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Wave Systems Q2 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

Your first question comes from Rob Goldman - Dutton Associates.

Rob Goldman - Dutton Associates

I will just ask two questions right off the bat to make things go a little faster. I was wondering if you could perhaps give us a little bit more clarity on the pipeline in the enterprise market, perhaps number of seats or what you might perhaps call a hit list? I know that you had some nice progress on the evaluation kit side with respect to the Seagate relationship that you were mentioned earlier.

Also, just in the broader sense, would you say that you're better positioned now than you had been before to start to win some meaningful enterprise business now that these evaluation kits have been so widely accepted?

Steven Sprague

So, on the pipeline side, I'm a little hesitant because I think I've been a little bit burned in the past. The list of customers is a great Who's Who. The challenge is all of them have thousands of seats. If a company adopts this company-wide, then the ability to deploy 20,000, 30,000, 40,000 seats from a single enterprise even within the next year's timeframe is very practical. There are 30 to 40 of those kinds of enterprises that are actively engaged with us either sampling technology, getting quotes, et cetera.

Having said that, I think that what's helping our confidence level is that we have been able to provide an example system to them in the form of an evaluation kit. They've been able to evaluate it. In many of these cases, this is not a production product, right? We sent them an evaluation kit of something that Wave built. This is not where you went to Dell and bought a product and saw how it worked. So even in that backdrop, we've seen really positive enthusiasm for the capability that's been demonstrated.

I think we have a pretty solid sales process down now that hopefully is a much shorter cycle than it has been in the past. The past cycle has been months and months and months, because I think the Trusted platform module is a much bigger enterprise security decision as far as the overall framework and architecture for security in the enterprise, where the purchasing of a full disc encrypting drive solution is easier to get your arms around and your head around kind of in-the-box solution. Check mark the box, it comes with it, and I turn it on and life is pretty good.

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