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SumTotal Systems Q4 2006 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. The floor is now open for questions. (Operator Instructions). Your first question is coming from Eric Martinuzzi with Craig-Hallum Partners. Please go ahead.

Eric Martinuzzi - Craig-Hallum Partners

Thank you. Good afternoon. I have a question on your Federal business -- I saw you had the large win with the VA this quarter. I was wondering if you can talk a little bit about how that is looking for 2007 versus 2006?

Dave Crussell

In terms of Federal business, 2006 was a year where we certainly had some key wins, but we didn't see the consistent deal flow that we're looking for during the year. I think the increased presence and our expanded suite are going to play better in the Federal marketplace during 2007. So I've hoped a little bit more consistency of our win rate in that marketplace as well as the adjacent marketplaces in state and local government.

Eric Martinuzzi - Craig-Hallum Partners

When you say increased presence, was there additional marketing dollars, additional sales people?

Dave Crussell

Additional marketing dollars and access channels into the marketplace.

Eric Martinuzzi - Craig-Hallum Partners

Okay. And then how does the performance management play, is that an opportunity?

Dave Crussell

Yeah absolutely, this is an emerging opportunity in the federal place and very active opportunity in state and local governments.

Eric Martinuzzi - Craig-Hallum Partners

Okay. And then lastly a housekeeping item here, share account for Q1, what should we use for that?

Neil Laird

Let me get back to you on that, I will answer that in a minute, Eric. Let me look at it to give you an exact number.

Eric Martinuzzi - Craig-Hallum Partners

Thanks Neil. That's it from me.

Neil Laird

Eric, I would say about \$28 million.

Operator

Thank you. Your next question is coming from Andrey Glukhov with Brean Murray. Please go ahead.

Andrey Glukhov - Brean Murray

Yes, thanks. Congrats on the good quarter. Neil, can you -- or Don can you talk about the conversion of Pathlore customers to your on-demand solution which was one of the, I guess emerging initiatives that you've put in place this year?

Dave Crussell

Yeah, I see. This is Dave. I will respond to that. We looked at the Pathlore customer base in the different segmentation of the customer base. We are very active in the selling cycle with the number of customers to migrate them to the ResultsOnDemand solution, where the footprint is more within the customer side. We are able to kind of show them the cost effective and benefits in moving forward with that solution. Other parts of the Pathlore base are actually more receptive to more of the traditional large enterprise type solutions provided by perpetual licenses on those things.

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