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RightNow Technologies, Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). We will go first to Tom Ernst with Deutsche Bank.

Nandanam Bhadiyan - Deutsche Bank

This is [Nandanam Bhadiyan] on behalf of Tom. You have lowered your revenue guidance, but you have raised your earnings guidance. Where do you expect to get the leverage for the rest of the year in terms of improvements in margins?

Jeff Davison

Hi, Nandanam It's a good question. The reduction of the revenue guidance obviously flows through to the earnings, and we have a natural reduction in earnings per share for that. However, given the over-performance in earnings in Q1 and the expense control that we expect to see through the rest of the year, we're able to raise guidance for earnings for the year. So it is a net of the reduction in revenue, but a positive in the expense control through the rest of the year.

Nandanam Bhadiyan - Deutsche Bank

Then just a quick observation on the balance sheet. On the deferred revenue, both the current deferred and the long-term deferred have dropped by \$4.5 million to \$5 million. I know you said the pipeline was strong, but where do you expect to have those numbers? What kind of profile should we model for the year?

Jeff Davison

The reduction in the deferred, both current and non-current, are a direct reflection of the bookings from Q1 and the revenue that we realized. Keep in mind, the 25% is still off balance sheet or not recorded on the balance sheet. That factor stayed about the same.

So when we look at the revenue for the rest of the year, we still have, as we've talked before, the majority of it comes off the balance sheet. And then we do expect to fill the gap with what we perform in professional services and then bookings that will come during the year.

We expect bookings growth and we pull in revenue each quarter from current quarter bookings. So those things combined help me to look at the model and provide the guidance that we are providing today.

Operator

We will go next to Brent Thill with Citi.

Brent Thill - Citi

Greg, as you move through the quarter, did you see any changes in customer buying behavior? There is a number of technology companies that have pointed to signs of some stabilization, obviously not great growth, but did you see anything that changed your view in terms of what you're saying on the buying patterns through the quarter?

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