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TomoTherapy Incorporated Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Your first question comes from the line of Mark Arnold from Piper Jaffray. Please proceed.

Mark Arnold - Piper Jaffray

Good afternoon, guys. I think your fourth quarter numbers here surprised a lot of people. Maybe I'll just ask a couple of clarifying questions. On TomoDirect, you guys talked about being on track to begin shipping in the second half. Do you still think that will probably be sometime this summer defined as, I guess the third quarter or you know, is there anything there that's changed. Do you guys still feel comfortable that, kind of the time line that you gave back at ASTRO is about the same today in terms of when you begin shipping those orders?

Fred Robertson

Mark, we still are anticipating shipping by the end of the third quarter. We have a functional system in our bunker here, and we have customers in-house running the system through the paces. So we are right on track.

Mark Arnold - Piper Jaffray

And can you give us any -- you probably don't want to give too much color on sales on TomoDirect, you didn't provide any number specifically. But, can you give us any indication in terms of, are you seeing better results on new orders with TomoDirect or upgrades or any sort of magnitude that we can gauge, kind of, how you guys are doing on that front?

Fred Robertson

We're seeing both orders for upgrades as well as new orders. We expect that that momentum will build as our early adopters develop clinical experience.

Mark Arnold - Piper Jaffray

Okay. Just moving on, Japan, you've got the Hitachi agreement completed. Did you guys add any orders back to backlog, as of yet? And, do you expect to add any back here maybe in the first quarter?

Fred Robertson

We have added a handful of orders back to backlog. We are in the final stages of -- this is shown in regulatory transfer and we expect then the sales momentum to gradually ramp up.

Mark Arnold - Piper Jaffray

Is it fair to assume that you've assumed not a whole lot of contribution from that here in 2009, there might be some upside from that agreement here even this year?

Fred Robertson

We have pretty modest expectations for performance for 2009, so we believe that for the long term this represents a critical market to compete in.

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