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NaviSite, Inc. F3Q09 (Qtr End 04/30/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of James Breen - Thomas Weisel Partners

James Breen - Thomas Weisel Partners

Just a couple of quick questions, first one there's that nice bump up in EBITDA margins this quarter wondering if that's going to be a good run rate going forward and if you've seen pretty much the majority of the professional services business stabilize now.

Arthur Becker

I think that we'll see same quarter comps stabilize now after the fourth quarter because pro services really declined dramatically beginning Q1 of this fiscal year so we think that pro services business will no longer be impairing results after this fourth quarter.

James Pluntze

I think you can sort of derive that professional services number by looking at the revenue guidance and subtracting out the hosting guidance and you can see where we're thinking pro services is going to be in terms of its guidance for the fourth quarter. And as far as EBITDA guidance we are sort of guiding in the same range which I would think would indicate to you that we are comfortable that that is a range we can continue to maintain.

And we also saw some incremental G&A expenses this quarter so had we not seen the bad debt expense or increased legal expenses for the quarter we might have seen a little bit higher EBITDA for this quarter even.

James Breen - Thomas Weisel Partners

And then if you could maybe talk a little bit about CapEx going forward, where it could be and how it might break out.

James Pluntze

CapEx is related to our, the success of our bookings so as bookings would increase we would expect to see a need for CapEx. I think we're cognizant that we don't want to spend too much on CapEx. We want to make sure that its something where our customers are benefiting, we're benefiting so I would

think that the range that we have been in, sort of the \$2.5 million or so to \$3 million a quarter is kind of the range we would expect to continue to be in.

James Breen - Thomas Weisel Partners

Any update on America's Job Exchange.

Arthur Becker

Yes, we decided to respond to questions on that rather than make an announcement. James why don't you just give them a quick summary on that.

James Pluntze

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