



## FalconStor Software Inc. Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### **Operator**

(Operator's instruction) Your first question comes from the line of Mark Kelleher - Brigantine Advisors.

#### **Mark Kelleher - Brigantine Advisors**

Could you talk a little bit about what you anticipate from the Sun merger with Oracle? Could there be, I know longer term it sounds pretty good but could there be some short term dislocation there of revenue?

#### **Bernie Wu**

I think my opinion sort of the uncertainty has been removed so that should help us. On the other hand, prior to the Oracle announcement, there was some downsizing of the Sun organization and a shift toward channels so I think there may some short term adjustments but they were not really related to the specific Oracle acquisition.

#### **Mark Kelleher - Brigantine Advisors**

Okay, and maybe since we are on the OEM, you talked about your relationship with EMC. That seems like a pretty low contribution for the quarter even with every quarter.

#### **Bernie Wu**

Yes, there was a low contribution this quarter but the fundamentals I think are very strong with EMC. As I mentioned, we do not, we and EMC do not see a fundamental shift in the VTL market or anything like that. We just attribute this to external macroeconomic conditions. A lot of the business was involved in large multiple, large multi-unit purchases with large financial institutions, etc.

#### **Operator**

Your next question comes from the line of Brian Freed - Morgan Keegan.

#### **Brian Freed - Morgan Keegan**

Rising strength out of Sun in light of all thing but can you talk a little bit about your mix between your various product segments? I have seen some pretty good commentary around CDP from the channels. Can you give us a little bit of flavor in terms of the mix between CDP, VTL and NSS?

#### **Jim Weber**

We usually do not give specific details but just on general terms, VTL and deduplication combined are still about 50% of our business as the percentage of revenue maybe down compared to last year and that is really just we are seeing a lot of interest in growth on the CDP side and the NSS side and if you look at CDP and NSS, both of those are pretty fairly even between the other 50%. So, we are definitely seeing a lot of demand on the CDP and NSS side.

**Brian Freed - Morgan Keegan**

Okay and secondly, outside of our two big OEMs, EMC and Sun, can you give a little bit of qualitative color in terms of the trajectory and trends you are seeing out of your smaller OEM?

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