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L-1 Identity Solutions, Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator instructions) Our first question is coming from Brian Gesuale with Raymond James.

Brian Gesuale – Raymond James

I wanted to dig into guidance a little bit, Bob, particularly in the fourth quarter. It looks like you're guiding somewhat of a sequentially flat quarter even though it appears that bookings have been very strong and you do pick up an extra month or month and a half of Digimarc. Can you maybe take us through some of the things that drive that figure, please?

Bob LaPenta

Yes. I think, as I noted, we're taking this opportunity to be, I want to say, conservative and very constructive. Biometric Group is coming into the quarter with a very robust backlog. There is some seasonality in the numbers. The Intelligence Group experiences fewer bookings in the months of November and December because of holidays. They're basically bill-by-the-hour type businesses and so there's an impact in November and December in the Intelligence Group.

We also experienced a little bit of an impact at IBT because of the hurricanes. Some of our big sites in Texas were impacted by the hurricanes and also, a new super-site that we opened up in Houston for the TWIC program had been impacted also. So we're forecasting maybe a slower ramp-up than actually may be experienced.

We also are being conservative in the amount of shipments we're going to make out of Biometrics. If we're successful in shipping the expansion modules and if we're successful in booking and order that we believe is eminent for Afghan HIIDES, we may be able to exceed that number. But again, we didn't include it; we want to be conservative.

So really, we think it's a conservative number. We put relatively flat sales in there for Digimarc. We're continuing to be careful there until we firmly get those divisions together. But I've got to tell you, I'm excited and I think our preliminary estimate of the \$10 million of synergies that we expected by this combination is going to be exceeded.

Brian Gesuale – Raymond James

That's helpful. Maybe just a follow-up question on some of the key programs, could you give us an update on two in particular and any others you feel, but HAZPRINT and maybe on the product

side talk a little bit about HIIDE and how much visibility and growth you've kind of put into that 2009 number?

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