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Zix Corporation Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) And your question comes from the line of Nolan Gaudreau with Collins Stewart. Please proceed.

Nolan Gaudreau - Collins Stewart

I am filling in for Gibb today. How is it going?

Rick Spurr

Good thank you.

Nolan Gaudreau - Collins Stewart

So as far as e-prescribing, what is the current number of active prescribers?

Rick Spurr

I would say here around 33,115.

Nolan Gaudreau - Collins Stewart

Okay and what do you think the attrition rate remains high?

Rick Spurr

So I think the attrition rate -- there's two answers, one; there is an attrition rate that I think will be part of the map forever, just because in life doctors move around from practices and there is also however some attrition that we saw in 2007 that we have reasonably won't be repetitive going forward. Very specifically in Massachusetts as we entered 2007, we increased our prices there to the point where they are not paying us a \$11,000 per doctor per year, but coincident with that price increase they decided that they were only going to fund and support positions they were writing at a particular script level specifically five scripts a week. So as we went through the year there was some fleshing out if you will of some of those doctors who were writing in a relatively low level and frankly that's not all bad because if they aren't writing a lot of scripts, they are not helping the payer or us or frankly patients, so if we're just spending a lot of money to support doc's and not get active that isn't all bad.

Nolan Gaudreau - Collins Stewart

Okay

Rick Spurr

So we think that it was an anomalous follow up but we won't know I guess till we finish up the rest of 2008.

Nolan Gaudreau - Collins Stewart

Okay would you say payers are holding up on extending programs more meaningfully because they are waiting see what the legislation holds or are they delaying because maybe of uncertainty in the election here?

Rick Spurr

Everybody asked that question and frankly we asked the question ourselves but we are absolutely not seeing that with our current customers. Frankly the reverse is true, the level of interest in activity is actually accelerating and when you ask this specific question about the government, they say ?Ah, if our executives wherever had in the sand before that's no longer the case? they very much appreciate and understand what's going on, whether your prescribing -- the Medicare groups are becoming involved now where before they were sort of in the back seats, so it's actually improving rather than receding.

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