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Wave Systems Q1 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instruction). One moment gentlemen for the first question. Our first question comes from the line of Ronald Meyer with REM Financial. Please go ahead.

Ronald Meyer - REM Financial

Hi, Steven. First congrats to the staff for the nice progress in this first quarter.

Steven Sprague

Thank you.

Ronald Meyer - REM Financial

In regard to enterprise traction, you stated on the last CC that we had over 400,000 seats in our pipeline. Would you update the number of seats in the pipeline about now?

Steven Sprague

I would say it's probably relatively consistent. I think, trying to expand it from beyond there, without showing execution in the baseline number, I am not so sure I want to expand that number. There are more customers today, who are aware of what we do, who are interested in it, who are running pilots. It continues to grow, but I am not so sure it's a meaningful number until I can prove that some percentage of it begins to execute as an underpinning.

Ronald Meyer - REM Financial

Okay. On the last CC, you said a good question and I quote, would be to ask what the level of Seagate units shipped for Wave, for the year 2007 might be? So, with some additional time and data under your belt, what's your estimate now versus Seagate?

Steven Sprague

So, I think we are pretty enthusiastic. What's been fun for us over the course of the last quarter is we've been able to deliver a number of big customers, to a number of OEM's. Not so much in specific dollar orders, but people who said, we think this is really cool technology and we would like to buy all our PCs this way.

It's easy for people to say that. I would like to actually see them now follow through and do that. But it's been very helpful, I think, in creating the level of motivation across the PC platforms.

In general, I would say that this is a market that will most likely surprise everyone to the upside in the level of interest that there is in this technology. I think we clearly feel that, and having said that, we are just at first commercial shipment. So, there is a lot of stuff we don't know.

Right, so it's very sexy, it feels really strong, but we need to make sure that when you put it out there and its running on 5000 desktops, that it works solidly, and people don't have problems and until you run something that has some scale to that I think there is a lot of stuff you don't know yet.

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