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Cadence Design Systems, Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

(Operator Instructions). Your first question comes from the line of Sterling Auty with JPMorgan.

Sterling Auty - JPMorgan

Yeah, thanks. Hi guys. With the shorter duration, can you talk about what discounting and pricing in this current environment looked like during the quarter?

Kevin Palatnik

Sure, Sterling. Let me go back to what I mentioned in prepared remarks. The average contract duration was slightly below our guided range of three to four years. That was a contributor to lighter than expected orders for Q1.

Revenue and cash however were not impacted. Therefore, discounts and the like, we didn't see any material change from Q4. So, pricing is relatively holding up.

Sterling Auty - JPMorgan

Okay. Then is that also the same when you look at kind of renewals versus maybe any new opportunities now that I would expect any this year, but is that the same situation on both sides?

Kevin Palatnik

For the renewals that we do have this year, we have done a lot of work looking at what the prior contract was given or compared to the current level of renewal, both in terms of price, discount, duration, and so forth, and there has been no material change between the contract, let's say, three or four years ago to what was renewed in Q1.

Sterling Auty - JPMorgan

Then you mentioned the headcount at the end of the quarter and the changes what was done, but just for simplicity, what should we be thinking about as end of quarter headcount exiting the June quarter?

Kevin Palatnik

Exiting the June quarter, it will be around 4,576.

Sterling Auty - JPMorgan

Okay. Last question, I think could you did give us some color in terms of range on bookings given the environment and what we see? You are reiterating the revenue and such; do you want to update the booking guidance or are you going to wait until the end of the year and kind of give it to us then?

Kevin Palatnik

Sterling, Q1 is seasonally our weakest quarter. So, it is a single data point and it is hard to extract a trend from there. So, at this point, we don't have enough data to communicate anything more than we have.

Sterling Auty - JPMorgan

Okay. Thank you.

Operator

Your next question comes from the line of Rich Valera with Needham & Company.

Rich Valera - Needham & Company

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