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## Avanex Corporation Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Thank you, Mr. Major. (Operator instructions) We'll pause for just a moment to allow everyone a chance to respond. And also just a reminder, everyone, please limit yourself to two questions initially, and time permitting we'll take follow-up questions. We'll take our first question from Tim Savageaux of Merriman.

#### Tim Savageaux – Merriman

Hi, good afternoon, and nice a quarter and a nice outlook.

#### Jo Major

Hi, Tim. Thanks.

#### Tim Savageaux – Merriman

Question on the design win front. You seemed close to creeping up towards quantifying some of those, and given the criteria for what you define as design wins and also, thanks for the granularity in terms of product line breakout and reporting, that's very helpful. But as you look at your design win pipeline is there any more color you can give us around financial metrics in the aggregate of what you saw or just raw number of design wins beyond what you discussed already? Thanks.

#### Jo Major

Sure. First, design wins are a metric that gives forward guidance. I think we are real comfortable with the design wins that we see this quarter or the last quarter, Tim, and the quarter that we are in are both going to be very nice, very strong quarters and very capable of driving growth for the company. A couple of things and we want to make sure that we provide you as much color as we can. Sometimes design wins, the programs go away. Sometimes our customers don't quite get the sockets they want so the design win numbers don't always directly turn into revenue dollars and they're not as predictive as we would like, but we've got a number of new slots. We got a lot of new slots in places where they're very much next-generation networks.

A lot of those are tunable or colorless or switching fabric stuff. A lot of those design wins were in markets we have been investing in to enter into new segments of the market. So, that aspect of those design wins feels really good to us. I guess the last thing I would like to reinforce is when we look at design wins, there's a strict criteria in the company that we apply; and that is we really have to be shipping the things for revenue before we declare the victory and record it as a design win. So, these

things are actually – when we talk about design wins that meant in the quarter we were shipping product into tens of new slots, and those product weren't going into qualification or anything, they were actually going in to carry live traffic. So, it really is the leading edge of a lot of new revenue in a company.

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