

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

SPSS Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Nathan Schneiderman - Roth Capital Partners.

Nathan Schneiderman - Roth Capital Partners

Ray you gave us the constant currency growth rates for license and maintenance, but what was it for the services revenue?

Raymond Panza

About \$0.4 million for FX, so it's a small percentage. That means that spot 22% growth rate was about 16% without FX.

Nathan Schneiderman - Roth Capital Partners

You've given us the differences in FX, the impact of that year-over-year, but there were some pretty wild movements from Q4 to Q1, what was the revenue lift sequentially due to changes in FX?

Raymond Panza

I don't have that right in front of me, but actually currency moved around significantly. It actually came back rather close to where it ended in the fourth quarter. So, it's not significant.

Nathan Schneiderman - Roth Capital Partners

The other income came in a fair bit stronger than I had imagined and was there anything unusual going on there? And the rates have come in quite a bit during the quarter or so, how would you recommend we model other income going forward?

Raymond Panza

Yes, there are two things going on there. It's up about \$1.4 million in total, and what that represents is we had about \$1.1 favorable swing in below-the-line currency. As you recall, this is balance sheet translation of inter-company accounts. Normally as the currency gets weaker, this number turns to a loss, this is the offset to what the benefit is up above, and if you recall that generally the way it's worked.

We have obviously been managing this number very closely. We don't want to make money or lose money. We'd like it to be zero. Last year, it was about an \$800,000 loss, this year it's about a \$300,000 favorable because of our ability to use the cash that we have and move it between entities,

between countries and anticipate currency movements. So, in effect, that gave us a \$1.1 million improvement, just on currency. That should get less and less as we go out into the year, because we have been managing it through last year.

Also contributing to this though, is a fairly significant change on interest income and interest expense. As I'm sure everybody is aware, interest rates have dropped dramatically from a year ago. At the same time last year, we did not have any debt the first quarter until the last two weeks of March, when we did the convertible debt offering. This year, of course, we had interest expense through the entire first quarter.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.