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## Interactive Intelligence Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator instructions) Your first question comes from the line of Shyam Patil - Raymond James.

#### David Eller - Raymond James

Hi, this is David Eller filling in for Shyam. Could you tell me about your level of visibility in product revenue for a quarter from now and a year from now and kind of what that is based on and then also how much of that product revenue, when you categorize, is recurring?

#### Don Brown

Well, I will let Steve answer some of the recurring portions, the numeric portions but just on a global level, we have a sales tracking system that we use. It is actually built on top of our products that allow us to see the forecast and pipeline for all of our sales people. That is not something that we announced, that we quantified publicly but we do keep a very close eye. We think we got a relatively good look at Q1 but obviously this as we go further into the year which is the reason that under the current circumstances, we elected not to provide any specific guidance.

#### Steve Head

As far as what comes from our current customers for the year this year about 56% of the orders were from current customers and that compares to 63% last year and 55% a year before. So, as we talk about the forward, it is a pretty steady part of our business. We did see softness especially in the second and third quarters but some improvement in the fourth quarter.

#### David Eller - Raymond James

Okay and then the next question I was just going to ask about increased competition, are you guys seeing competitors giving very aggressive more than usual in terms of pricing or with other factors?

#### Don Brown

Paul, you want to answer that from the field?

#### Paul Weber

Sure, we had seen some instances where people are dropping their prices significantly. I cannot say that is anything really new. A lot of the business we are doing, we are replacing existing systems and

when those competitors signed out that they were in their shopping and the company is considering replacing us, one of the last moves they typically do is drop their price extremely low to try to keep the competition out. But other than that, I have not seen anything significantly changed in the last quarter or so.

**David Eller - Raymond James**

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