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RightNow Technologies Q4 2008 Earnings Call

Question-and-Answer Session

Operator

(Operator Instructions). Your first question comes from the line of Brent Hill - CitiGroup.

Brent Hill - CitiGroup

Thanks. Good afternoon. I was wondering if you can just comment on the guidance. I think it implies roughly 7% to 10% year-over-year of revenue growth for '09. Your visibility on that revenue stream uncertainty around that revenue at this point early in the year.

Jeff Davison

Sure. As you know, based on the model, we have got certain amount of visibility into revenue for next year based on the deferred revenue. The range we have given 150, 155 includes flat professional services, so we have looked at that staying as consistent and the growth is in the recurring revenue and the 15%, slightly below what we have seen in 2008 which was at 20% but given where we are in the year that is kind of how our outlook is given the economy.

Brent Hill - CitiGroup

An just on operating margin side, I mean, as we look at this how do you think about this now as you are turning positive. How do you think about the operating margin improvement as you look at it by year zero on midterm goal that you can set in terms of where you think you can have margins or set back to over time or is it just too early to tell?

Jeff Davidson

I am not completely following your question. The operating margin improvement we are going to continue to see over the year. The high end of the guidance is around a little over \$7 million of non-GAAP earnings which is a significant improvement over where we ended in 2008.

Brent Hill - CitiGroup

Okay. I guess it is just in terms of a mid-term target in terms of where you think the operating margin could eventually end up. I know you mentioned \$7 million on non-GAAP earnings but just in terms of where you think the overall operating margin can settle in over the long haul?

Jeff Davidson

Well, again our long-term target has not changed which was 18% to 22% and we have historically calculated that being on a 3 to 5 year goal, at this guidance here obviously sets out significant improvement and traction getting towards that by the end of this year.

Operator

Your next question comes from the line of Brendan Barnicle - Pacific Crest Securities. Please go ahead.

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