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ShoreTel, Inc. Q1 2009 Fiscal Year Conference Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Your first question comes from Sanjiv Wadhvani.

Sanjiv Wadhvani - Stifel Nicolaus & Company

Thanks so much. Couple of questions, either for John or Mike. Just to be clear you haven't seen any slowdown from customers in terms of delaying purchases or suggesting that we had this project in mind that they are going to sort of revisit this lets say in six months, or anything like that?

John Combs

We do a weekly forecast call with our sales team. And we monitor there is metric very carefully. And the number of push-outs that we see is not dis-proportionally higher or hasn't been higher in this quarter than we have seen in prior quarters.

Sanjiv Wadhvani - Stifel Nicolaus & Company

Got it. So, obviously the guidance is just adding a level of conservatism to what you are seeing around you and on CNBC etcetera?

John Combs

That's true. What I would say is, as I mentioned our proposal backlog is very strong. I toured, I spent a lot of time out in the field and I am not receiving negative feedback. Just last Friday I was on a conference call with over a 100 of our partners in the South East and I asked them the question what are they seeing and we have a very tight relationship with our partner network. If they saw something negativity they certainly would bring it up and they didn't bring it up. The challenges I see in terms of our decision to lower the guidance was that I kind of feel like we are standing in middle of the rain-storm and not getting wet. There is so much energy around the negative situation and I'm not quite sure when it's going to affect us.

We do have holidays coming up at the end of the quarter and we've got a lot of promotions and incentives to drive customers to order early. But that always put the question mark out there. We know that access to capital for both our partners and I knew the customers could potentially impact us. And proposal sales tracking pipeline system, really focuses on the customers in the last half of the cycle. So those customers who are going to get closed in October, November and then later in December. We are really focused on near term. So we really track very well, the last half of the

proposal cycle, but we don't have the same kind of visibility up into the number of customers that come in at the top of the pile.

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