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SuccessFactors, Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Brendan Barnicle – Pacific Crest.

Brendan Barnicle – Pacific Crest

On new customer ads, about 120 this quarter, that's lower than what you've had in the last couple of quarters, is that just purely the macro or is there a change in the type of customers you're signing up there that's leading to fewer than we would expect to see, and fewer in the subsequent quarters?

Bruce Felt

First of all, Q1 is the lowest quarter in new business. It's always been the lowest quarter in new customer ads. The other thing is we did see an increase in the overall deal size this quarter and that in its own right generally means that we got more per customer. That's an overall driver.

Of course it is more difficult in this environment to get net new customers, there's no doubt about that. But we're pleased with the number that we go. We're pleased with the outcome from what we got and as Lars mentioned, we've very pleased with the momentum that we see coming out of this quarter.

Brendan Barnicle – Pacific Crest

I caught the three deals that were over \$500,000 revenue, could you give us another stat on ASP's?

Bruce Felt

We'll just say that from last quarter, they were up and we're certainly happy to see that because as we noted last quarter, the statistic that we thought we had to work on the most was simply getting our average deal size up. This quarter we were able to get more users per customer and that translated overall to higher overall deal size.

Brendan Barnicle – Pacific Crest

Great job on the gross margins. You said they would be at that level for the remainder of the year so should we not model any improvement, just keep them at these levels for the remainder of the year?

Bruce Felt

Because we had such a dramatic increase in just one quarter, we were able to hit our target, we think that's just a great number to continue to have through the rest of the year, so yes.

Brendan Barnicle – Pacific Crest

And a similar question over on the CapEx side where you did well there also. Should we be modeling that as a run rate or will we see some changes as we go through the second half of the year?

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