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Wave Systems Corp. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Our first question comes from the line of Timothy Collins. Please go ahead, sir. Mr. Timothy Collins, your line is open, sir.

Timothy Collins - Security Research Associates

Steven, I want to congratulate you and the team on the upgrades. I think that the essence of the business is the upgrades. And so, I would like to ask you to give us a little more color about that. I see that the income has risen to \$1 million. I mean this is only like the third quarter that you've been able to speak about deferred income.

Can you also tell us a little bit about some of the people who upgraded and what their comments were about upgrading? And then, I have a follow-on question after that.

Steven Sprague

Okay. So, thanks for the question. The customer base has been very broad. We have recently put up on our website you can go read a testimonial from a company called AdaptaSoft. They are a small software company. We've seen very large organizations like Archer Daniels Midland and we've seen divisions of some of the big health insurance companies.

In general, as I said before, they are purchasing because of the full disk encryption side. There is a mixture. There is a mixture of companies who have never bought any data encryption before, and this was just a logical way to sort of step-in to data encryption and it was easy to buy and easy to implement.

We've also had customers who we've worked with for the better part of 9 or 12 month who have either already got data encryption employed or are in detailed researching it with other software vendors. In general, the best customers are the ones who have already had an experience with one of the top four or five software full disk encryption products.

I don't need to pick on any one of their brands. The comments are equal across the board that the general enterprise sense is they don't like it. They perceive that it has a performance impact. They perceive it's cumbersome. They are not entirely sure it's providing the real protection that they need. And they find that the ability to get a brand new computer out of the box and set it up in the better part of a few seconds with factory pre-installed software sometimes they can't quite get their heads around the fact that it's that easy.

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