Double-Take Software, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you, sir. (Operator instructions) Our first question comes from Jonathan Ruykhaver from ThinkPanmure. Your line is open.

Jonathan Ruykhaver – ThinkPanmure

Hey, guys. Congrats on the quarter. Hey, Dean, I didn't quite understand your explanation around weakness in Europe. I think you suggested it was somewhat market, maybe execution, and you also said that virtualization issues may have impacted the overflow. Can you just elaborate a little bit? I might have misunderstood that explanation.

Dean Goodermote

Probably not. Sorry. I'll try to be clearer. I mean one never knows specifically things, but I'd say you characterized it right, market and then some internal issues. Markets specifically is that virtualization has come on strong there maybe even stronger and we're a little more separated from our – the end users there because we rely on our channel like we do here, but even more so because of the different languages and geographies. And the virtualization message went out, particularly the VMware basically saying this does everything, in our case disaster recovery, high availability. Well, it does as long as it's complemented with something; a system like ours or SAN or something. And so in Europe there appeared to be a lot of frenzied and serial buying, so there were a lot purchases using up IT budgets for the virtualization purchases and holding off on what would be our complementary purchases.

Jonathan Ruykhaver – ThinkPanmure

Right.

Dean Goodermote

And so it was noisy and I think slowed sales or our people there think slowed sales from what otherwise would have happened. Does that make sense?

Jonathan Ruykhaver – ThinkPanmure

Yes, I guess it does. So, I guess the assumption that you had entering the quarter was that there would be more revenues directly influenced by virtualization in Europe, but what about the other core business, (inaudible) exchange?

Dean Goodermote

Well, no, no I think it was – it's both. One would be some out of virtualization and just some that these companies were buying virtual systems and not doing anything else or at least that's the way it appeared to us. So, it's affecting even their physical buying patterns; deals that our guys thought they would otherwise get. This sort of lopped off the top end of really where we would like to be. And now we – we never know specifically where we will be, but we'd like to hit the top end and it effectively sort of took off really towards the end of the quarter, this chunk of revenue that would have put it right at the top. And it's because these guys thought that the deals were coming in and they didn't.