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eLoyalty Corporation Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Your first question comes from the line of Shyam Patil with Raymond James.

Shyam Patil - Raymond James

Hi. Good evening. Kelly, did you mention what the Behavioral Analytics revenue was in the quarter?

Kelly Conway

We didn't report it that way. The Behavioral Analytics revenue in the fourth quarter would have been around \$4.2 million or \$4.3 million.

Shyam Patil - Raymond James

Okay. So, you had basically a \$10 million to \$12 million net increase in the Behavioral Analytics backlog in the quarter, its look like?

Kelly Conway

Well, I believe the number in the fourth quarter were about \$4.2 million or \$4.3 million for Behavioral Analytics business unit. And we are projecting that it will be \$5 million in the fourth quarter. So, that's up about almost 20% sequentially from Q4 to Q1 and it would be about I guess, I calculate that at about \$3.2 million on an annual basis.

Shyam Patil - Raymond James

Okay. And as you look at '08, what should we expect in terms of the Behavioral Analytics backlog in gross additions. It looks like you have somewhere between 14 to 16 current assessments. Do you expect most of these to convert to deployments by the end of the year?

Kelly Conway

Our historical experience has been that about 75% our assessments convert. We were quite successful in the fourth quarter, where we converted literally everything that was available to be converted and nothing fell out. So, we kind of had a 100% hit rate in the fourth quarter.

So, we remain confident that a high percentage of them will convert. We do not give backlog guidance for the year. So, I am not going to go into what we would expect the backlog would be at the

end of the year. But if we convert a high percentage of those assessments, you can do the math and, you would get an increase on our backlog to be sure.

Shyam Patil - Raymond James

Okay, got it. And the idea of contact center analytics, things to be getting a lot of minds here today than may be over the past 6 to 12 months. Have you seen any change in the competitive landscape to this point?

Kelly Conway

No, in fact, I think the basic frame of competition is set. The companies that you would think of us competing with are primarily the call recording companies. And they have a business model which is to sell tools to their customers.

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