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PROS Holdings Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Tom Ernst – Deutsche Bank.

Tom Ernst - Deutsche Bank

I apologize for the background noise. I'll try to mute out while I am not talking. So, my question is I think all of us or many of us in the Wall Street un-appreciate that the customers want your product and like the product and it's no surprise that there is delays in implementation, what I guess is surprising is that you made the high-end of your bookings target.

So, the question for you is. Was there something anomalous in that, was there one big deal? Was there perhaps an extended term contract? Or perhaps did you just make it in the first half and the second half was very weak? Thank you.

Bert Winemiller

Well that's a great question. Charlie you want to --

Charlie Murphy

Yes, let me take that Bert. Tom, I think you really headed here. What happen in the fourth quarter of 2008, the contracts we closed and I want to remind everyone that we did come very close to the high-end of our booking guidance, but the contracts we closed came principally in the month of December.

So, when you close business in the last month of a quarter obviously it gives you very little opportunity to get any revenue in that quarter, which we did in the fourth quarter of '08 and similarly there is ramp up time between the time you book the business and you actually can really ramp up and get the full benefit of those bookings in the quarter. So, we are not getting the full benefit of the bookings in the first quarter of '09 from the bookings we got in the fourth quarter, so that's one factor.

The other is, we mentioned that there was one project that postponed, with hope they'll restart in 2009, but that revenue from our guidance purposes is taken out in the first quarter entirely. Then we did have a project that delayed, as you mentioned delays are not surprising. We've had projects delay in the past, some accelerate. We just had, I think the convergence of basically two to three items here that are impacting Q4, at the low end of the guidance we are still very pleased with that, but I think more importantly impacting the first quarter.

Tom Ernst - Deutsche Bank

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