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InnerWorkings, Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator instructions). We will go first to George Sutton from Craig-Hallum.

George Sutton

Hi guys. Congratulations on the nice results.

Nick Galassi

Thanks George.

George Sutton

The five enterprise customers that's a big number and I just want to understand where those enterprise customers are coming from. Are they coming from the direct channel or just transitions from your transactional business?

Nick Galassi

George, we only had one of those five's that came over this quarter from transactional. The other four are brand new enterprise clients.

George Sutton

Okay, superb. And can you discuss the reason behind my question on enterprise is, as we see the slowdown in the economy I would assume larger companies are starting to look at this as an option and can you just discuss the health of the current enterprise pipeline and may be relate it to three to six to nine months ago?

Eric Belcher

George, this is Eric, I will answer that. The pipeline is stronger than it's been probably in our company's history at the moment, and I think the reason that you hinted at there, which is that companies who may have not appreciated the savings opportunity or the staffing solution as much a year or two ago, are now finding renewed interest dealing with cost pressures within their organizations. So the enterprise pipeline right now is very strong.

George Sutton

Eric, question on acquisitions, I guess, relative to the buyback, at least you will now have a decision to make as to which of the two to fund more aggressively. Can you just discuss the trade-offs you are looking at there and what the acquisition pipeline looks like?

Eric Belcher

Well, we are not discussing any trade-offs between the stock buyback in any acquisition opportunities that we may see. Obviously, as Nick and Steve mentioned with the additional credit facility, we don't see a scenario where we are going to be in a situation where we are going to have to make a decision in one respect and not in another.

Nick Galassi

George, may be I will build on that a little bit. The share repurchase program is consistent with our overall strategy really of providing value to our shareholders while maintaining sufficient flexibility to invest in future growth opportunities that Eric mentioned. The company is as financially strong today as it ever has been and the management and the Board believe our shares are undervalued. So, if you refer to our balance sheet, you look at it. It's one of the most conservative in the industry and we have got total flexibility to manage this business and pull any growth lever that we need to.

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