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Gartner Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) You have a question from Jeff King – William Blair.

Jeff King – William Blair

Hey guys. Could you talk about how much your sales cycles have lengthened and also if business was weaker in the enterprise or the middle market?

Gene Hall

Basically we haven't measure precisely how much the sales cycles have lengthened, but looking we do reviews very frequently of individual deals and it's our observation that the number of steps it takes to get a deal closed are more than they were a year ago. And as I mentioned in my comments, in many cases, in most cases, if you went back a year ago in past times you wouldn't have to take any of our, most of our contracts up to being signed off by a CFO of the company.

Now, because the cost controls many companies have put in place, people still want to buy but they have to go through our clients who want to buy it, they have to go through more hurdles internally to get it approved, and that's lengthening the sales cycle. And so we haven't measured it precisely but it's very obvious that that's what's going on.

If you look at it in terms of by – if you look at our performance across industries and size of companies we've had similar performance across all industries and all sizes of companies in all geographies for that matter with APEC being slightly better, but the performance has been equal across all of those. So we haven't seen the smaller companies get worse than larger companies or something like that, and same thing by industry.

Jeff King – William Blair

Could you guys also talk about your consulting business? So are projects being canceled or are they just shortening?

Gene Hall

So as you saw in our consulting business we actually exceeded our expectations in Q4. What we're seeing on a go forward basis is not projects being cancelled but just that our backlog is down more

than we would have expected. And so that's sort of what's been going on. So it's not projects being cancelled, it's more just fewer new projects. One thing Chris mentioned is our contract authorization services are not included in our backlog and so it doesn't reflect that.

Jeff King – William Blair

But could you just comment on why you think the backlog is down so much?

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