

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

eResearchTechnology Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you (Operator Instructions) Your first question comes from the line of Eugene Mannheimer with Auriga. Please proceed.

Eugene Mannheimer - Auriga USA

Thanks good afternoon. Couple of questions first; Mike as we've kind of gone through this reporting season the number of CRO's that have reported earnings, discussed certainly the difficult environment that more over just increases in cancellation rates from the neighborhood of 20% to as much as 45%. So, goes without saying that you saw your cancellation rates trend up sequentially as well. Can you comment on what type of cancellation factors so to speak you're building into your guidance for '09? Thanks.

Michael McKelvey

Thank you Gene. We normally build in a 20% cancellation rate in our forecasting in the future and we will probably continue to do that and maybe slightly -- maybe you can say higher this year just because of there, as you said the trending up. As we said in the prepared remarks there were one very large customer that they cancelled a series of programs. Hopefully those will comeback online. And then there was another large cancellation from a small Biotech or so also. That's the real color on the cancellations Gene.

Eugene Mannheimer - Auriga USA

Okay Mike. And then as we move to the Thorough QT bookings certainly effecting the quarter and the outlook at 9% of bookings, I believe this is the lowest ever I mean since you've been doing Thorough QTs is that right?

Michael McKelvey

I believe that's true, Gene. Yes.

Eugene Mannheimer - Auriga USA

Okay. So, can -- is it safe to say that we've sort of hit the bottom here and things should resume in the back half or were you kind of expecting this type of pattern for the next couple of quarters?

Michael McKelvey

We believe to the best of ability and as we look at our pipeline from the business perspective that the second half of the year certainly should be a lot stronger than the first half for the year. As you can see in our revenue guidance we're assuming that the second half would be slightly better than the -- second quarter will be slightly better than the first quarter. But we do believe that the delayed decisions making will loosen up a little bit, once when funding specially for smaller to mid-sized Pharma becomes a little more available in the second half of the year, yes.

Copyright © 2009 CBS Interactive, Inc. All Rights Reserved.