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## Data Domain Q3 2007 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Your first question comes from Laura Conigliaro - Goldman Sachs.

#### Laura Conigliaro - Goldman Sachs

You added 228 customers this quarter versus 175 last quarter; you're accelerating your customer add. Can you give us some thinking behind that? Is it realistic for us to actually be expecting that we could continue to see this acceleration -- at least for a short while -- given all the dynamics under your growth? That is, expanding into different geographies, more verticals, more products, et cetera.

#### Frank Sloatman

We definitely are managing our sales efforts in addition to bookings and the revenue. New customer accounts is a very explicit focus that we have because we believe we're penetrated to a very insignificant extent still in the marketplace. As a result, we think there's a race on to get new customers. You can call it a land grab, if you will. So, it is definitely a focus for us to continue to drive this number as hard and as fast as we can. We do not want to get in the mode where we're starting to rely on our existing customer base for revenue generation for as long as we can push that out into the future.

#### Laura Conigliaro - Goldman Sachs

I take it that that means ?maybe??

#### Frank Sloatman

Yes. It means that we're aiming to drive that number up quarter to quarter.

#### Laura Conigliaro - Goldman Sachs

You talked about having seen no real change on the competitive side. What about things like sales cycle? Have you seen any change there, considering that there are so many companies that are, at this point, vying for the de-dup space?

#### Frank Sloatman

The sales cycle has not really pushed out. The average sales cycle still is around 90 to 120 days. When you deal with larger transactions, transactions that are well above the average transaction

pricepoint, the sales cycle is typically longer. We expect to see more of those transactions going forward. That can push the average sales cycle out longer. But it's not really under the influence of competition. The customers are going to make a decision and it's either with competition or without them, but they're going to do it in a certain timeframe.

**Laura Conigliaro - Goldman Sachs**

Given that you're entering the fourth calendar quarter, should we be expecting at least some element of larger deals consistent with what we typically see in a seasonal Q4?

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