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Double-Take Software, Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Richard Kugele - Needham & Company.

Richard Kugele - Needham & Company

Just a couple of questions, I guess, Craig, on the OpEx side. Can you just talk a little bit about the criteria for selecting the 10% figure on the headcount reductions and was this done with a certain operating margin target in mind or cash flow or is there any particular target there?

Craig Huke

Yes. We actually had come to the number based on our own internal forecasting for the year and what we felt necessary to get the certain operating margins. I will not go into the detail what that was, just because we did not give full-year guidance. But we felt like we wanted to cut to a level that generated certainly adequate income in the year on an operating income basis.

So, it is a lot of specificity but we did have a target in mind as we went at it and the 10% kind of got us there.

Richard Kugele - Needham & Company

And have you had to change your terms to any of your resellers or distribution contacts to be able to see the stabilization or has the stabilization and business volume has just been naturally occurring?

Dean Goodermote

It is just the environment. Things were bad in January and February and seemed to be better in March and April.

Richard Kugele - Needham & Company

Okay. I guess just lastly since it has been such a hot topic, have any of these recent M&A transactions and IT hardware or even the product announcements such as Cisco trying to put out some low end servers of their own have any impact on your business or any thing that you think might affect your business one way or another over the next six to 12 months?

Dean Goodermote

Yes. I do not know the specifics of the M&A. I guess you got some in Oracle.

Richard Kugele - Needham & Company

Yes, that one in particular, yes.

Dean Goodermote

So, that is not meaningful to us today. I will not say forever. It depends on what Oracle does there, but maybe that is an opportunity in the future if they do something with that. They spend some of that off some place who knows. So, that is a no change, and Cisco, I would say it is a major tech player. So we have to watch what is going on there but has been no feedback in our market, positive or negative neutral or otherwise from that as well.

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