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Citrix Systems, Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Our first question comes from Steve Ashley with Robert W. Baird.

Steve Ashley - Robert W. Baird

I can just start with a housekeeping question. With respect to XenApp, what was the license revenue year-over-year in that product, and what kind of expectation might you have for the second quarter there?

David Henshall

Sure Steve. This is Dave, and let me take that question, and ask Mark to follow-up. In Q1, license revenue was down about 30% on a year-over-year basis. Pretty consistent with what we had talked about on the last quarter call. I think what we saw with customers again consistent with what we are thinking is that, most of them were looking at Q1 as a time to really evaluate their own business.

Look at the results from Q4, put budgets in place and start prioritization. So it's certainly one of those periods where frankly not a lot happened in the first month of the quarter. And as people got budgets in place, started to work on the prioritization and got back to much more normal kind of spending patterns, albeit at a lower level than a year ago. So I think on a sequential basis, we definitely see improvement in the app virtualization license revenue moving up from Q1, which I believe is a low point in the year.

Steve Ashley - Robert W. Baird

Great. And then just on the app networking group, the NetScaler business performed very well in the period and you've already called out that that was driven by the enterprise segment. I was wondering, if we could get more just color on within enterprise it is specific verticals or domains where you are seeing that uptake or any commonality, your color on that would be helpful.

David Henshall

David, it's broad based. It's not vertical driven at all. But I would break it down sort of in two places. Our first of all, the cross-selling within the XenApp customer base has continued to grow as we've done a lot of work to make it really easy to turn a NetScaler on in front of the XenApp form to do load balancing and the DR and these kinds of functions.

And so that's been one area of enterprise strength. And then the other area is in just straight up the middle core web app delivery, and load balancing, and the enterprise. And I think we've continued to move the ball forward there in terms of scalability, but also in ease of operation and implementation, which today I think the enterprise customer is even more sensitive to, than ever. And so those are the two sort of thrust we've had in, where we've seen strength in the enterprise side.

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