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Websense, Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) We'll go first to Samuel Wilson JMP Securities.

Samuel Wilson JMP Securities

Just two small questions for you. Gene, I missed it, what were DLP bookings in the quarter?

Gene Hodges

Just below \$2 million.

Samuel Wilson JMP Securities

Then on WSG, do you plan on breaking it out how it's doing for investors or are you going to speak qualitatively about it?

Gene Hodges

We'd like to continue to just speak qualitatively about it, unless we deviate from plan one way or the other.

Samuel Wilson JMP Securities

Lastly, how should we judge WSG sort of progress over the next [inaudible] quarters.

Gene Hodges

I think you will see how we do on the incremental billings; it is the largest growth component of the incremental billings. We're seeing even in our international business, which has had a baseline with filtering new customers starting to shift as well. If we get to our billings targets, it pretty much requires we hit and exceed the incremental billings number and that pretty much requires we get to the number on WSG.

Operator

Our next question comes from the line of Daniel Ives FBR Capital Markets.

Daniel Ives FBR Capital Markets

A question, when you look at expenses going forward, you being obviously prudent this quarter, can you talk going forward on specific items? On R&D, are you going to be focusing on maybe curtailing that a bit or on sales and marketing increases? Can you talk about expenses and specifically where you think that you will add and where you think you are going to need to contract.

Doug Wride

If you just look through the income statement as an example, you are going to see a little bit of an increase in cost of goods, not only as a increase in volume, but also with a little bit of impact from the appliance, which has a lower gross margin. When you look at sales and marketing expense, you will get the full quarter of the sales hires that we have talked about extensively.

R&D, we'll continue to build R&D at a much slower pace than we have in the past. But we need to continue to innovate on our expanded product offering. And of course on a technical support basis, you have more products in the marketplace to support. So, I think that pretty much covers it.

Daniel Ives FBR Capital Markets

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