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VASCO Data Security International, Inc. Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions) Our first question is coming from Daniel Ives of Friedman.

Daniel Ives - Friedman Billings Ramsey

Yeah. A few questions. First, I mean, Ken, you guys have missed the street's numbers, okay, for two quarters in a row, so what should give investor's confidence that you could hit your guidance for the year for '08?

T. Kendall Hunt - Chairman, CEO

Well, I would guess the confidence you should have is that we easily met our guidance for annual 2007. In fact, mid-year we updated our guidance for the revenue top line, and easily met our range for 2007. I feel equally confident that we can meet our guidance annually for 2008.

Cliff Bown - EVP, CFO

Daniel, I would point out that VASCO does not comment on the street's numbers. They are just exactly that. They're the numbers that are developed by the analysts that follow VASCO, and we do have dialogue with them but only within the context of publicly available information. So when Ken says we issue the annual guidance and that's what we are standing behind, that's exactly right.

So I don't think necessarily that you should conclude because we didn't meet the street's numbers that we're not meeting what we're communicating to the market and therefore the market should have confidence in the numbers that we're providing for 2008.

Daniel Ives - Friedman Billings Ramsey

What, I mean, going into the year, what sort of visibility and conservatism do you have into the '08 numbers?

T. Kendall Hunt - Chairman, CEO

Well, as we've discussed before, a number of our transactions are under firm POs with scheduled shipments over 12 month periods, so the company does have this view, this look, at what our firm backlog is in terms of firm POs.

So it's that plus looking at our forecast system, that's proven to be pretty reliable, plus looking at what we've come to expect from our channel in terms of transactions, revenue, gross margin. It's a combination of those three things that we use to create the guidance that we've announced today.

Daniel Ives - Friedman Billings Ramsey

Okay, thanks.

T. Kendall Hunt - Chairman, CEO

Thank you, Dan.

Operator

Thank you. Our next question is coming from Sean Jackson with Avondale Partners.

Sean Jackson - Avondale Partners, LLC

Yeah.

T. Kendall Hunt - Chairman, CEO

Hi, Sean.

Sean Jackson - Avondale Partners, LLC

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