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Accuray Incorporated F3Q09 (Qtr End 03/28/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Your first question comes from Erik Schneider of UBS.

Erik Schneider – UBS

Hi, good evening.

Euan Thomson

Hi, Erik.

Erik Schneider – UBS

Just on the last comment you noted that on lowering the revenue expectations that it reflects just inherent variability rather than softened expectations, but we know that the last quarter you made the specific point that you thought that installs could stay above average through the remainder of the year at that point, which is where you got confidence in your revenue expectation at that point. So, why did you have that confidence then, but you don't have it now?

Euan Thomson

When we look at a period, Erik, that's several quarters long, we have customer orders that may move from one quarter to another but still be within a year. When we get down a single quarter left, it is entirely possible for us to have customers –it could only be a couple of customers that move their installations from one quarter to another. And that can move our revenue by \$3 million to \$4 million per installation. So in this case, what we have tried to do is give a reasonable estimate of the range of possibilities that we have, and we don't have the luxury of several quarters to essentially get orders in even though they may move from one quarter to another.

Erik Schneider – UBS

And on the MD Anderson lung study, I think I heard you say that you have – or Anderson has had expressions of interest from more than 40 institutions. Can you give us a sense of how many centers or through IRB are actively enrolling, how many patients have been enrolled, and if you still think it's on target for two-year enrollment at the 1,000 to 1,100 patient number?

Euan Thomson

I think about 50% of them are actually through their IRB approval process. The enrollment, I think, will probably in line with what we initially projected. Of course, all of these studies take a while to actually kick off and get started. We have had the initiative – additional feature of this study is that we've seen the first few patients that were presented with the option of the study, ones that had the CyberKnife option explained to them that we've certainly seen a number of patients opt out of choosing – selecting to go into the study and that should go straight to CyberKnife. And I think that that's an increasing awareness for CyberKnife, which is a very good thing, among surgeons and patients. It certainly presents a minor obstacle to getting started.

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