

FINAL TRANSCRIPT

Thomson StreetEventsSM

SYMC - Symantec at Merrill Lynch Technology Conference

Event Date/Time: May. 06. 2008 / 11:15AM ET

May. 06. 2008 / 11:15AM, SYMC - Symantec at Merrill Lynch Technology Conference

CORPORATE PARTICIPANTS

James Beer
Symantec - CFO & EVP

CONFERENCE CALL PARTICIPANTS

Garrett Becker
Merrill Lynch - Analyst

PRESENTATION

Garrett Becker - *Merrill Lynch - Analyst*

Thanks everyone for joining us. My name is Garrett Becker. I cover security and infrastructure software for Merrill and are very happy to have with us today James Beer, who is the CFO of Symantec. James has been with Symantec for about two years, coming over from AMR so he has a slightly unique background coming into technology, so before we get started we're going to do fireside chat and I guess I'll turn it over to James for just some opening commentary.

James Beer - *Symantec - CFO & EVP*

Okay. Well thank you, Garrett. Good afternoon or I guess it's still good morning here everyone. Delighted to have this chance to talk to you. We're very pleased with how our last quarter's results played out. We were able to hit on all four of our metrics that we ask investors to focus on, revenue, EPS, deferred revenue and cash flow from operations. I think that very much illustrates really very solid execution across the business, in the sales force it illustrates the breadth and strength of our product portfolio and perhaps also illustrates a little bit of the insulation in terms of the markets in which we play to the various economic issues that are around us in the world today, certainly security and perhaps to a little lesser extent storage and systems management. The key areas in which we play continue to be very high priorities of CIO buyers.

We saw double-digit growth in a number of our product areas, in our archiving arena, in our backup business, in consumer and in our storage management business, so we are very pleased by that. Moving down the P&L we are pleased with our expense performance. Operations continue to become more efficient. We saw our operating margin improvement of 500 plus basis points year-over-year. We also had a nice 200 basis point improvement at the gross margin line, so we're very pleased with the overall performance there.

Looking out a little further into the coming quarter, we're pleased with the strength of our pipeline. We believe our products are in the best shape that they've been in, in years. We're very much of the view that when you look at the core franchises of Symantec, so there I refer to consumer, backup and end-point security and management, we have good growth opportunities out ahead of us.

We also have a particular focus going forward on three areas where we think we are well positioned to exploit high growth market opportunities, data loss prevention, software as a service and end-point virtualization will each be a particular focus for us in the coming year. So we're very encouraged overall also by the continuing string of new product releases that we'll see in fiscal '09. Fiscal '08 was a big year for new product rollouts. This coming year we'll see a new Altiris platform that is very much the framework within which we are able to integrate many of our various technologies.

We'll have a new version of our Vontu data loss prevention product that will see integration with our backup archiving and security functionality. We'll be bringing together our compliance products, both our agent based and agent less compliance products on the client side and of course on the consumer side we'll continue to roll out new versions of Norton Internet Security and Norton Antivirus in the late summer type time frame that has been our tradition. Of course, we've just rolled out in this past

May. 06. 2008 / 11:15AM, SYMC - Symantec at Merrill Lynch Technology Conference

February our second release of Norton 360 so between those three products we're very pleased with how we're positioned in terms of our overall product set.

Longer term in terms of our financial objectives, I mentioned on the call last week that we are looking to improve operating margins 100 basis points a year. That means growing revenue and deferred revenue at or above the rates of growth in the markets in which we play growing earnings per share at a faster rate than growing the top line and using approximately half of our operating cash flow to continue buying shares back, something that we have done really quite aggressively in recent years. So, all things considered, we are pleased with our continued progress of recent quarters. We feel as though we're well positioned for the coming quarter and we're pleased with the guidance that we have been able to offer to the marketplace and we feel as though we have some robust financial goals in place that will, we hope, will server the needs of our investors and the customers. So, with that, I'll take a seat and we'll get into the fireside chat.

Garrett Becker - Merrill Lynch - Analyst

Great. Thanks very much, James. Maybe I'll start off with pipeline since you mentioned pipeline looks very strong. Given some of the concerns we're have economically with the macro environment, are you doing anything differently in terms of pipeline in terms of qualifying leads or just to maintain your closure rates and anything different that gives you confidence that you can continue to hit your targets like you've done in the past few quarters?

James Beer - Symantec - CFO & EVP

Well, really we're pleased by the fact that we haven't seen an awful lot of change in regards to customer behavior. We've now had three quarters where we have had a lot of questions about how the financial institutions have been thinking about buying our products and for three quarters in a row we've really seen no issues there. The financial services continue to be a very strong vertical for us, so we're pleased by that, so we haven't seen there or in other verticals any significant change in buying practices, sale lead times and so forth.

On the consumer side of things the retail sector has continued to decline. We're very much seeing more and more of our business go on line. That's now 75% of our total revenue coming on line and that's growing very strongly, 20% or so was the figure of growth for the last quarter. So, all in all, we're pretty pleased with how things stand. We got off to a nice start in this quarter, in the June quarter, particularly on the enterprise side of the ledger, so far so good.

Garrett Becker - Merrill Lynch - Analyst

Maybe sticking with similar theme on comp plans, I know last year one of the things you did to help regenerate or rejuvenate sales a little bit, made some changes on the sales side, you brought in some new personnel, also increased focus on licenses generating new license sales. Since you just had your sales kickoff for this year, is there anything new you can share with us or is there going to be additional improvements or strategy changes to the sales force going forward this year?

James Beer - Symantec - CFO & EVP

Well, you refer to the sales session that we had in Las Vegas the week before last and I would say the net output of that is I am very encouraged by the alignment within the sales force, the enthusiasm. We've got the quotas out to the sales force more promptly than we have in some of the recent years, the reaction to those quotes has been generally very positive. That's very encouraging to see. I do believe that the greater emphasis on new license this year will be helpful to us. We're encouraged by that and so we feel as though we have the building blocks in place and I think the strength of the sales leadership is also continuing to be very important for us. We've got three seasoned leaders now established and they're all doing a strong job

May. 06. 2008 / 11:15AM, SYMC - Symantec at Merrill Lynch Technology Conference

and we're very pleased by that. They've got their teams in place, so we're starting to click in terms of overall capability and execution.

Garrett Becker - Merrill Lynch - Analyst

Is there anything you can maybe share with us on revenue yields? Is that a metric that you focus on quite a bit and where do you see that in--?

James Beer - Symantec - CFO & EVP

Yes we focus on it very much and one of the things that I am encouraged by is during FY '08 was the degree to which the coordination all the way from the sales person who is out there at the customer face looking to generate the new business all the way back through to the back office at the revenue accounting folks who are at the end of the day responsible for deciding what can be taken as revenue and what has to be deferred also. We're seeing good coordination there in terms of contract design. Obviously not to the degree where we would want to turn a customer away from us but within the boundaries of where a customer has flexibility to design a contract in a certain way, we're doing a significantly better job I would argue of designing that contract so that we can take some license, some recognized revenue in the period at which the contract is signed and so we have seen the revenue yield, as you say, for our largest deals where we've put obviously the greatest focus in this back and forth between the sales person and the back office rising quite nicely in recent times.

Garrett Becker - Merrill Lynch - Analyst

Maybe the last one on the sales side, attrition, attrition was a bit of an issue last year. It looks like things have stabilized. Maybe you can just give a little commentary where you're at in terms of attrition rates and will you be adding more head count this year or how does attrition fit into this looking ahead?

James Beer - Symantec - CFO & EVP

Yes attrition is stable. Now, of course, we are right at that point in the year where if attrition is to occur it's more likely to be occurring after one fiscal year has been completed, the commission payments have been made and so forth. So, again, we feel as though with good quotas out there understood by the sales people there is I would argue a (inaudible) that yes I can make some money here with this quota with this product set available to me, so we're certainly encouraged by that. April 1 saw us formally bringing the Altiris sales force together with the greater Symantec sales force, so that always is something to sort through. I suspect there will be some turnover there but that's very much something we've planned for. That wouldn't be a shock to us and we think we're perfectly well positioned to work through that.

Garrett Becker - Merrill Lynch - Analyst

Maybe moving onto margins now a little bit, another favorite topic of Symantec investors, you mentioned you've been hitting your goals of roughly 100 basis points improvement. I think Street consensus for this year is about, was it 7-8% revenue growth going forward?

James Beer - Symantec - CFO & EVP

Yes more or less.

May. 06. 2008 / 11:15AM, SYMC - Symantec at Merrill Lynch Technology Conference

Garrett Becker - Merrill Lynch - Analyst

Assuming you were to out-- continue to execute like you have in the past few quarters, we get to 10, 11, 12% growth, how should we think about operating margins in that context? Did most of that fall to the bottom line? Will you invest?

James Beer - Symantec - CFO & EVP

Well, I think I'll just state that our goal is to hit 100 points of operating margin expansion each year, so that's something I'm comfortable with. That's our target and I think we can hit that so I think I'll just leave it at that.

Garrett Becker - Merrill Lynch - Analyst

Okay and then maybe just on gross margin, you did mention gross margin improving. Perhaps you could just remind us a little bit what's been driving that?

James Beer - Symantec - CFO & EVP

Yes the gross margin picture up until this last quarter was improving year-over-year largely as a result of the fact that we had taken expenses related to our consumer OEM fee out of cost of goods sold or at least a good portion of them out of cost of goods sold and moved them into operating expenses, so thing particularly unusual in terms of what was driving the margin per se. In the March quarter it was quite a different story because we had already lapsed that OEM related change and so in the March it was just very much a matter of managing to keep the cost of goods expenses basically flat year-over-year and when you drive revenue up, up goes the margins, so that's what we're all about. That relates to the way in which we have been managing technical support expenses, the way in which we have been managing the services business with a greater eye towards contribution margin rather than just pure revenue growth with previously lettered about a focus on the cost of that revenue growth.

Garrett Becker - Merrill Lynch - Analyst

Okay so maybe last one, you've moved to a more of a-- back to a centralized business model whereas previously you had been more to an independent business unit focus and assuming there will be some operating efficiencies coming along with that, I guess how should we think about that? Are those efficiencies potentially ongoing over time? Will we see more of a step function in terms of efficiencies from that change?

James Beer - Symantec - CFO & EVP

Well, I think it's a little bit of both quite honestly. I mean first of all, I'd say that I am very enthusiastic about the new design that we have with Enrique Salem as our COO responsible for each of the business units, so now we are able to optimize for a single unit, if you will, rather than having 4 or so different units all looking to sometimes in their own particular arena and I think that's going to benefit us in a variety of ways. I think you will see us putting more into integrating our various products across our broad portfolio. I think that's going to be important so the pace there will increase. I think there will be expense opportunities as well that will be easier to get at when there's a single point of oversight, if you will.

Garrett Becker - Merrill Lynch - Analyst

Okay because I think so switching up to one other area, Symantec has historically been a fairly acquisitive Company. Yet it looks like the pace of your acquisitions has slowed down a little bit in the last year. You did Altiris, you did Vontu most recently. On the encryption side, which is fairly complimentary to Vontu, you decided to partner with Guardian Edge.

May. 06. 2008 / 11:15AM, SYMC - Symantec at Merrill Lynch Technology Conference

James Beer - Symantec - CFO & EVP

Right.

Garrett Becker - Merrill Lynch - Analyst

How should we think? Are we seeing a less acquisitive Symantec and how do you think about the build versus buy decision going forward?

James Beer - Symantec - CFO & EVP

Well, I think no secret that acquisitions will continue to be a part of how we develop our product portfolio. I mentioned when I was at the lectern there that we would look to spend about half of our operating cash flow on share buyback. The other half we would look to invest wisely in acquisitions, so I think there will be a steady development along that track. I wouldn't see any particular change to that. I think alluding to the way you framed the question there we're very pleased with the acquisitions that we've made in the last two years. I think we've paid good prices, sensible prices for these properties and they have brought us products that are going to be enormously important to the way in which we develop the overall portfolio, so we feel very good about what has gone before.

Now to the issue about Guardian Edge and OEM versus acquire, we OEM with a variety of different players in a variety of different arenas and I wouldn't expect there to be any change in that either. We OEM'd with both Vontu and a little company called AppStream that we bought a month or so back prior to deciding to acquire them and obviously OEMing with an organization allows you to get a deep understanding as to the technology and such with Vontu and with AppStream. We concluded that it was important to be able to own the technology so that we could fully integrate it with the rest of our overall product set. That's not always going to be necessarily our thought process with every OEM so I think there will continue to be a balance. We're pleased with the OEM relationship with Guardian Edge. Clearly encryption is an important issue. It's very topical. We think that that's going to represent a nice upsell opportunity for us in our endpoint security business, so we're very pleased by how that's played out.

Garrett Becker - Merrill Lynch - Analyst

Great, great. Last one before we open it up to the audience, virtualization, a scenario that you guys are increasingly participating in with the acquisitions of AppStream. You had [Imperius] previously. I guess the one question I would think, as desktop virtualization becomes more and more popular we're seeing applications and the part of the promise of that is to take desktop or applications off the desktop, put them in the data center. Assuming desktop virtualization becomes as important as a lot of people think it will be, does that-- what's the market impact to Symantec where you've made a lot of your money protecting the desktop? Is that-- is it market neutral? Does it potentially cannibalize some of your market opportunity? What are your thoughts on that?

James Beer - Symantec - CFO & EVP

Well, we think that this is absolutely going to be a trend that will be important to our customers. We think it's absolutely an area where we can play a very important role, a leading role in terms of product development and so forth. The trend of recent years and one that I would expect to continue is very much a proliferation of end points. I expect that your employers aren't going to be saying no. It's one blackberry between three, so I don't see any diminution in the volume of end points. What we're going to see I think is as a goal to in essence increase the utilization around end points more effectively, be able to use virtualization as a part of the security solution, holding things back in the data center. You-- it's much easier to know exactly what you have there if you're holding it there and then streaming it out to the end points per se, so we're pleased by the steps we've already

May. 06. 2008 / 11:15AM, SYMC - Symantec at Merrill Lynch Technology Conference

taken down this path as you alluded to when we acquired Altiris. We acquired the capability to manage virtual end points as well as the physical end points so obviously made up the bulk of Altiris's business along with managing service.

And then with AppStream a company, as I alluded to, that Altiris had already been OEMing with, we now have in house the ability to stream applications out of a data center to the end point, so we can see utilizing that technology to stream various of our other applications out to virtualized end points and that would I think position us very nicely to exploit this market opportunity. It's one thing that is always true when you start considering virtualized environments and added the complexity rises and one of our strengths is helping customers manage through complexity. We're very good at that and so we think that there's going to be a good market opportunity for us and we intend to be in the leadership position there.

Garrett Becker - Merrill Lynch - Analyst

So we are just under 20 minutes remaining so I guess now is a good time to open it up to the audience. If we have any questions in the audience, now would be a good time.

QUESTIONS AND ANSWERS

Unidentified Audience Member

On some of the calls during fiscal '08 you've talked about the HP deal renegotiation and how that going to be a cash flow headwind in fiscal '08. Now that we're done with fiscal '08, can you actually quantify how much of a headwind that was? And then looking forward now that we've lapsed that deal, how does the lack of that cash flow headwind affect your cash flow growth thinking going forward?

James Beer - Symantec - CFO & EVP

Yes when you think about the HP deal we've talked in the past that we've seen year-over-year impacts of around 50 million as an operating expense. Now the operating expense won't quite marry up with the cash flow for some exciting accounting reasons that we could go into separately, so the cash flow is less so than the operating expense in the first half of the contract and then it will be more so than the operating expense in the back half of the contract. So when you roll all this together for fiscal '08 it was a very significant OpEx and cash flow headwind and in the March quarter, however, we had fully lacked that effect, so the HP contract went into effect first of Jan of 2007, so that's why I made the observation I did about gross margins. That really was a true year-over-year comparison, if you will, of an improvement of 2 points. Does that get at the question? Okay.

Garrett Becker - Merrill Lynch - Analyst

Any other questions?

Unidentified Audience Member

Just to pick up on Bob's on the question of virtualization versus cannibalization, shall we think of-- what I think of now is you guys do this [curved by wall] it sort of paid by desktop just in thinking of it simply, when you look at a virtualized world do you think of getting paid as per virtual end point? And then on top of that I mean the virtual does have to meet the physical, right, so is there even an opportunity to get paid per virtual and physical endpoint? Can you kind of maybe give us a little more granularity on how you can grow versus being cannibalized on virtualization?

May. 06. 2008 / 11:15AM, SYMC - Symantec at Merrill Lynch Technology Conference

James Beer - Symantec - CFO & EVP

Well, I think this is clearly a young marketplace and what we're looking to do from a product perspective is get out ahead of it. Now as to the exact business model that will come into play, it's probably a little early for us to necessarily divine that. I mean we certainly have our own views as to how we would like the marketplace to react. Clearly we think that we're going to be bringing a lot of value in terms of helping customers manage a virtualized endpoint because it's going to be more complex than just a vanilla physical endpoint today. Again, as I was alluding to, I don't expect the number of physical endpoints to be doing anything other than continuing to proliferate. So there's an opportunity for us there but we're going to have to see how the marketplace really plays out as demand for those capabilities develop.

Unidentified Audience Member

On the consumer antivirus market, can you talk a little about some competitors partnering up with the ISPs and how that's affecting you and then maybe a little bit about how the auto renewal business is going, just kind of an update I guess?

James Beer - Symantec - CFO & EVP

Yes. In terms of our competitors who've been putting a lot of effort into dealing with the ISPs, we really haven't focused there for the last couple of years at least, at least in this country because we really haven't seen those deals that have been entered into as economically viable and we haven't really changed that attitude frankly. Our focus in terms of going after the new customers is around the OEM arrangements that we have many of and around retail distribution. So slightly different story abroad where we have a variety of ISP arrangements where we can get compensated fairly and so we're obviously very happy to continue to develop those.

In terms of auto renewal, very pleased with how that has developed. We've absolutely seen our renewal rates improve in the Americas where we have seen now the full year effect, if you will, of that change. Abroad we haven't quite got there or at least right around the world we only started to see the benefit in Asia a few months back now so we have another couple of quarters or so before we see the full effect there and EMEA it's somewhere in between, so encouraged by that is helping us on the renewal rates.

Unidentified Audience Member

(Inaudible Question-Microphone Inaccessible) But as people transition to broadband or [FIOS] is rolled out if they're willing to offer it where I am from Cox Cable will offer it for free so it seems like a very compelling argument for the consumer to bypass Symantec and just get the free--

James Beer - Symantec - CFO & EVP

Well, as we think about our marketplace, we look at it in four quadrants, if you will, one quarter of which doesn't want to pay anything for security so we're not very enthused about going after that quarter. The other three quarters are for pay for security and one way in which I illustrate why is to come back to the way you framed the question because you mentioned consumer AV. Well, there's a lot more to security than how it began and that was antivirus. So now the amount of technology that we're offering in our products like Norton 360 and Norton Internet Security it's quite different to the baseline, if you will, coverage that is being offered for free.

So that's one matter to consider and then, of course, what we're looking to do is continue to build out other capabilities for our consumers, so on line storage would be one example, new capabilities, under development to help parents understand what their kids are up to on line. We're looking to continually develop new value added ways in which to say to someone, "Yes I think this product is worth \$75 to protect all your digital photographs, your CDs, your movies, whatever it is that you've now got

May. 06. 2008 / 11:15AM, SYMC - Symantec at Merrill Lynch Technology Conference

digitized, so overall we're pretty comfortable with the direction of our value proposition and that we don't need to chase after people who don't really want to pay us.

Let's see if there's anybody else before we go back.

Unidentified Audience Member

All right sorry, just not to beat a dead horse but just a quick follow-up on that, over a period of time do you see the I guess the difference between the what's given away for free and what you're offering narrowing? I mean, how do you see that and to what extent do you see yourself or the ability to innovate above that or in new products?

James Beer - Symantec - CFO & EVP

Yes look, I think in terms of what they're giving away for free maybe that will continue to improve in functionality but what we'll be doing is improving well ahead of that rate of pace. I think we're thoroughly capable of that. We've demonstrated that we're capable of that. That's what we'll do in the future, so I am very comfortable that there is going to be a significant difference between what we're trying to sell and what is available to us even, available for free rather, even as the latter category develops over time, absolutely.

Unidentified Audience Member

A question about your acquisition strategy, it was nice to hear you say that the acquisitions have worked very well. I'm just curious because how do you measure what is a successful acquisition because you said that it was good? And then do you need to make it because of the way the industry is structured, an acquisition as big as VERITAS or is it a point solution type of acquisition that you need to make?

James Beer - Symantec - CFO & EVP

Well, to the first point, how do we measure the success of an acquisition? Well, obviously in the early days you can look at the entity itself and see how it's tracking to the projections that you made when you bought the property in the first place and so with Altiris, for example, we broke out those results so that all of you could see how we were tracking along that path and we were a little bit ahead of where we had expected to be based upon our pre-purchase deliberations, so that is one illustration. Then as time goes by and the product becomes more and more an integrated part of a broader product set, I think you really have to then focus-- it's much harder to really follow the dollars in that way to a particular product because now our customer-- or our sales force have a strong Altiris management capability to sell, so that's making it easier for them to sell other things into their target customers.

And then in terms of product integration I think Altiris is a good example of where we will bring together endpoint management capabilities with endpoint security capabilities that will create a lasting competitive differentiation for us. That in many ways is the true measure of success of an acquisition and we're very pleased with how Altiris again as that example over the last year or so in our view can help us strategically really put us in a significantly stronger competitive position than our primary smaller security competitors. Nobody else has that capability to bring strong endpoint security together with strong endpoint management, patch management, vulnerability management right across the spectrum of backup archiving security. Nobody else has that and that's very much an argue where the market is going but through an acquisition we've managed to leap frog the competition and get ahead of where customers demand is going.

And, as to the last part of your question, can you re-phrase that? Because I wasn't quite sure what the reference to VERITAS was about.

May. 06. 2008 / 11:15AM, SYMC - Symantec at Merrill Lynch Technology Conference

Unidentified Audience Member

(Inaudible Question-Microphone Inaccessible).

James Beer - Symantec - CFO & EVP

Well look, with M&A obviously I've got no idea what is going to go on in the marketplace around us and so for that reason amongst others, we can't be definitive about this deal or that deal but I think it's fair to say that Vontu and Altiris are recent and good illustrations, along with much smaller deals like AppStream, Transparent Logic over the last six months or so. I think that's a reasonable illustration of the balance of types of transactions that we might enter into but it's very hard to draw a definitive line there.

Unidentified Audience Member

Microsoft reference, those are going to feel the impact of Apple's market share gains. Can you talk a little bit about what you're seeing or I'm seeing here with a Mac. I've got another couple at home and none of them have got a Symantec product on them and can you talk about are you beginning to feel the impact yet? And, if not, what transaction point do you think you might?

James Beer - Symantec - CFO & EVP

Yes the growth of Norton Anti-virus for the Mac is going along very nicely, as you would expect, given how well Mac sales are going. And I think it is fair to say that Mac has a customer perception that there is no need for security. Now I think the reality and, while I think they are starting to acknowledge this, is that they don't necessarily have a system that is completely immune to the bad guys. The bad guys have tended to focus their efforts, as you know one would, on the 95% of the market that is there in front of them and so as that percentage changes one presumes that they be, the bad guys being economic animals that they are these days, will start of alter their emphasis accordingly. And so, if you're using your Apple or your Mac to work down the Internet line, then there's plenty of scope for the bad guys, let's put it that way. And so we'll see how that part of the market evolves, but we've got a product there in place today and it's growing rather nicely.

Unidentified Audience Member

Back to the enterprise side, then clearly you guys are benefiting from a very strong product cycle. You've had strong product cycles in the past and then that sort of petered out and now I'm sure you're working on the next best thing but what do you think is the legs of the current product cycle, both when you think of your current customer base penetration and also to the extent you're are ahead of your competition, the time it will take for them to catch up?

James Beer - Symantec - CFO & EVP

Well, I already referenced this notion of stringing together endpoint management with endpoint security. You know, I think that's going to be an important product cycle coming at us in the next year or two. And, our largest competitor has been [Redmond] seems to have acknowledged that also. They have a rather long-term horizon for bringing a product to market fortunately. So I think that's going to be an important aspect of things over the next few years that will really give again strong competitive differentiation to Symantec, so that's encouraging.

The other things I mentioned earlier, software for service, were already out there with our first product in the back-up arena and we would expect to bring more products into the marketplace as a service. That's why I think that's going to be another important theme going forward. Data loss prevention through the Vontu acquisition we're very much in the leadership position

May. 06. 2008 / 11:15AM, SYMC - Symantec at Merrill Lynch Technology Conference

in that market and that is going to be an enormously important issue for customers. It's very much about protecting the information these days as opposed to having started out as more of a focus on the infrastructure. And so acknowledging that some of your data risks actually reside within your own organization is going to mean, I think, a very nice growth trajectory for data-loss prevention products and Vontu is right in the front of that pack. So, I think that's going to be important and as we integrate Vontu with end-point security with backup and archiving should bring it very much into the fabric of our overall portfolio. That's again going to differentiate us in an important way.

And then, the backup business I think, will continue evolve. That's an absolute franchise for us so we'll look to develop both Backup Exec and Net Backup now under one development leader and I think that's important. I think that will help us in terms of development efficiency. It will also make life more difficult for some of our competitors who've perhaps been shooting the gap between those two products in the last couple of years or so. So, I think that'll give us a renewed focus and market opportunity.

Unidentified Audience Member

(Inaudible Question-Microphone Inaccessible).

James Beer - Symantec - CFO & EVP

Well, really these product cycles tend to overlap. I mean last year we had the release of new end-point security products. That was enormously important, as well as a big Net Backup release. This year we're going to have a big compliance release. We're going to have a new Altiris release and we're going to integrate Vontu with the rest of our product portfolio. So, we'll see continuing cycles year-by-year. I think I can already start to see what the FY '10 initiatives are going to look like.

So I think this is just part of the fact that we're now a broad portfolio player. There are always going to be areas of the product set that are going to be coming out with a new cycle if you think of the cycle as being somewhere between one and three years depending on the product, depending on where it is in its own development as a business.

Garrett Becker - Merrill Lynch - Analyst

I think that's all we have time for, so if we have any additional questions maybe we can take it outside or off line.

James Beer - Symantec - CFO & EVP

Okay well thank you very much.

Garrett Becker - Merrill Lynch - Analyst

James, thanks very much for joining us, pleasure.

James Beer - Symantec - CFO & EVP

Yes appreciate it, thank you for your time.

May. 06. 2008 / 11:15AM, SYMC - Symantec at Merrill Lynch Technology Conference

DISCLAIMER

Thomson Financial reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON FINANCIAL OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2008, Thomson Financial. All Rights Reserved.