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## SonicWALL Inc. Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions)

#### Kelly Blough

Before we take our first question I would like to remind everyone that SonicWALL will be presenting at the Barkley's Global Tech Conference on December 9th in San Francisco. We hope to see you there.

#### Operator

We will take our first question from Scott Zeller – Needham & Company

#### Scott Zeller – Needham & Company

I wanted to ask about the former [Aventale] business. Could you tell us if some of the purchase – it seems like some of the more expensive units were less as a percentage of revenue. Could you tell us if people who are looking at the former [Aventale] were just not doing deals at all or were they actually trading down to a less expensive box.

#### Matthew Medeiros

Yes, Scott, thank you for the question. Scott, look it, I think it was really reflective of the fall off in overall demand in the last two weeks of September. As I've noted most of our larger, higher end deals happened in the last two weeks. I'm pleased to announce that several of those deals did convert into orders in October, but I really think it was based on kind of the issues that we had talked about earlier that the demand just fell short in the last two weeks.

#### Scott Zeller – Needham & Company

So, it's not as if people were trading down to a different solution, it was just a timing issue.

#### Matthew Medeiros

No, I think some of the successes are customer wins that I pointed out. We had some really good success with what we think are major customers, customers that will help us build momentum behind our E Class SSL-VPN products, taking out competitor products like Juniper and others. So, we're pretty excited about the opportunity still left in the marketplace for sure.

#### Scott Zeller – Needham & Company

Regarding the trending in SMB, you gave some color about the [Maya] and Asia. I've heard from other field contacts that the mid-market world is stabilizing somewhat after a really bad start to the calendar year. Are you seeing, this is domestically I'm speaking of, are you seeing any stabilization in the mid-market?

**Matthew Medeiros**

Yes, if you look at linearity, actually we're seeing some stabilization both at the SMB and the mid-market. We saw payroll numbers increase in SMB as late as the ADP report for September. We are anticipating that SMB and North America will recover first only because we saw the slide starting to take shape two years ago and we think that our channel partners and that our end customers have already kind of, if you will, reacted to the marketplace and clearly we think the demand is kind of leveling off, but we see some bright spots in it.

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