



Vignette Corporation Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Your first question comes from Nathan Schneiderman from Roth Capital Partners. Your line is open.

Nathan Schneiderman - Roth Capital Partners

Hi. Thanks very much. Hi, Mike. Hi, Pat.

Mike Aviles

Hi, Nathan.

Nathan Schneiderman - Roth Capital Partners

Hey. I was wondering if you could drill down a little deeper on some of the issues that caused problems during the quarter, so as you did your analysis, can you talk about what particular problems you felt you experienced in North America and then maybe drill down on the financial services vertical.

What was your exposure overall, and how much did you think those problems on a dollar basis hurt your results in the quarter?

Mike Aviles

Yes. So I think there's three things that we can look at, Nate. One is the sales effectiveness in North America, some competitive dynamics that were out there and general economic conditions. But from a North American perspective a couple of things happened. We had some disruption on the services side that took a lot of focus and attention away that we had to go deal with. So it's a strong piece of our business. It's growing, so we needed to address that.

Financial services as you know, is one of our strongest verticals at Vignette. And I think everybody's well aware of some of the issues that are going on in the financial services sector which started Q3 of last year but also in disruption in Q1.

So then another factor was again, some transitioning of key roles in the Company to upgrade our performance and get more consistency. So when you start adding these things together, a number of these things, it really was isolated or much more concentrated in North America. And we saw results of that here.

Nathan Schneiderman - Roth Capital Partners

Okay. Maybe if you go a little deeper on the stability of sales. I saw that your number of quota reps declined from 53 to 50. I assume by your comments you had additional churn beyond that. So if you could just give us an update on where you are, and how you feel you're positioned running into Q2 versus how you were running into Q1?

Mike Aviles

So I'll make a few comments, and I want to add on. As I mentioned in my remarks, Nate, this is not a capacity issue. That's become very clear to us, so it's not about the number of AEs. It's about making the RAEs much more productive and making them much more effective. And that's in terms of enabling them to be more effective and then also marketing, giving them a lot more air cover and lead gen associated with it.

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