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Kenexa Corp. Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions). We'll go first to Steve Koenig with KeyBanc Capital Markets.

Steve Koenig - KeyBanc Capital Markets

Hi guys, this is just [Justin Bandy] filling in Steve.

Rudy Karsan

Hi, Justin.

Justin Bandy - KeyBanc Capital Markets

Hi, quick question. I was wondering how linearity was in Q4, also what close rates were like? And does your 2008 guidance anticipate similar close rates to those that you saw in 2007?

Rudy Karsan

Linearity was pretty stable to the quarter, and the answer to the second question is yes.

Justin Bandy - Keybanc Capital

All right, great. Thanks guys.

Operator

We'll take our next question from Brendan Barnicle with Pacific Crest Securities.

Brendan Barnicle - Pacific Crest Securities

Hi guys. I was wondering if could give us any sense on what do you think P3 might grow in '08? And also a little more color on why subscription revenue will be down sequentially in Q1 -- that sounds a typical pattern?

Rudy Karsan

You answer the second question, Don. I will the answer the first question.

Don Volk

Okay. Go ahead with the first.

Rudy Karsan

Okay. The PQ, so what we are thinking about is that we're going to be revalued in the whole PQ program for our customers for 2008, and it's not a Street reporting number, it's actually the way we operate the business.

I think we will complete most this Brendan by the end of -- I want to say February, maybe early March, and it's a strategic priority for us and so it's a big growth driver. I expected to be a strong number, but I will share more specific next quarter.

Don Volk

On the guidance, Brendan, what we do on our guidance is we take our total revenue in the range, and then we just multiply it times 80% to project subscriptions. If you go back and look at history, you will see that that's been our pattern.

Operator

And we'll take our next question from Ajay Kasargod with Piper Jaffray.

Ajay Kasargod - Piper Jaffray

Okay, great. Thank you. And actually, Don, maybe as a follow-up to the prior question asked. In the past, your kind of Q4 to Q1 revenue growth was much more substantial than the current year. Maybe it's a law of larger numbers, but this year it's a little bit more muted. Can you just kind of talk about that relative to your guidance, and it is law of large numbers customer signs. I want this with that question first?

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