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Volcano Corporation Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions). We'll take our first question from Mike Weinstein with JP Morgan.

Mike Weinstein – JP Morgan

Thanks. Good afternoon, guys.

John Dahldorf

Hi, Mike.

Mike Weinstein – JP Morgan

Hi, there. Let me start with a couple items. First, I would hope that you could just elaborate a little bit on what you're seeing at hospitals right now. You commented that you were seeing very little impact in the credit environment. If you can add anything to that that would certainly be appreciated by everybody. And second, could you talk a little bit more about the FFR opportunity the same day it was probably the highlight at TCT. It would certainly seem like there is a bigger opportunity there than what we focused on. So, could you spend a few minutes on how you capitalized on that and any potential involvement from either the FDA or from CMS would be interesting? And then I have some product pipeline follow up. Thanks.

Scott Huennekens

Yes, so, on the hospital question, first. You saw our numbers for capital placements in the quarter well over 200 units, our projections are for well over 200 again in the fourth quarter. And we have – we're U.S., Europe and Japan. If you look at the U.S. deal, we don't see anything in Europe or Japan. It's like a handful of things in the quarter out of 100 plus deals where people are delaying or waiting maybe a quarter. This is usually in the case of hey, we're going to add a fourth room or fifth room and we'll just wait on that room. But if they're just retrofitting their existing four rooms with IVUS those are go aheads because the capital is not much. It's when it's tied to a new room that may be over \$1 million and they want to just see what's happening or when they're building in. Even the people who are building new hospitals like at a Cleveland Clinic and the like there is no slowdown. They're committed to capitals raised. They're doing it. So in our view it's ending up being a very, very, very small portion of the business when you talk about a small percentage of the 25% of our business and it being only the U.S., which is 50% of that.

Mike Weinstein – JP Morgan

Scott, maybe what would also be helpful is what percentage of your console sales are tied to new cath labs versus existing labs?

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