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Guidance Software, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Phil Rueppel - Wachovia Securities

Phil Rueppel - Wachovia Securities

It sounds like Pay-Per-Use is really off and running, can you give us any metrics for the deals so far, any cases perhaps that have been run through the system or revenue realization, and to the size of the installations, is that meeting your expectations.

Victor Limongelli

When we introduced Pay-Per-Use there were essentially three variables that concerned us. Number one how quickly could we sign up customers, number two how much cannibalization would there be of our traditional perpetual business and number three how long would it take to ramp up customer usage. So far we're pleased with the sign up rate, and the cannibalization of perpetual deals really did not occur in Q3 or Q4. The third variable I think is still open.

Of the 20 Pay-Per-Use customers that we signed up last year the implementations really started to get under way in a meaningful way in January and February. We expect to get a small amount of revenue this quarter and for that to begin to increase next quarter. So we'll see but overall we've been very pleased with the Pay-Per-Use strategy and we think it was the right strategy particularly given the economic environment in which we find ourselves.

Phil Rueppel - Wachovia Securities

And just backing up to the eDiscovery market in general as you head into 2009 are there any changes in regulations or competition. I know that both, Symantec and EMC for example are really pushing hard their archiving solutions and partnerships in that space, do you see any change in buyer behavior or the competitive environment in general.

Victor Limongelli

We've seen a lot of interest in bringing some aspect at least of eDiscovery in house. I think if you look at the results of the service providers a number of them have reported, the eDiscovery services business hasn't been as strong as it had been traditionally and we even saw some of that with our professional service business although that's obviously not the majority of our business.

But if you look at the number of customers we signed, we've definitely seen a high interest level for people in bringing some of it in house because everyone is looking to save money. When it comes to the content management companies our view is that we're complimentary to them and I think we've seen that at customers. We now have connectors to EMC's [document] product and open text live link product and in the near-term we expect to release connectors to Symantec's enterprise vault product as well as Microsoft's share point.

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