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Rightnow Technologies Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) And we'll go first to Tom Roderick with Thomas Weisel Partners.

Unidentified Analyst

Hey guys this is actually (inaudible) as on for Tom Roderick. I had a question on deferred revenue. I'm noticing that you guys had a 4% sequential increase in recurring revenue and an increase in ASP as well, yet I'm noticing that deferred revenue is down on a quarter-to-quarter basis. Is this a function of cash collection, or is there something else going on here? If you could help me better understand that, I'd be appreciative.

Jeff Davison

The deferred revenue, you are looking at the change from Q4 to Q1. That's the decline you are seeing. That's really a factor of Q4 sales versus Q1 sales. So obviously Q4 is the stronger quarter. Q1 is seasonably not as strong, so what pulls out of deferred revenue, with lower sales, we're not putting as much back in.

Unidentified Analyst

Okay. I guess on [forecast].

Jeff Davison

But they are still, if you compare over prior year, it's significantly higher. And then I'd look at the growth of the business just in recurring revenue of 27%.

Unidentified Analyst

I guess from a confusion stems from is that you added 64 new customers, and your ASP is increasing as well. It seems like, versus Q4, your business would actually be up on a quarter-to-quarter basis. That's where I'm confused here.

Jeff Davison

Well, that's where you'd look at the recurring revenue again over the prior year, being 27% greater than Q1 of last year. The other thing to keep in mind on deferred revenue, if you're not recalling just

the change from last year, all of the business that's booked doesn't go into deferred revenue now. So all of the off-balance sheet stuff, all of the monthly pay, is not recorded in deferred revenue.

Unidentified Analyst

Okay, and so another quick question here on headcount, I guess you showed a nice increase here on a quarter-to-quarter basis. Can you tell me where you are adding folks here in the organization, following about two quarters of decline in headcount?

Jeff Davison

I'll direct that question to Susan Carstensen, who has joined us on the call.

Susan Carstensen

Well, we added net of about 30 people in Q1, and it was predominantly in professional services area and in engineering.

Unidentified Analyst

Okay, thank you very much, I will jump back in the queue.

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