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## Parametric Technology Corporation Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Alright, and our first question comes from Richard Davis of Needham & Company

#### Richard Davis - Needham & Company

Thanks very much. You guys have kind of had a trend towards more channel sales and more focused direct sales and with the number of large deals down and hopefully it doesn't stay down 40%, 50% year-over-year, how do you think about that and the real question is; and this won't make friends in the sales side of your firm, but is there ever a scenario where you go predominantly indirect and do you have channel partners that could handle that; in other words, to help get your cost down as your deal sizes kind of shrink just because you're focusing on the different parts of the market?

#### Richard Harrison

Yes Richard, I'm not sure if we get to predominantly direct. I mean we do want to see the trend continue to move and I'm not sure what the absolute right sort of percentage would be. I think we said earlier we'd like to get it to 65 direct, 35 indirect in the next two to three years. I don't think there's an obvious partner out there that could pick up all of the big major accounts that we have and that would replace our direct sales force.

So, as we win in these large accounts, we continue to move our direct guys up into those large accounts and back down. We send accounts down to the channel, and the channel opens up new accounts and as we build new products and opportunities out like product point, we're able to recruit more channel partners and so I think the mix should gradually go that way, but I think it has a natural end point somewhere. I'm just not sure where it is; maybe it's 50-50. I don't see anybody like IBM that's an obvious replacement for our direct sales force.

#### Richard Davis - Needham & Company

Then the follow-up would be, just with regard to new modules and futures and functionality that you guys are working around on the R&D side. I know you were thinking about analytics and stuff, but are there one or two things that we should be thinking about that will come out this year, that presumably could drive both same-store sales and potentially new account wins?

#### Richard Harrison

Yes, I think that the new news is stuff you've heard before, but it's still known and that is our shift point strategy which is doing quite well and then this product analytic strategy around the Synapsis acquisition and related things that we're working on, which you'll hear in the balance of the year here.

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