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ACI Worldwide, Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of George Sutton – Crag-Hallum Capital.

George Sutton – Crag-Hallum Capital

A couple of questions, first on the pull through that you mentioned of sales bookings in to revenues that had been 20% and we had talked about that at length at the analyst day. I'm just curious what's changed so quickly to have that result in the teens expectation for this year?

Scott W. Behrens

First of all obviously we have a lower sales amount so even if you had a constant percentage of flow through of sales on a year-over-year basis your sales are down so the absolute dollar that is going to flow through is going to be lower. It's also a matter of the product mix, that being lower term extensions as well as the tools. Those have a faster flow through to GAAP revenue than some of our larger implementation or multiproduct more complex implementations so if that product mix changes that also impacts the percentage of flow through in the current period. But, what this does point out is a reliance more on the backlog which is obviously more stable, more reliable source of recurring revenue than current period sales.

George Sutton – Crag-Hallum Capital

Scott, I think you may have answered by next question related to sales expectations for the year. Yes, they were lower in the first quarter but does that necessarily portend to change for the full year?

Scott W. Behrens

No, I don't think at this point we're early in the year. Obviously, we had a significant refocus of attention just following the December signing of the IBM deal so we had a shift in some of the attention and focus of the sales forces here in the March quarter. So no, I think at this point it's too early to say that we don't expect this to take us off course. We feel that we're still tracking to the sales figure we previously provided.

Richard N. Launder

Could I just add a few words to that as well? Obviously, until contracts are signed things are never done but what I could say is that the pipeline is very healthy and therefore our expectations are good for the year.

George Sutton – Crag-Hallum Capital

Regarding your optimism related to Q2, how much of that is coming from Faster Pay and is there any way that you could quantify that for us?

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