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BroadVision, Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) The first question comes from Joe [Romelli] – Unknown Firm.

Joe [Romelli] – Unknown Firm

I had a thought you guys had actually gone through the perfect storm before and I know you alluded to a lot of this and you came out the other side lean, hungry and with a wad of cash whereas a lot of your competitors are going to be forced into a position where you were several years ago where they are laying off people and dealing with the negative effect on employee morale. It seems like actually in a weird way this could really benefit you coming out the other side.

Pehong Chen

We believe so. We think a low sort of market like this; smaller guys have some advantages like us. We don't really depend on big deals and I think we have tuned ourselves in terms of product offerings over the last few years so that we can survive with more smaller deals than in the past which still a lot of companies are dependent upon these mega elephant size deals. I think that is really probably what the future is going to lead us to. To be more nimble and be able to address with very high quality and superb technology but being able to really play small.

Joe [Romelli] – Unknown Firm

Some of the competitors' cost structure would not allow them to compete for \$200,000 deals I would imagine.

Pehong Chen

Exactly. That is where it is going to be where the rubber meets the road. For however long, nobody knows how long this downturn is going to be but our goal is I think we are well poised to come out of this either organically or through other means to become more competitive.

Joe [Romelli] – Unknown Firm

The other question was on CHRM. Are you having?it must be the issue with changing customers' perception of BroadVision as the e-commerce company to have them look at you in another light as a SAS human resources vendor. How are you going about changing the perception and with the marketing message how is that being received in the U.S.?

Pehong Chen

I think that is a matter of educating everyone. The market we are targeting for CHRM tends to be a smaller SME, maybe average size of 500 employees. These companies tend to be newer so I think in some sense they probably don't have as much of a past experience with us as perhaps some of the e-commerce players would be. So in theory it probably is maybe confusing but in practice we don't believe it will be a big issue. The important issue right now is for everyone to understand historically our business has always been very balanced. We have one-third in B2B, one-third in B2C and one-third or more in B2E. Our CHRM really is a new business model indeed which is SAS but it is really just an extension of our traditional historical portal/B2E business providing more value at a lower cost to our customers. So once we explain that or people understand our background in that well balanced legacy they very readily accept that being a very strong pedigree frankly.

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