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Callidus Software Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator: (Operator Instructions). Your first question comes from the line of Mark Murphy of Piper Jaffray. Please proceed.

Mark Murphy - Piper Jaffray

Thank you, Leslie. Just wondering if you have -- Is there any sense from your field organization of the spending environment being less worse or stabilizing or turning the corner here in late March or based on what you've seen so far in April?

Leslie Stretch

Yes. Actually we had a reasonable start in the current quarter. So I don't know if we can say the trend is getting better or worse. But what we see is, for our solution its very, very sticky and I think in the small and mid-market we see people drifting decisions, postponing decisions. But in our enterprise customer base and in the enterprise prospects we see a fairly, what feels like a fairly normal environment and we continue to contract good business there. Sales force are very active. Pipeline is quite exciting as is the partner pipeline. That's a sort of feel I have appear to be at the end of April, first month of Q2.

Mark Murphy - Piper Jaffray

Okay. And then, my other question was, I just want to make sure I heard the numbers right. Is the net cumulative ACV on this quarter of 1.4 million, am I thinking about that the right way?

Leslie Stretch

Yes.

Ron Fior

Yes.

Mark Murphy - Piper Jaffray

Okay, so it's up sequentially.

Leslie Stretch

Yes.

Mark Murphy - Piper Jaffray

Any high level, any feel or how that is going to trend here through the rest of the year? Would you think that Q1 is kind of seasonal low point or do you think that – do you think because the spending environment is different that that might not be the cases here?

Leslie Stretch

I don't know. I think the way we look at it is, that we hope to just continue to increase the net cumulative of the ACV and even if we did annually lets say, flat bookings versus last year, we will grow our revenues very significantly, the recurring revenue line items. All I would say is, there are some significant annual -- contract value opportunities are there for us in a couple different sectors, which I feel quite excited about. I think it's -- that's the way it is really at the moment.

And I think the interesting thing is the enterprise cross trend, we are seeing customers, large customers in traditional industries being prepared to commit to technical, a bit extremely on-demand service software as services itself. And also to recurring business services which sit alongside that. So that's what we are going after and we have got quite a focus and quite a separate new focus on enterprise class business there.

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