



SonoSite, Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator instructions) And we'll go to Alan Robinson, Royal Bank of Canada.

Alan Robinson – Royal Bank of Canada

Hello.

Kevin Goodwin

Hello, Alan.

Alan Robinson – Royal Bank of Canada

Hi. You've mentioned delays in sales trends at US hospitals. Can you comment or expand on any similar delays with European sales?

Kevin Goodwin

I haven't seen those at all, Alan. Our book of business in Europe is on track as of today. So we haven't had that happen to us at all.

Alan Robinson – Royal Bank of Canada

And back on the US sales picture, are you seeing significant differences between sales to the hospital channel and sales to the physician's office channel?

Kevin Goodwin

Well, the delays that we've seen are almost all on the hospital side; let me say it that way, and the trend line in the office is good, but certainly there is uncertainty out there. So we haven't quantified any delays in private office buying but certainly on the hospital side.

Alan Robinson – Royal Bank of Canada

Have you got any sort of color with respect to some of the causes for these delays, whether they are just a general conservatism on the part of office administrators or whether the difficulty in obtaining financing is coming into play?

Kevin Goodwin

No, it is mostly temporary freezes. So a lot of the items that are on the shelf so to speak, are 30, 45, 60-day freezes; some are longer; a few are indefinite. The majority are short-term freezes, so it appears that a lot of hospitals are just taking a little pause here. I can't tell you what's going to happen to all those but it does not seem related to any shortage of getting financing but rather just a more conservative posture which I think is understandable.

Alan Robinson – Royal Bank of Canada

Okay. And then just finally, you've got my attention Kevin in your prepared remarks where I think you observed that interesting point-of-care imaging is on the rise perhaps at the expense of more expensive ultrasound system, did I get that right? Could you perhaps expand on that?

Kevin Goodwin

We're seeing more and more clinicians start to vocalize the benefits of high-resolution point-of-care ultrasound is one example and where they don't need in certain cases, when they're managing patients to order X-rays and CTs and such as much as they have in the past because they were able to get the answers they want. That's not a commentary on substitution one way or the other what's clinically appropriate, but I definitely see us heading into an era where people are starting to look more carefully at whether they can get the answers they need clinically and immediately with point-of care ultrasound and avoid these confirmatory, sometimes perhaps unnecessary other tests. So I find that encouraging to hear it as a dialog point coming out of the recent trade shows.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.