



## Data Domain, Inc. Q1 2008 Earnings Call Transcript

### Question-and-Answer Session

---

#### Operator

(Operator instructions) And your first question comes from the line of David Bailey with Goldman Sachs. Please proceed.

#### Hong Yu Cai – Goldman Sachs

Hi. Thank you very much. This is actually Hong Yu Cai [ph] filling in for David. A couple of questions. On the margin, was there any particular vertical or region that gained more traction during the quarter relative to others and was there any one that was particularly weak?

#### Mike Scarpelli

We saw a very consistent pattern with prior quarters with regards to where – what verticals we were selling into and we have no concentration in any vertical.

#### Hong Yu Cai – Goldman Sachs

Okay, thank you. And then could you comment on the linearity of the quarter and anything you see on the customer side?

#### Frank Sloatman

Linearity of the quarter was pretty typical for Q1, which means a lot of the businesses is concentrated at the backend. What was the second part of the question again?

#### Hong Yu Cai – Goldman Sachs

Customer spending.

#### Frank Sloatman

Yes, so, on the economy, I already made a few comments in the prepared remarks. We really saw nothing noteworthy at all in January and February. In March, we saw some softness in the pipeline which net-net for us means that we need to have more pipeline coverage to derive the same results. Very difficult for us to know whether that's attributable to typical Q1 seasonality or whether that's economic overhang of what it is. Nothing abrupt hitting the brakes, just normal softness that we think is out there in this particular quarter. So, going forward, what we are saying is we are not going to be any more cautious than we were in Q1.

**Hong Yu Cai – Goldman Sachs**

Thank you. So just a follow-up on the pipeline, can you also comment on their visibility compared to the past few quarters?

**Mike Scarpelli**

Once again, our visibility continues to improve each quarter.

**Hong Yu Cai – Goldman Sachs**

Okay. Thank you very much.

**Operator**

Your next question comes from the line of Katy Huberty with Morgan Stanley.

**Katy Huberty – Morgan Stanley**

Hey guys, congrats on the leverage this quarter.

**Frank Slotman**

Thank you.

**Mike Scarpelli**

Thank you.

**Katy Huberty – Morgan Stanley**

Mike, can you help us reconcile the slower growth in total operating expenses on an absolute basis sequentially this quarter with the fact that you added on two new facilities and the 92 employees?

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