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Kenexa Corporation, Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) We will go first to Brendan Barnicle with Pacific Crest Securities.

Brendan Barnicle - Pacific Crest Securities

Thank you, guys. I was interested in EPO business, you mentioned your two new wins. Rudy, I thought you had said maybe for the full-year, originally you would expected for the four and I just wanted to get sort of an update on where we are now versus what you'd expected and then also are you seeing any change in that business as the economy slowed as people potentially look to outsource more and more work of outsource including the recruiting.

Rudy Karsan

Well, we said at the beginning of the year is we had three renewals coming through and that we would expect to kind of win one or two, lose one or two and finish the year at net plus one. So far if the two renewals we have won one and lost one. So, that's -- and now we have signed on three, so we are plus net two, which is above the plus one that we said we would be. However, part of the win -- one of the wins was in Europe, which was a combination between us and core. So, at this point in time generally on the EPO front, we have moved from being kind of neutral to mildly positive to being somewhat positive in this business and the EPO business also takes a while for the revenue to start hitting our income statement, so the loss that we didn't bring you in Q1 was reflected in our numbers in Q1 because it was terminated there. The new sign-on will start coming in towards the later half of this quarter in Q2 and into Q3; we won't to a huge growth from it in Q2. In general the EPO business has been going well, we continue to get advanced at it and at this point in time its -- I think if you remember on the analyst day, we said it was on critical watch, we are now basically saying its off the critical watch, its become part of the normal business and kind of in the second half of this year we don't expect it to be a drive on overall growth like it has been over the last six quarters.

Brendan Barnicle - Pacific Crest Securities

Terrific and Don you mentioned the big improvement in deferred revenues sequentially which is not typical seasonally, what was it specifically drove at; some of these new EPO deals?

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