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CyberSource Corporation Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions)

Your first question comes from Colin Gillis from Canaccord.

Colin Gillis - Canaccord

Good afternoon, everybody. Congratulations.

Bill McKiernan

Thank you, Colin.

Steve Pellizzer

Hi, Colin.

Colin Gillis - Canaccord

Bill, as you're headed to 2008, what are the top three challenges that you're facing?

Bill McKiernan

Yeah. I don't think they are any different from what we've faced in the past, Colin, with the exception, possibly, of sort of the macroeconomic trends, which we don't have too much control over. But at this point, it's really all about execution and that's across the company. It's about pursuing the international opportunity that I talked about. I think we've got good early traction there, but certainly much work to do. We want to continue to enhance our fraud capabilities, want to enhance our capabilities in the merchant acquiring area. So those are probably the three big focus areas for 2008.

Colin Gillis - Canaccord

Got it. And then just historically, if I recall going back over the years, Q1 had extra expenses always tied to sales and marketing events. Is that pattern still the same this year?

Steve Pellizzer

Yes, I mean it does tend to be more of a marketing focus quarter. I mean part of what you see though, when you look at our first quarter, is the impact that Authorize.net has for the full quarter. We

only saw two months of their activity in Q4, and they've got significant sales and marketing expense when you look at their OpEx line. And it's really attributable to the commissions that they pay out to their channel partners. So that's also a driver in terms of sales and marketing line for Q1.

Colin Gillis - Canaccord

Got it. Both of those are just Q1 events, right?

Steve Pellizzer

Yes.

Colin Gillis - Canaccord

And then, just finally, in terms of the customer adds in Q4, I mean typically merchants don't really like to switch. You had another strong quarter in December quarter, anything that's driving that?

Steve Pellizzer

Yeah, it's just general strength in the business. I think the combination of Authorize.net and CyberSource is a powerful one. I think the market is reacting very positively to that.

Colin Gillis - Canaccord

Okay, great. Thank you.

Steve Pellizzer

Thanks, Colin.

Operator

Your next question comes from John Maietta from Needham & Company.

John Maietta - Needham & Company

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