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MRV Communications, Inc. Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

Our first question is from John Anthony with Cowen and Company, please go ahead.

John Anthony - Cowen & Co

Good afternoon guys. Congratulations on the strength across the board. Few quick questions. Given that it's the end of February here and looking at your guidance, it's pretty strong guidance, so if you could give us a sense for how much you have left to do in the quarter and what your expectations are for March relative to this guidance that would be very helpful.

Guy Avidan

Thanks John. Usually our March, our last month of the quarter, brings 50% of the business, meaning bookings and shipments. So we're very confident with the first half of the business, which is actually two months and visibility toward March gives us strong confidence regarding the guidance we just gave.

John Anthony - Cowen & Co

Okay. So you're not more back-end loaded than normal, you're still at that 50% level?

Guy Avidan

Yes.

John Anthony - Cowen & Co

All right and then Noam, you had mentioned a contract if I heard you correctly, did you say with a tier one wireless service provider in the United States?

Noam Lotan

Yes, it's a regional deployment in a wireless back haul network of one of the tier one providers, and we've already received the initial order, which is quite sizable. Hopefully we will be able to issue some press releases providing you some more details in the next few weeks.

John Anthony - Cowen & Co

When do you expect the revenue associated with that contract to hit your P&L figure?

Guy Avidan

I think we're going to start seeing it the like Guy said, March, April time frame. We hope very much this win will be replicated in other regions within the same carrier.

John Anthony - Cowen & Co

So there are no revenue recognition issues that would extend that?

Guy Avidan

I don't see any.

John Anthony - Cowen & Co

Okay. And then on the expense side, given the leverage that you're seeing, where do you think you could ramp from a sales standpoint before you actually had to change the sales structure from the current run rate?

Guy Avidan

Sorry. Wasn't quite sure I understood your question, but the -- I think we're good for quite some time. We don't plan any increase right now, we're focusing on getting productivity out of the infrastructure that we have in place. I would say that there's still a lot of upside that we anticipate both from the Federal Government that we've been investing a lot in the last two years as well as from additional carrier revenue in North America, and from the channel. We've been doing a lot of good work with channel partners, and we are -- I think the best is yet to come.

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