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Emulex Corporation F3Q09 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Harsh Kumar - Morgan Keegan.

Harsh Kumar - Morgan Keegan

Guys a couple of questions, a strategic question, we've seen a lot of technologies that look great, sound great, but simply don't get adopted by businesses or take forever to get adopted. What is your viewpoint of the converged market at this point as it stands? In this battle, I guess question for Jim, who do you think wins out? Do you think the Ethernet guys win out or do you think the Fibre Channel guys win out for control of this market?

Jim McCluney

This is Jim, here. I think we've seen an unprecedented level of interest in this convergence. I think it appeals to all the things that IT Managers are looking at, saving costs, reducing power. There's no record and replace on the I/O. We can preserve their management environments.

So, it remains to be seen in the current economic climate, how the adoption goes, but I think the first key thing is for us is: are our key OEM's adopting it? They are. They are looking to implement these in their next-generation products; and your question about Ethernet versus Fibre Channel storage.

We did take the view that we have been messaging this for many, many quarters now, the Ethernet was going to be the transport of choice here and that's why we deliberately looked at providing all the spigots necessary to connect your storage, whether that's through FCoE or iSCSI or if you want to run this as a standard NIC.

We said, let's give the customer a choice of how they want to deploy this, and I think the most critical thing was that we could provide the hardened Fibre Channel drivers on top of it. That's where I think the people with those Fibre Channel drivers are in a really good position, as long as with the long class Ethernet stacked behind it as well.

Harsh Kumar - Morgan Keegan

That's actually very helpful, Jim if I can slide in one more and get back in queue like everybody else. What are you guys thinking of in terms of timing for these, I know you're putting them out, but in terms of adoption of the end market? Also, if you could talk about maybe the growth prospects of your two businesses, not near term, but let's just say, the next two to three years for the HSP and the embedded business, please?

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