

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

## Guidance Software, Inc. Q2 2008 Earnings Call Transcript

### Question-and-Answer Session

---

#### Operator

Yes, sir. (Operator instructions) And we'll take our first question from Jonathan Ruykhaver with ThinkPanmure.

#### Jonathan Ruykhaver – ThinkPanmure

Hey, good afternoon, guys.

#### Victor Limongelli

Hi, Jonathan.

#### Jonathan Ruykhaver – ThinkPanmure

Question related to the EnCase Enterprise products or deals that were pushed out from the June quarter. Does the release of Version 3 have any impact on those customers maybe potentially holding off in anticipation of that new product?

#### Victor Limongelli

I don't think so. If they had purchased Version 2, they would have gotten Version 3 with their maintenance, although they might have waited to implement until Version 3 came out. And it's due out in the next few weeks, so did it have any impact on the last few days of June? The indications they gave us were that it was related to economic conditions or their own spending situations, not the new product.

#### Jonathan Ruykhaver – ThinkPanmure

Okay, so I believe you said that you had five deals over 250K in 2Q versus nine in the previous quarter. Is it your assumption that those deals come back in the next couple of quarters, or are you just not going to build that in based on the uncertainties in the environment, especially given the shift in the model towards this pay-by-use?

#### Victor Limongelli

Yes, it's a good question. So, I think if you look at the number of deals we actually did more, so EnCase Discovery deals went up from nine to 14, the EnCase Enterprise Platform went up to 30 from 17, but there weren't as many large deals, as you indicated, with only five over 250 versus nine in the

previous quarter. For the specific deals that fell out in the last couple of days, we haven't seen people magically lift spending freezes or cutbacks once the calendar turned from June 30 to July. They are – those deals are in our pipeline, but whether they would turn from a perpetual deal to a pay-per-use, we don't know yet. We're going to – we're announcing this now and we're going to start marketing it over the next few weeks, but we've certainly factored that into our forecasting that we've done over the last few weeks. As we've reforecasted the rest of the year and issued this new guidance, we've factored in that there will be some impact.

**Jonathan Ruykaver – ThinkPanmure**

I guess just as a follow-on question to that response, Victor, the pay-per-use model, it seems to me that it would be very applicable to most of your customer base, even the folks that have bought licenses in the past. I mean did you, have you had the opportunity to talk to those license customers for EnCase to sense their interest in moving towards this model? And why wouldn't it cannibalize most of that license business you've done over the past years?

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.