

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.

Tumbleweed Communications Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Our first question comes from Sean Jackson with Avondale Partners. Please go ahead.

Sean Jackson – Avondale Partners

Tim, could you go and explain the expense in the restructuring costs again in the context of are you going to have more restructuring costs in the first quarter or are you finished?

Timothy G. Conley

Sean, we have taken the actions the benefit of those will be realized or a portion that was realized in Q4 and the remainder in Q1.

Sean Jackson – Avondale Partners

So you expect then some of the expense items to go down in Q1 versus the fourth quarter?

Timothy G. Conley

Yes. We do have that and you have to keep in mind to that Q1 has seasonally the reset for things like they payroll taxes and also Q4 has the benefit of more vacation being taken than in other quarters. But to answer your question, yes.

Sean Jackson – Avondale Partners

Which of those expense items did you guys cut the most?

Timothy G. Conley

By functional area?

Sean Jackson – Avondale Partners

It says the Marketing, G&A, R&D - Those segments.

Timothy P. Conley

I would say we looked at all of the organizations but primarily in development and sales and marketing would have the greatest impact.

Sean Jackson – Avondale Partners

On the product front you mentioned in the past about delivering a solution that combines the email security with the managed file transfer into one solution. How is that going?

James P. Scullion

We are building a solid business collaboration platform and we look to launch a couple of offerings this year. So things are moving forward very well.

Sean Jackson – Avondale Partners

Do you expect that by the second quarter or is it going to trickle into the second half of 08?

James P. Scullion

We see these releases basically launched in second half so we're not giving exact dates but we look for generation of revenue on the second half of the year for any releases associated with this platform.

Sean Jackson – Avondale Partners

Now that you're putting more of your products through the channel has it changed any of the competitive dynamics? Are there different competitors that you're seeing now trying to compete with the channel's attention?

James P. Scullion

Well we're seeing more opportunities and our pipeline is growing. So therefore we're seeing probably some more competitive deals out there. But with the managed file transfer and where we're going with business collaborative communications we're actually in the forefront there in building a channel and we're seeing less competition than the email security marketplace. So it's really a differentiator for our channel partners and our strategic partners and we're seeing good strong adaption of our products by their customer base and quite frankly the email security space, the inbound threat side is very crowded and competitive and it hasn't changed over the last year but we do see more and more of let's call it IronPort and Cisco in those competitive bakeoffs but again our product family is going to be differentiated more and more as we provide a broader communication platform than anyone else in the market we compete against today.

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