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Guidance Software Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) We'll have our first question from Jonathan Ruykhaver with ThinkEquity.

Jonathan Ruykhaver - ThinkEquity

Hi guys, good afternoon.

Victor Limongelli

Hi, Jonathan.

Jonathan Ruykhaver - ThinkEquity

Victor, I didn't hear, I think you mentioned it, but did you actually recognize some revenue from Pay-Per-Use in the quarter?

Victor Limongelli

We did, we just started to get a trickle of that in Q1. It was in the low five figure range; it's been picking up in Q2 and we expect that to be in the lower to mid six figure range in Q2.

Jonathan Ruykhaver - ThinkEquity

Okay, but it sounds like you've seen pretty good activity. I think the number was 15 new customers in the December quarter and I think you said 21 in March. Are you going to any history as it relates to when you actually announced those customers and then when you actually start to see the usage and hence you get paid?

Victor Limongelli

Yes, we are starting to get a little bit. It takes a little while just to get them implement, right. Somebody closes a deal on March 31, the implementation might not occur until May or June, depending on their schedule of getting equipment, etc. So it can take a little while for that to occur and then it depends on the customer.

Some of them keep going right away and start bringing revenue in and others are a slower restart. We're starting to build a little bit of history on that. We also Jonathan, with respect to Pay-Per-Use deals in Q1 started to do a lot of deals with minimum commitments and we like those a lot better,

because the customer has agreed upfront to certain level of usage. So, we think that will make greater predictability going forward.

Jonathan Ruykhaver - ThinkEquity

Right, so most contracts, when we try distraction of those minimum usage commitments going forward I guess depends on the customer often times?

Victor Limongelli

It will depend on the customer, but that is now our standard approach to these in Q2 and going forward.

Jonathan Ruykhaver - ThinkEquity

Okay and also you mentioned briefly just the opportunity in the service provider market, especially for your Pay-Per-Use model and obviously, I think the service provider market is where a lot of the evergreen kind of growth opportunity is. Can you just talk a little bit more about, who you might be targeting and when we could see these partnerships potentially?

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