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Blackboard Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Amy Junker with Robert Baird. Please proceed.

Amy Junker - Robert Baird

Just a quick question on, I guess, if you could help quantify what percentage of your current client base are subscribers of just the basic learning system so of the total customer base that you have and I guess, maybe within the US Higher Education is what I'm looking for. And what you're comfort level is and your ability to up sell those clients. I guess I'm just trying to get a handle on what the real up sell opportunity is left at this point?

Mike Beach

Amy we ended the year with 954 basic customers. We don't break that up by market, so it's 954 basic customers. When you look at that kind of up sell historically, it's ranged, about 10% of the basic customers have upgraded on an annual basis. This year, we ended the year with slightly more than that; 13% of the customers moved from basic to enterprise during 2007.

Amy Junker - Robert Baird

So that 954 actually represent the number of clients, because I thought some client might have multiple basic licenses?

Mike Beach

Well, yes --so it is possible for them to have multiple basics, but in general it's a fairly good proxy for the numbers of clients.

Amy Junker - Robert Baird

Okay. Thanks and if I could just a quick follow up, although unrelated, on the professional services. That line, that revenue really rebounded from the last couple of quarters, was that just a function of you making the decision to pay bonuses on that or commissions on that or was there something else that drove that and do you think that that level is sustainable?

Mike Beach

Yeah. So, I think it's just a matter of focus. I think we focused on it during the year and got it back inline with kind of what our expectations for services would have been for the fourth quarter as we entered 2007.

Amy Junker - Robert Baird

Okay, Great. Thanks.

Operator

Your next question comes from the line of Michael Nemeroff with Wedbush. Please proceed.

Michael Nemeroff - Wedbush

Hi, guys. Just a couple of questions on the guidance specifically around Q1, I was curious that the guidance for Q1 was a little bit lower than what I was expecting. How much of that did the deferred or the acquisition write-down from NTI affect Q1?

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