

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.

Cepheid Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Your first question comes from the line of Peter Lawson from Thomas Weisel Partners. You may proceed.

Peter Lawson – Thomas Weisel Partners

Hi, John.

John Bishop

Hi, Peter.

Peter Lawson – Thomas Weisel Partners

I wonder if you can give us an indication of those 95 systems, which were new. Was there any trade-ins? Or if so, it is cash or were they rented?

John Bishop

The systems, as we've indicated, Peter, with the programs we have actually quite a number of programs that allow placement of systems on both on a capital basis in that arena. Of course, there is outright purchase. We have capital leases available. We also have a program that has bridged capital, which allows them to obtain a placement on the system and then they have purchased the system generally running at about 6 to 12 months time frame. And then on a non-capital basis, we have the operating lease program that we initiated in the January time frame. So it's actually a combination of all of these programs that are utilized for the 95 systems that you see placed there.

Now specifically in Europe, you want to remember that large number of our systems are sold through distributors. Reagent rental is really the norm of business for Europe. However, the distributor carries that responsibility purchasing the product for us. We then recognize that revenue immediately. Now, where that differs is, for example, where we are direct primarily in the UK where systems there we do place on a reagent rental basis. We are carrying those systems on our books as we place them. However, we have secured financing for those systems, so we are not impacted on a cash basis. So it's a combination of all of these programs.

Then don't remember, I'm frankly pretty excited about the refurbishment program that we are coming up with. We are getting ready to implement that. And that one will be directed, as you have indicated, on trade-up programs. Frankly, I named the XVs, but we are extending it to GX-IVs. So people who have a GX-IV want to trade it on a XV or more go to Infinity-48. These programs are going to be

available. We're also seeing good interest in accounts who want to enter a system even with a IV on lower cost basis or more readily on a XVI on lower cost basis. So I think it's going to be a very good program.

Copyright © 2009 CBS Interactive, Inc. All Rights Reserved.