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Tekelec Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from [Vijay Bagabat] - Deutsche Bank Securities.

Vijay Bagabat - Deutsche Bank Securities

Are there any pockets, any specific geographic regions where you're seeing the most opportunities, the most scope for growth this year and next?

Frank Plastina

I think from a geographic perspective we still continue to see growth in the emerging markets, but that's somewhat offset by some of the issues that we talked about in our prepared remarks. So the subscriber growth continues in those markets. For example, India during the month of January added 11 million subs.

We have worked through some of the issues with our customers; we expect to continue to work through them. But we have to be a little bit muted with our expectations because of that currency risk and the ongoing credit risks, especially bank to bank lines of credit, things like that that we alluded both in the prepared remarks this morning and in our last call.

We also see some pretty good opportunities in some of the developed markets, even in the U.S., for our newer parts of our portfolio. We think the mobile messaging market and the performance management market offer some pretty good opportunities for us to leverage our installed base of EAGLEs and move that market forward with some of our new portfolio.

Vijay Bagabat - Deutsche Bank Securities

And then to follow up, do you see competitive trends and pricing pressures intensifying this year in any way? Any meaningful change in the competition or in pricing this year?

Frank Plastina

It's an interesting question. I would say no, in general. What we're seeing more from a visibility perspective is that jobs and orders are moving to the right. It's not due to competitive losses, it's more due to internal pressures on CapEx budgets. I'll give you an example. If there was a \$5 million opportunity, customers are now piecing that apart and making it two \$2.5 million opportunities or 221. They're really dribbling the orders out and that is really what's making some of the visibility difficult.

We're not seeing any additional competitive pressures that we haven't already seen in the past on the signaling side. In fact, we think the EAGLE XG announcements will actually not only leverage the strength of EAGLE but put us that much further ahead as far as being the number one player on the signaling layer.

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