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PeopleSupport Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) And we'll take the first question from Mark Marostica of Piper Jaffray.

Mark Zgutowicz- Piper Jaffray

Just relating to your 08 guidance can you give me your assumptions for realized FX gains? I guess that would be looking at Q2 through Q4 and also sales and marketing as a percent of sales.

Caroline Rook

In Q2 to Q4 if we have an effective hedge I think that I would have to re hedge at current rates so what that would mean is that I potentially would hedge whatever the Peso does to our operating costs and therefore our realized gains would just depend on what the Peso does to our operating costs within that period of time. It wouldn't be our current hedges that we would mark-to-market too. So since I haven't purchased those effective hedges I can't really say. But what we're trying to do is protect our downside risk so the Peso rate's 40.5 now. To the extent I can protect some of the portion of our Philippine operating expenses with 40.5 the realized gains if I have an effective hedge would basically protect our operating costs at that rate. In terms of the FX both realized and unrealized gained in Q1 with our current hedges we're expecting about \$2 million.

Mark Zgutowicz- Piper Jaffray

And sales and marketing for the year?

Caroline Rook

Sales and marketing in Q4 excluding deferred stock compensation.

Mark Zgutowicz- Piper Jaffray

I'm just trying to get some direction for FY 08. I'm trying to get a sense for –

Caroline Rook

In FY 08, Mark, I generally expect sales and marketing to be about the same percentage excluding deferred stock compensation as potentially Q4.

Mark Zgutowicz- Piper Jaffray

Then I just had a couple quick follow ups. Captive services revenues in Q4 and also your expectations for 08?

Caroline Rook

We don't disclose that but in general our expectations in 08 would potentially be the same run rate.

Mark Zgutowicz- Piper Jaffray

And the final question, WAMU, just your expectations for 08?

Lance Rosenzweig

WAMU has grown nicely year-over-year and is continuing to grow modestly so we're not expecting any kind of growth rate as we saw prior year. But with them as with other clients we're continuing to talk to them about new program. It was possible upside but we're not baking that into the numbers.

Operator

We'll next move on to David Scharf of JMP Securities.

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