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Trimble Navigation Q3 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Our first question will come from the line of Paul Coster with JP Morgan.

Paul Coster - JP Morgan

Thank you. Raj, perhaps you could just elaborate a little bit on the deferred revenue, I think I missed it slightly. You started off, it sounded like it was software related and in the end, actually the conclusion if it's more related to the @Road service. Can you just sort of clarify a little bit that please?

Rajat Bahri

Sure. Actually, Paul, it is both. It's related to @Road as well as, it's related to the fact that our increasing portion of our products are becoming more software oriented and as being sold as the bundled solutions. So, both of those factors are driving growth in our deferred revenue balance.

Paul Coster - JP Morgan

It would therefore make sense that what is in the deferred revenue balance probably is higher than the average margin for the Corporation, is that correct?

Rajat Bahri

Well, the hardware margin tends to be a little bit lower than the base. But the other portion, yes, the remaining portion should be at much higher margin revenue.

Paul Coster - JP Morgan

Okay. Any currency effect that we should be aware of this quarter?

Rajat Bahri

Yes. The dollar did weaken against most of the currency. So, we did get slight revenue uplift because of that. And on the operating income, we had a slight hit because a lot of our expenses are in Europe, the R&D expenses, New Zealand. So, we had a slight positive impact on the revenue and a slight negative impact on operating income.

Paul Coster - JP Morgan

Can you share with us the subscriber growth rate for the Mobile Solutions business and the churn rate, if possible, and how that's trending?

Rajat Bahri

No. We've decided long ago that we wouldn't disclose the subscriber related numbers that we prefer to be graded on our financial performance not on subscriber performance.

Paul Coster - JP Morgan

Okay, got it. And then my last question; you mentioned that some regions in North America are a little bit soft at the moment. Can you provide us with a little bit of granularity there please, Steve?

Steve Berglund

Yeah. So, it is variable. They are the logical places such as Florida, which right now is down, as you would expect. And then in certain areas in the Southwest, but it's actually quite catchy as to on a regional basis. Now the other factor is that if you really dissect the data and look for meaning in the data, it's not just regional, it's actually different customer groups are reacting differently as well. And some are actually down; some are up sharply.

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