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## SuccessFactors, Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Brendan Barnicle - Pacific Crest Securities.

#### Brendan Barnicle - Pacific Crest Securities

Guys I was wondering if you're seeing some customers use the product in any different way or see a different emphasis on a product that you've got as a result of the economic environment.

#### Lars Dalgaard

Yes, we're absolutely seeing customers use it differently and more because this is a tool that they can use immediately to make the decisions right now around who should stay and who shouldn't, and exactly what people should be working on and what they should not be working on. And we can of course track that with their own systems since every one of our users are on demand, we can exactly track that. And we have built our own systems to track and it's very exciting to see how solid we are inside of these accounts. And maybe that's why our sales to existing customers are up that much as well as our renewals are improved.

#### Brendan Barnicle - Pacific Crest Securities

And Bruce gross margins had a nice up tick. You see that usually this time of year. Should we think about that rate as sort of the sustainable rate or is that just seasonality?

#### Bruce C. Felt, Jr.

Yes. That was an up tick. It's not actually always an up tick in Q4. I mean you might note Q4 of last year, it actually went down. So the fact that we were able to have it go up at the same time having the higher quarter of overall business I think just shows how well we were able to manage the costs that go into cost of goods sold. We are hopeful overall on both gross margin and operating margin to improve it during 2009. We aren't going to specific quarter-by-quarter but we do expect to see improvement going forward.

#### Operator

Your next question comes from Michael Nemeroff - Wedbush Morgan Securities Inc.

#### Michael Nemeroff - Wedbush Morgan Securities Inc.

Lars, when you guys decide that market conditions are sufficient to grow at the rates that you were growing prior to the start of the economic downturn do you anticipate ever going back to burning cash? Or will the company – will you make a commitment to keep the company cash flow positive going forward?

**Lars Dalgaard**

Thank you Michael. There's just so much richness in the renewal stream and it's now so large that that would be extremely hard for us to imagine that than any consideration. And it's just – we're just a company where everybody has been so focused on getting us through these five years of getting the global scale, getting the global suite, complete suite and getting all the geographies and all the segments out. And we're where we need to be now with that. And we can begin to really harness it and still grow and penetrate and grab market share with the scale where we're at now.

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