

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

Extreme Networks, Inc. F1Q09 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Manny Recarey - Kaufman Brothers.

Manny Recarey - Kaufman Brothers

A couple of questions; I'll start with EMEA, it that was always strong driven by the service provider market. Do you see kind of that market being as impacted as the enterprise market is by the macro environment? I mean can you keep that strength up?

Mark Canepa

Let's talk in general and AMEA had some pretty good results and business was up in general and certainly the carrier part of the market was pretty strong. When you look at carriers; carriers, when they go about deploying networks, they can't stop them in the middle. They have consumers and they have services they want to deploy and while they can modulate things, they have to put out those new capabilities. So we think in general the cycle for carriers sales tend to be longer, it takes longer to win them and once you've won them, they also tend to generate a much steadier recurring stream.

So we continue to work with the carriers that have started deployments and they're all in various stages of the life cycle of deploying their networks and obviously we're working really hard to go get new carrier, to win new carriers business.

I was personally there in Europe for about a week and a half earlier towards the end of September and the beginning of October and while a lot of our customers in Eastern Europe and potentially new customers talk about the financial markets and the possibility that credit would be tighter, they were all pretty convinced that they needed to deploy new and newer networks.

So while we see that there might be some slowdown, we are going to continue to be very aggressive there and keep our sales teams focus on winning new business.

Manny Recarey - Kaufman Brothers

Karen, deferred product revenue was \$3.4 million. If you can help me just think about that a little bit. Is the way to think about that similar to the service deferred revenue, where that should grow overtime or is that something that we had expected to kind of see books in the December quarter?

Karen Rogge

Okay. In terms of our deferred product revenue, you're right, in the quarter we had deferred product revenue go up \$3.4 million quarter-over-quarter and this quarter in particular is the first quarter of adoption of SOP 97-2 .

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.