BigBand Networks, Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Our first question comes from the line of Scott Coleman with Morgan Stanley. Please go ahead.

Scott Coleman - Morgan Stanley

Hi, thanks, and good afternoon. I'm curious how much of the business this quarter was the digital transport business, and if we should expect to see this trail-off as we get closer to the analog to digital transition deadline?

Amir Bassan-Eskenazi

So by digital transport, I assume you mean broadcast?

Scott Coleman - Morgan Stanley

Yes.

Amir Bassan-Eskenazi

We don't really detail the quarter by solution as you know, but what I can tell you is that we saw digital broadcast significant in the quarter and we expect it to continue to be significant in the quarter. There is two different drivers that are causing that. One is, as you pointed out, digital transition, but the other one is the continuation of HD deployment and ad insertion. And I would say that actually more of the driver, even in the last period associated with HD and will persist over the duration, I'd say all the way to the long-term. We see HD channels being added on an ongoing basis. We think it's going to go through the hundreds through '09 to '10 and beyond and as such, that will continue to have to be provisioned. Ad insertion will have to be offered on this content, and that's what we do in our business, so we expect it to persist beyond the short term for sure.

Scott Coleman - Morgan Stanley

Okay. So it's -- from what you're saying, Amir, it sounds like you expect this business to grow in '09 versus what you'll record for it in 2008.

David Heard

Scott, hi, it's Dave. I think what we see happening, Scott, is that the HD business on broadcast, while it remains on the broadcast here, is going to be driven by the traffic. And when it is no longer put in the broadcast tier, we're going to experience that same level of growth from our switched tier. I think we feel pretty solid with our overall broadcast cable business results in this period and for the foreseeable future.

Scott Coleman - Morgan Stanley

Okay, that's very helpful. On the telco TV side, first Verizon, is there a way you can help us understand the business trends there between ongoing footprint expansion versus incremental business into existing sites?