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## Acme Packet Inc Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Paul Silverstein - Credit Suisse.

#### Paul Silverstein - Credit Suisse

I guess the most obvious question would be Cisco last night, Sonus this morning, the world's collapsing around us; you guys put up pretty solid numbers. Andy, what are you seeing that gives you confidence, not just for the fourth quarter? I recognize you're not giving us guidance for '09 right now, but as you look out to '09, it's not that far off, what are you seeing in terms of the macro picture and the spending plans by your customers and are you concerned, as budgets are being reset, that '09 could be a very different picture?

#### Andy Ory

We are always watchful about what's going on. We look at Cisco, we look at Sonus and we look at our own results and we try and figure out where the differences are and why. I think as it relates to companies that make gateways and soft switches, we don't make those and I think that market is going to continue to come under pressure and so it's hard for me to start to draw too many analogs there.

I think Cisco has an awful lot of exposure to things other than the focused market segment we have of NGN networks at our service providers and enterprises. I imagine that if we sold a lot of routers and switches to the financial services industry that would be a pretty tough row to hoe right now.

I think in a broader sense, we look back and try to understand; we're seeing all these CapEx freezes and we're still doing business with a lot of these service providers and I think the reason behind that is that the CapEx freezes tend to impact budgeted programs, but programs that are success based, that are either lower in cost of doing business with a quantifiable ROI or are involved in real revenue generating activities are things that they continue to invest in, which is why I think you see a company like Sprint continue to purchase products in Acme Packet, even though I think on the CapEx and OpEx side, they're probably being a bit more conservative.

The same thing is true on the enterprise side. As we get more invested in the contact center and enterprise side of the market, we're seeing real quantifiable ROIs, that in many cases you can measure in months and when that happens, these people are making tactical decisions that have strategic implications and it just makes me feel like we're well positioned.

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