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STEC, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) And we will go first to Shawn Hannon with Needham & Company.

Shawn Hannon – Needham & Company

Yes. Good afternoon, thank you.

Manouch Moshayedi

Good afternoon, how are our doing?

Raymond Cook

Hi, Shannon.

Shawn Hannon – Needham & Company

Hi. So you had alluded to this a little bit earlier, as your Zeus product line continues to grow as a piece of our overall mix. Is this enabling you with any level of improved visibility within your business, can you talk a little bit around that?

Manouch Moshayedi

Well, we can only comment on obviously, the current quarter and what we are seeing today, and as you have seen in our press release. We have already said that first half of this year we think that we are going to surpass what we did last year. So we've got visibility 2, 3 months in advance of the product shipping. So it does affect our visibility positively.

Shawn Hannon – Needham & Company

Okay, that is helpful. Looking at another piece of your business, is there a way to get a little bit of color around your non-SSD flashcards, effectively how are you seeing trends at some of your major customers or within the segments that you supply into, how might the current environment be affecting that business there for you today?

Manouch Moshayedi

Okay, we obviously we saw a decrease in our DRAM business last quarter. And we were trying to maintain at the levels that we did business at last quarter on the DRAM side of things. So DRAM was

about 14% to 15% of our total sales in the fourth quarter of last year. I think we will try to keep it at around that level going forward. Obviously, it is very competitive out on pricing for DRAM, and we like to stay out of that fight.

On the ZeusIOPS side of things, it is where we are really putting all of our efforts into on the enterprise side. In that business, competition is still not there. This marks our second two years of introduction of this product into the market and there is still no competition out there for this product, and we think that putting most of our R&D and our sales efforts into selling into the enterprise market benefits us most rather than going after smaller business (inaudible).

Shawn Hannon – Needham & Company

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