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## Sourcefire, Inc. Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator instructions). Our first question comes from the line of Aaron Husaf [ph]. Please proceed sir.

#### Aaron Husaf

Thanks for taking my question. I was just wondering, in the past, you get to talk – or suggested that you could be profitable at \$20 million a quarter in revenue. You really got to the \$20 million faster than we were expecting but you are not profitable and you are guiding for a quarter where your revenues resolve the above \$20 million – the midpoint of your guidance is you won't be profitable. Can you help us understand what has changed?

#### Todd Headley

Sure, this is Todd Headley. I think it is attributable to two things. One, if you take a look at that G&A line, this is our first full year as a public company in the world of stocks and we've incurred the expenses necessary to get through that process. That process is going very well, but for a company of our size and in that \$20 million revenue threshold, that GAAP is actually a pretty significant percentage of that and I think that has impaired us a little bit. Additionally, as we have stated on previous calls, we are consciously expanding into opportunities internationally and the cost of setting up those international operations and getting personnel and attracting partners and training them is an investment that you have to make up front before you bury the pole through of that expansion on the bottom line. So we have yet to experience sort of a full leverage of having that entire partner framework internationally as you look at the Q3 results. We are very close, but not quite there as you pointed out.

#### Aaron Husaf

Okay, in terms of G&A, should we expect your stocks complaint crossed as you go down in dollar terms in 2009, as you move pass that initial compliance stage?

#### Todd Headley

I think the best way to look at our G&A is that you are going to see various small amount of growth, if any, in terms of the aggregate dollars or spending. There will probably be a little bit of a balancing in terms of those dollar spent in 2009 versus 2008, a little bit away from the heavy compliance that you based in adopting the first year of stocks more so to internal operating things like additional IT and

perhaps some additional financial personnel. But I think that the aggregate dollars you are not going to see a very significant increase in that spent.

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