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Brocade Communications Systems, Inc. F2Q09 (Qtr End 05/02/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Mark Sue – RBC Capital Markets

Mark Sue – RBC Capital Markets

Maybe you can place some parameters on your confidence to exceed your original \$1.9 to \$2.0 billion in revenues for fiscal '09. In a neutral IT environment with growth in HBAs, share gains in Ethernet and IBM as a new partner on that side, does it look more like \$2.0 to \$2.1 billion? Does your planning include additional Ethernet OEMs, I ask since generally one usually follows the other?

Michael Klayko

We got a lot of confidence because there are a lot of good things going on. On the storage side our storage area networking products, classic Brocade business is ramping quite rapidly, as I mentioned is still doing well. As I mentioned before, I think we took double digits in the director space just on the sheer strength of our product line. That business is doing very, very well on a long term basis too.

I think also then it's really difficult to predict the OEM, as you mentioned IBM, when that starts to ramp, its difficult to predict the total impact long term. Whether its 'x' number or 'x times 2?' or 'x times 3?' it will be tough to frame. It gives us great confidence though that it is beginning to ramp. Yes we have had some excitement and some interest from some other folks. In fact, Dell just announced with their EqualLogic products they're going to start selling some of our fixed form switches, complementary to their product set. I just didn't put it on the earnings script earlier.

There are a lot of good tail winds behind us. Even in this really tough market we're getting a lot of interest in just a variety of products, not only just the SAN products but the IP Ethernet product and then the emergence of some of the CNAs and HBAs is getting good traction too. Challenging to go ahead and put it into buckets when you put all these variables in play but yet in the other economy but we continue to do quite well.

Mark Sue – RBC Capital Markets

On EPS I think in the prior quarter you talked about \$0.40 to \$0.50 for the fiscal year. Any thoughts on a new bracket now with your cost cutting?

Richard Deranleau

With what Mike was saying, its very difficult because what we're looking at is huge opportunities from our OEM relationships, we've announced two of them, IBM and the Dell one, there are others that we're talking to. It's hard to put brackets around that because it's a brand new go to market really in this space. Going back to your other questions, I think we're very confident on our ability to exceed the guidance both top and bottom line that we gave you on the last call.

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