

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

Kenexa Corporation Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

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

Brendan Barnicle – Pacific Crest Securities

I just wanted to follow up on your guidance there. Should we be assuming a similar breakdown between subscription revenue and other revenue, as we saw in Q4? And so basically have this currency impact hit universally?

Donald Volk

Yes.

Brendan Barnicle – Pacific Crest Securities

So for that 83% type rate is about the right level to be at?

Donald Volk

Yes, trending a little bit higher to 83% to 85%.

Brendan Barnicle – Pacific Crest Securities

And then also, a lot of buyback activity last year. What should we be using for a share count assumption in Q1, and what's that buyback activity look like going forward?

Donald Volk

Go ahead, Rudy

Rudy Karsan

Well for a share count perspective it's 22.5.

Brendan Barnicle – Pacific Crest Securities

Oh, that's right. You gave guidance on that.

Rudy Karsan

Yes. If we go looking forward, Brendan, you know we have a line with P&C, and that line has certain covenants in it. So with the write-down off the intangible goodwill, we'll be negotiating with the bank once we get a better handle on our debt facilities and get more clarity and visibility in the auction-rate securities we will make further buyback decisions later on through the year.

Brendan Barnicle – Pacific Crest Securities

And then, just lastly, Rudy, you were mentioning benefits and consolidation that you were expecting to see and had seen. Who do you expect to be taking most of that share from?

Rudy Karsan

A lot of the smaller players that have either vertical specialties or they are organizations that may have two or three clients to it, those are the kinds of companies that we would expect and no names mentioned. Troy, do you want to add anything to it?

Troy Kanter

It's a trend that we're seeing in the sales cycle now, that in due diligence, the financial due diligence piece in this environment has become a major gating issue. Though as that continues to be a major gating issue, we'll see that to be a benefit for Kenexa, given sort of our history of profitability and stronger balance sheets. And we'll see that to continue to put additional pressure on a lot of our smaller to mid-size competitors, beyond what they're currently experiencing, just given the downturn that we're all dealing with.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.