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Aware, Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) And we'll take a question from Jeffrey Myers with Wachovia Capital.

Jeffrey Myers – Wachovia Capital

Okay. Thanks a lot guys. Just a quick question with the DSL test business, I think when your customers reported a sizeable piece of business in the US, I'm just wondering – with the timing on that, that you record revenue immediately. When they record revenue where before or after – I guess outside of the water, what prospect are you looking at in the DSL test business?

Michael Tzannes

Well, I'll answer the second question first. So the prospect in the DSL test business are – appeared to be very good to us. We think that the driver for those things right now is DSL2 and IPTV deployments, which are – as I've said earlier, in the initial phases of roll out around the world. Certainly, the economic conditions right now, pretty much globally are going to put some question mark around some of the spending with phone companies might incur, and we're hearing that from some of the industry participants. But having said that, broadband continues to be a core offering for many telephone companies around the world, and we think that a test infrastructure around that is generally an efficient way for them to deploy those services more economically.

So we think there's a real opportunity there. We think we've got a good position in that market that begins with the core expertise we have in the underline technology and is represented in a pretty broad array of hardware and software, and the soft test product the LDP that I talked about. Specific to an opportunity in the US, I can't say anything more than what you heard. There appears to be a real opportunity in one of the really large carriers here. It appears that one of our customers is in a good position there. We, generally, will see the revenue at around the same time.

I would venture to say that they would, so they'll buy from us, hardware and software. Put it in their product and then sell that product to the phone company. So there'll be some lag in terms of when they see the revenue versus when we see it. We would see it shortly before them, but not a significant value. It would be in a month's timeframe. When we've been actually hearing about this opportunity for some time, and there had been a number of this type of opportunity that exist out there through this particular customer and others. So until they come to fruition, you can't really count the – look at the size of that opportunity, yes. But it does look like there's a real opportunity there. It looks like we're in a pretty good position.

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