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Blackboard Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Your first question comes from the line of Amy Junker from Robert W. Baird. Please proceed.

Amy Junker – Robert W. Baird

Hi, thanks. Can you survey by talking maybe a little bit more about ANGEL's product? Are you going to continue to support that similar to what you did for the WebCT acquisition? Are you looking to encourage the ANGEL customers to switchover to Blackboard?

Michael Chasen

Sure. Thank you. That's a good question. In fact, shortly following the closing of the acquisition, we will be coming out with the next version of ANGEL's product 7.4 and certainly there will be a continued upgrade and support of that going forward.

As part of our longer-term product strategy, we do think that there is the opportunity to once again take some of the best features and functionality of the ANGEL product and put into our longer-term product strategy with the Blackboard product. So that is something that we're going to start to dive into planning, but that's a much longer-term process.

Amy Junker – Robert W. Baird

Okay, great. And can you also talk about just the price point for their product? And are we right in assuming it's fairly similar to your Enterprise Learning System?

Michael Chasen

Yes, I mean, their pricing is going to be generally in line with ours. Slightly less license fee hosting approximately at the exact same price, so no material difference.

Amy Junker – Robert W. Baird

Great. I will pass it on. Let someone else takeover. Thanks.

Operator

Your next question comes from the line of Trace Urdan from Signal Hill. Please proceed.

Trace Urdan – Signal Hill

Hi good afternoon. I wonder if you could talk specifically about the transaction systems and Blackboard Connect license sales in the quarter, because it was a little unusual to see them sequentially lower. And I know the economy is tough right now, but I wondered if you could maybe just give some insights into what might have been going on there?

Michael Chasen

Sure. Actually the Blackboard transact line of business is doing well. We had a good number of sales in the quarter, they're just more some low dollar sales, but that was relatively in line with our expectation. Certainly, we are starting to see a little bit of slowdown with regards to Blackboard Connect, just in factors of the overall economy combined with some newer, lower price competition that we are seeing I think yielded some lower unit sales and lower renewals than we had hoped for in the quarter. We are making some adjustments to our packaging as well as our pricing to try to directly – to direct that and we're hopeful that that should address the challenge that we are seeing.

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