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eResearch Technology Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Our first question comes from Gene Mannheimer of Auriga.

Gene Mannheimer - Auriga

Good afternoon. As I review the results looking at bookings up 35% yearoveryear, backlog at record levels, yet the guidance reflects or the midpoint of your guidance reflects about 15% decline in revenue. I understand that's due to delays in trial starts. Is that really the essence of the guidance that the delays are taking so long that you don't expect to see this revenue until the outyears? Is that essentially what you are saying?

Michael McKelvey

It's both the delays in the revenue and then the smaller amount of bookings in Thoroughgs. What we're seeing is some pharmaceutical or especially smaller companies decide to go wait until they get funding for their entire program, Phase II or Phase III with a Thorough and waiting until they get that funding to then actually perform the Thorough. That's pushing the Thoroughgs out, and also it's just less new bookings from Thoroughgs as we reported in terms of 14% of bookings being from Thoroughgs.

The third fact that we also mentioned was that more of the bookings are in Phase III that take longer to turn into revenue.

Gene Mannheimer - Auriga

Can you quantify for us the number of Thoroughgs booked in Q4 and at what average price?

Michael McKelvey

We've decided not to give out that information because it's become fairly competitive information. I can say it was roughly the same number, one less than our average. The average price was down about \$50,000 per Thorough.

Gene Mannheimer - Auriga

You don't think that's a trend? just sort of a onetime anomaly?

Michael McKelvey

It's a onetime. One thing we talked about before is Thoroughgs have a wide range. They can go from \$500,000 to \$2 million. It just really depends how they fall in a particular quarter. But we don't see that as a particular trend, no.

Gene Mannheimer - Auriga

And the reduction in the number of Thoroughgs going forward, the number of thorough bookings, is that a function at all of the increasing competition?

Michael McKelvey

We don't think so. It's something that I've asked our salespeople many times. They don't see that as a factor at all. I think it really is related to the reluctance of some smaller pharmaceutical companies to spend in this current environment.

Gene Mannheimer - Auriga

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