

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

## NetApp, Inc. F4Q09 (Qtr End 04/24/09) Earnings Call Transcript

### Question-and-Answer Session

---

#### Operator

(Operator Instructions) Your first question comes from Keith Bachman – BMO Capital Markets.

#### Keith Bachman – BMO Capital Markets

My question, Dan, is for you. In the past you have commented that deduplication was a feature not a product and I'm just wondering how your changing has evolved due obviously to the pending acquisition of Data Domain?

#### Daniel J. Warmenhoven

Actually, my view has not changed. I mean, deduplication is in fact a technology that has got multiple variance. We have got deduplication primarily that's based in block alignment, we've got deduplication for VTO product that has a got a different model. Data domains in stream, real time, variable window. There is a different style. River band, as you know, has a different style. So I do think it is a technology that has got multiple variance.

I think the key here is not that they have deduplication, I think the key here is they have taken that and put it into a product line which is extraordinarily well suited as an appliance to slip easily into customers back-up environment of broad wave. It's easy to use, easy to employ, very efficient, etc.

So to me, the deduplication is an enabler for a product solution, which they've done a particularly good job in implementing and across a very broad front. If you look at the accounts they target, which is basically the input I got from their team, they really think they have more value to add in non-NetApp accounts than they do in NetApp accounts.

And the reason in the non-NetApp accounts, in general the customers haven't done anything to reduce the use of tape, don't have a solution for dedupe, etc. In the NetApp accounts, many of our customers already deploy NetApp secondary stores, they've done the deduplication primary, etc. They have reduced the utilization of tape and so on. So the remaining set of customer issues is not as severe as it is non-NetApp primary storage environment.

#### Thomas Georgens

What I would add to that is that you could argue whether dedupe is a feature or a product, but I think what's unmistakable is that archiving and disk-to-disk back up are clearly market and customer problems that need to be solved. So data demand all sorts of deduplications to keep it apart but they also have IT replication and a whole other set of features that enables it to be competitive in those

markets. So this isn't just about deduplication, it's about the whole product technology and the whole product solution targeting that market that is clearly high growth and are adjacent to markets that we currently serve.

Copyright © 2009 CBS Interactive, Inc. All Rights Reserved.