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## Phase Forward Incorporated Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator's instructions) Your first question comes from Steven Crowley - Craig-Hallum Capital Group.

#### Steven Crowley - Craig-Hallum Capital Group

Question for you. In terms of some of the hits from currency, did you experienced some of that hit in Q3 and is the hit you have historically or future exclude more to either license or the service line?

#### Rodger Weismann

No, actually we did not get in that hit from it in Q3. We actually had a slight positive effect in the range of about 3% on our revenue line in Q3. Most of the FX happened actually and start to happen in August and then September. In terms of the and one of the items that it gets hard for us to forecast the FX is it is not necessarily in the media fit to the revenue line because a lot of our revenues are build in advance, annually in advance. So, it depends on what the exchange rate was at the time of billings and I think on the license portion where we have more of the license that is build annually as oppose to the service which is a lot of that build closer at the time we recognize revenue that it also depends of which way the exchange rate move and goes. It can have differing effects depending on the movement of different periods to license and service. In this case I think the license waned legs the FX impact compared to services.

#### Steven Crowley - Craig-Hallum Capital Group

Okay that is helpful as we look at Q4. Now, in terms of the license line in Q3, there was a bit of a sequential decline, is that a function of just the short-term volatility in that line or is it representative of any kind of trend in new license business?

#### Rodger Weismann

No, a particular downtick is not represented of trends. The overall trend that has been going on that we have talked about now for a year which is almost all of our incremental purchase of trials are in the ASP model rather somebody taking an in house license.

#### Steven Crowley - Craig-Hallum Capital Group

I guess it depends whether or not we look at that as any kind of a growth business being a growth component to your story, let us say 5% or whether or not it flat lines here in terms of absolute dollars. That is an outstanding question, any visibility there would be great.

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