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Perot Systems Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question will come from the line of [Rod Bourgeois] with Sanford Bernstein.

Rod Bourgeois - Sanford Bernstein

Hi guys, I just wanted to first ask about some of your thoughts about your revenue growth for 2008. As you pursue the smaller deal healthcare market, what kind of growth do you see coming out of that initiative and how long will it take to ramp it up? And then, I guess, the second part of the question, I'll go ahead and throw out now is, is to what extent do you anticipate investment requirements and execution hurdles as you pursue more aggressively this small deal healthcare market? And so, part A is, what is the growth prospects? And part B is, how much will it cost to get there?

Peter Altabef

Rod, thanks for the question. I'll actually start the answer and then I'll hand it over for John as well. The community health system market for us, and I do want to stress this is not new. So, we have been working with smaller health systems for several years. They tended to be overlooked because you have these giant TCV deals, but it is something that we are used to doing and we have got knowledge of the market. We had added to our capabilities in that market. So for instance we have traditionally had significant capabilities on the clinical implementation side or on Epic and McKesson and Cerner and we now added Meditech significantly with the acquisition of JJ Wild.

The other thing that JJ Wild gave us last year was really an immediate familiarity with a host of hospital systems that we simply were not at before. So, from a sales pipeline standpoint, it really opened up our ability to have immediate access to a lot more clients. But the services we were providing around IT, around infrastructure work, around revenue cycle, and around administrative work were all services we'd actually already provided to what we call community hospital environments.

So, I want to stress, what happened last year is, we got access to more faster and we got some more capabilities with the Meditech focus, but it is not brand new stuff. And I think that means that we feel pretty good about the pipeline and our ability to close these and as you pointed in your question, our ability to do these successfully.

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