



SonicWALL Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator's instruction) Your first question comes from the line of Sterling Auty - J.P. Morgan.

Sterling Auty - J.P. Morgan

Couple of questions. First, I am sorry if I miss this, can you actually talk about what you are seeing in terms of the renewals rates on the subscription side?

Rob Selvi

We do not really provide renewal rate as a metric.

Sterling Auty - J.P. Morgan

Could you at least add some color to it because as we look at, we are talking at a good unit shipment, but I think one of the strong point parts of the business has always been the subscription and are you seeing as some of those are coming up for renewal. What is kind of the customer's attitude towards it? Are the rates high or they are starting to tail off?

Rob Selvi

Yes I understand the question. I think we have seen relatively good consistency with renewal rates in general. However, we have seen a bit of fall off in products that have been discontinued most notably on the pro product family and with respect to support renewals as oppose to other subscription services renewal. So, it appears that some customers have elected to at least delay the renewal of their support contracts with respect to older products perhaps because they intend to upgrade to a future or new generation product or for some other reason that we do not know. But that is one thing and then we did have in the quarter a bit of a seasonal decline in client antivirus renewals but that is really related to the opportunity for renewal in Q4 as compared to Q3 and not so much a function of a decline in the renewal rate.

Sterling Auty - J.P. Morgan

Okay and then Matt, from a high level as you look at the first quarter and given the experience that you have had so far in the first quarter, how would you characterize kind of the tone or your segment of the market in the different geographic regions? Are you encouraged at all in any of the regions? Are we starting to see any stabilization or do you think that there is just continuing deterioration?

Matthew T. Medeiros

Yes, so our guidance really does represent the view of our demand situation up to this point. We do see continued opportunity both in Japan. Japan, this is their end-of-year quarter so it is a normally a better season for Japan. Europe is at this point doing quite well and we feel comfortable with the quotas and the expectations that we have set for Europe. We do see concerns in China. We see concerns in Latin America today.

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