



SonoSite, Inc. F1Q09 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Your first question comes from the line of Alan Robinson - RBC Capital Markets.

Alan Robinson - RBC Capital Markets

Could you discuss the enterprise channel? There is clearly some strength there in the quarter. Can you give us some colors to what were the drivers of the strength in that challenge here in the quarter?

Kevin Goodwin

Well, that challenge, Alan, handles a range of accounts that are primarily if you will business-to-business or business-to-government and so we had strengthened all aspects to that channel including, of course, the government. The government is about half of the revenue base in that channel and the government transactions are largely military.

So, we have had a strong position in the military market, a very strong franchise now for many, many years and as you probably know that business ebbs and flows. We have had simply good execution, good performance there alongside growing revenue sources elsewhere within the channel.

So, in general, we started to see some more consistent growth and impact from US enterprise and actually over achieved in Q1.

Alan Robinson - RBC Capital Markets

What was very contribution? Was there any impact of the stimulus spending that hit that channel or is that something that you have not seen yet?

Kevin Goodwin

Not we can tell, no, not at all.

Alan Robinson - RBC Capital Markets

Okay. You mentioned that there was a push of, I believe, accounts receivable from the first to second quarter. Can you quantify the size of that?

Kevin Goodwin

Let us see here, well, that will relate to orders that came in, I believe, in the previous quarter. But Mike, any comment there?

Michael Schuh

Alan, it is primarily related to the receivables from the government with just a little bit longer term and that added 12 days to the DSO.

Alan Robinson - RBC Capital Markets

Added 12 days, okay. And then, generally speaking, could you discuss the differences you were seeing in hospital spending trends in the US versus international and to what extent of international markets insulated perhaps from the macro concerns that we are seeing domestically? Could you give us some idea what you are seeing there?

Kevin Goodwin

Well, the first quarter was affected by a broad range of situations internationally. We had the banking crisis in the Ukraine for example it costs us the revenue alongside some other factors in Eastern Europe. We have little dribs and drabs, here and there. Now quite interestingly those have quickly thawed out. We just had a worldwide review last week and we are not hearing from the international organization the constraints on their business and orders that we have seen in the US hospital market.

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