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Citrix Systems Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Your first question will come from the line of Adam Holt with Morgan Stanley.

Adam Holt – Morgan Stanley

I was going to ask about a few details on the actual third quarter; number one, can you talk about some of the vertical markets in particular touch on the Federal in the financial services verticals and then secondly, you had a number of changes in the quarter, can you touch on any impact you saw from the shift to Ingram as a preferred distributor and the price changes in the quarter? Thank you.

David Henshall

Sure, Adam, this is David. I'll take all of those questions and then ask Mark to add on as well. I'll start with the change that Ingram. I think it's too early to tell if we saw any significant positive movement at this point of time, but we certainly didn't see any negative impact in the quarter. The great news is that we're able to streamline a lot of our back office operations, improve our efficiencies, in fact several partners have actually commented on the ease of working with Citrix and how it's improved during the period.

So, overtime, we'll be able to kick-off a number of strategic initiatives with Ingram that will be focused on improving the reach of recruitment on new partners, channel readiness and the type of activities it will ultimately improve our ability to drive long-term customer success, higher revenue etc, so all good news on that front.

As far as that price increase is concerned, let me just start by framing that out for everyone who maybe doesn't have all the background. So September 1, we instituted an international price increase of about 10% for all of our international markets and we did that because historically we have priced in dollars and had local currency expenses. So, as the dollar has essentially weakened progressively over the last several years, our cost of business has gone up substantially. So, this was a first step towards probably a longer plan to have a multi-currency approach.

I think the impact during the quarter; it did help to improve linearity. We had a very good middle of the quarter in all of our international markets and we probably moved a little bit of business from September into that July-August timeframe, but we believe that it's all contained within the period. Obviously, with the dollar strengthening substantially since that time we'll continue to evaluate this on an ongoing basis and see if we need to make adjustments.

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