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Tekelec Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Scott Coleman - Morgan Stanley.

Scott Coleman - Morgan Stanley

In terms of the orders this quarter, I'm wondering if you could help us understand how the strength there matches up with your customer strength from 10% customers this quarter. Was it mainly the same three customers you named out or were there some folks that you didn't name that really drove the growth that we should see on that 10% customer list as we go through '08?

William H. Everett

We had three customers both for the quarter and for the year and they were largely the same with the exception of AT&T for the year. They ranged between 10% and 13%, so no customer is more than 13% of either our quarterly or annual revenues.

Scott Coleman - Morgan Stanley

That's for both the quarter and the year.

William H. Everett

Yes. That's correct. Now, with respect to the other part of your question about, were there other important customers that were driving our order book? Not numerically, not statistically, but Frank may want to comment on some of the other customer wins we had.

Frank Plastina

Scott if you look at our order book it's pretty well spread across the large groups, particularly the wireless service provider groups around the world. What we really in particular were pleased with in the fourth quarter was the breadth of the order book both CALA and North America had record orders. And our European and Asia region also did well and that translates into a nice breadth of customer group as well.

Scott Coleman - Morgan Stanley

I'm just curious from a bigger picture perspective. Wireless infrastructure generally speaking has been very disappointing, a very disappointing market in 2007. From where you sit, is this a leading

indicator of a change in terms of whether it is capacity utilization or something that could drive a stronger overall market as we move into 2008?

Frank Plastina

I think to really answer your question you have to separate access and core spending. There clearly was a slowdown on the access piece of the network. What we depend on is traffic growth and sub growth which is really what drives the needs of the core.

We didn't see as big a change in CapEx budgets or focus on the core. In fact we saw more interest in handling some of the complexity that all of these multimedia services are leading to. So what we are seeing is quite the opposite, we are seeing an emphasis back to the core bus service providers because they see that as their competitive advantage and we see them trying to share access as much as they can even with their competitors.

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