tom Ernst - Deutsche Bank Securities

So it seems like you're expressing a lot of optimism and enthusiasm for health of the business. I'm curious; did you see any signs at all of customer apprehension in the quarter in terms of the environment from the macro?

And in particular - as you look across your product sets you've got kind of the big new engagements with customers, where you go through some of the design pocket margin and pocket pricing and some of those deployments can be long, and then you have some of the upgrades and the Optimizer and some of the smaller initiatives that can go much quicker - did you see a differential between those types of projects in terms of the customers' behavior and appetite? Has that shifted here in this quarter?

Bert Winemiller

Tom, that's an excellent question. We monitor and measure all aspects of our business, and we look at the entire makeup of our revenue, which consists of maintenance, the revenue generated from already existing contracts with implementations in progress as well as the new business revenue needed from bookings in a quarter under a high visibility revenue model.

We also have between 50 and 60 active projects going on at any particular point in time, and we do a deep dive audit on every single project every single month. The accounting department and the professional services team that is responsible for time-to-value and implementation get together and audit every single project.

What we are seeing based on all the metrics that we use is no indication at this time that the macroeconomic environment is affecting our business.

Now you know we had an incredible attendance at our pricing summit. We continue with our aggressive marketing program with webinars. Attendance at the webinars continues to be strong. You know and have reviewed our world class sales best practices, which include a thorough evaluation of the sales pipeline on a regular basis, taking all of the companies that are in our target market as suspects and then monitoring very objectively with fact-based metrics how they move from suspect to prospect to C account, B account, A account and forecastable.

And as a result of all of those activities, at this point in time we obviously feel comfortable because we are reconfirming our annual guidance.

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