

FINAL TRANSCRIPT

Thomson StreetEventsSM

SYMC - Symantec at Pacific Crest Securities Emerging Technology Summit

Event Date/Time: Feb. 25. 2009 / 2:00PM ET

Feb. 25. 2009 / 2:00PM, SYMC - Symantec at Pacific Crest Securities Emerging Technology Summit

CORPORATE PARTICIPANTS

Rob Soderbery

Symantec - SVP Storage Management Group

CONFERENCE CALL PARTICIPANTS

Rob Owens

Pacific Crest Securities - Security and Infrastructure Software Analyst

PRESENTATION

Rob Owens - *Pacific Crest Securities - Security and Infrastructure Software Analyst*

All right let's go ahead and get started. I am Rob Owens with Pacific Crest. I am the Security and Infrastructure Software Analyst. Our next presenting Company this morning is Symantec. With us from the Company is Rob Soderbery, who is the Senior Vice President of the Storage Management Group. Also with us is Sailesh Munagala, who is in the front row who does Investor Relations and that's probably a little loud if we can take that down.

Rob, go ahead.

Rob Soderbery - *Symantec - SVP Storage Management Group*

Great. Thanks a lot, Rob. Okay I am Rob Soderbery, run the Storage and Availability Management business. Today our objective is to educate you a bit about the what we call the Classic Veritas side of Symantec. You know, a lot of you have a pretty deep visibility into our consumer business as well as our enterprise security offerings and maybe less visibility and exposure into our storage products set as well as our data protection solutions. So I am going to touch on that, that piece of the business, give you some insight as to the what we're seeing, the core growth drivers, some of the secular market trends and then I'll give you a commentary on our perspective on what to expect in the current economic period.

So first, from a reporting perspective we report a group called Storage and Server Management that's made up of two big businesses, Storage and Availability that I am representing here today, as well as our Data Protection business, roughly equal components of that \$2 billion plus reporting segment. Within Storage and Availability Management we have a threefold value proposition. The first is availability. Availability means we protect the most mission critical systems and applications all over the world, Telcos, banks, government organizations, all sorts of interesting Web applications.

From an investor/analyst perspective why is that important? It's important because that business is very sticky. It's a renewals oriented business and it's a very protected, very closely guarded systems and infrastructure at our clients. In other words, not dramatically affected by what's going on in the economic situation. So we're enjoying stability in that availability side of the business. We're enjoying continued renewals that are consistent with our historical practices and continued competitive differentiation.

Second big value proposition from our business is around cost optimization and particular storage cost optimization. Again, the investment thesis here is interesting. So if you look at what's happening in infrastructure spend the total economic transactions, total economic activity is down year-over-year. From a server demand perspective that is crippling. Same number of transactions next year means I don't need more capacity.

However, from a storage demand perspective new transactions means new data. Data continues to grow. Storage growth is not meaningfully affected by the economic pullback. That's a huge problem for IT because you have a storage spend, which might be 15% or 20% of your core infrastructure spend, that continues to rise at historical rates in a world in which your top line spend is going to be down 5% or 10% depending on what kind of your number your CFO has given you. We have a whole

Feb. 25. 2009 / 2:00PM, SYMC - Symantec at Pacific Crest Securities Emerging Technology Summit

set of technologies that attack that storage growth problem, including solutions that allow clients to defer storage spend for as long as a year. I'll give you some visibility into that in a moment.

The third value proposition we bring is this notion of standardization. The idea there is large clients, large data centers from very complex environments, UNIX, Windows, Linux, multiple different storage vendors, different databases and applications. Because we provide a common software layer that runs across all of those platforms, we provide a degree of operational productivity enhancements, simplifications, standardization. We allow -- we sort of play right into the overall trend in vendor consolidation, data center consolidation and simplification.

So those are the three ways that we sell. From a historical perspective we really move through those three value props. We started with availability back in the dot com boom. We moved to standardization and operational simplification and now with this economic downturn we're very focused on the storage cost optimization.

So starting with the growth drivers, we have a series of growth drivers that we can position our products against, things that are happening in top priorities of IT. Clearly cost savings has become number one and what we've seen there is clients are bringing in their ROI time horizons where it's historically you could do a three-year deal projecting that savings over three years, get that cash up front, clients are pulling in that time horizon depending on the client anywhere from current quarter savings up to maybe 12, 18 months at the most.

We have wonderful ways that we can come in allow clients to stop spending money immediately, particularly around storage. You know, virtualization and x86, I'll show you some numbers there. We're benefiting from a rotation from UNIX into x86. Those are new servers, new licenses. Historically it's been a low footprint area and we're seeing growth driven by virtualization.

Green IT, Green IT right now is turning into a very, very focused cost play around power and floor space, closely related to data center consolidation and all the value propositions I've talked about translate directly into those metrics.

And then data center consolidation, we routinely see clients moving from 10 dozens of data centers down to a few. HP has been very public about their data center consolidation journey over the past few years. A lot of that was driven by underlying Veritas storage foundation technologies that enabled for migration and consolidation activity. We're repeating that model with clients globally.

So those are the big picture IT trends. Let me dive a little bit into the first one. I know this is not very readable but I'll give you the talk track. So I mentioned storage costs continue unabated, huge problem for IT. In early December at the Gartner Data Center Conference we launched to 2,000 IT executives the new campaign called Stop Buying Storage and we're seeing this providing us actually traction and tails momentum despite all the bad things happening in the market.

The core of Stop Buying Storage is partnering with our clients to drive their storage spend down so our rep goes in, identifies the total targeted spend for 2009 on the storage vendor and then partners with the client to drive that spend down. We have a variety of ways across our portfolio we can do that. For example, Command Central Storage is our storage resource management offering, give you a map of all the storage you've purchased, what applications it's allocated to, how well it's being utilized, allows you to implement charge back on top of that and gives you a really ERP for storage you can think about.

When you run that application what you typically see is clients are at 20% to 30% utilization. So given current storage growth, that means you can soak up quite a bit of capacity expansion with what you have on the floor and that turns into that immediate ROI I was talking about. We can then bring other solutions in behind that map, behind that where is my capacity.

Enterprise Vault, our email, market leading email archive solution, will de-duplicate all those Power Points and PDFs you guys are sending around via email. Solutions like NetBackup PureDisk allows us to do duplicate disk space data protection. Solutions like our Storage Foundation products that implement let's call it for lack of a better word, storage virtualization, allow you to pool your underlying storage and share that better, solutions that help for thin provisioning.

Feb. 25. 2009 / 2:00PM, SYMC - Symantec at Pacific Crest Securities Emerging Technology Summit

So we have complete suite of fluid solutions to sell we're able to go in behind this Stop Buying Storage banner. One of our customers, Health Alliance Plans, a Midwestern health care payer account, able to defer storage purchases for a year, when they resumed purchases on a lower run rate, so big, big time win for our clients and we are able to share in those savings that the clients achieve.

Second growth driver is clearly the secular shift from UNIX to x86. We are seeing in addition to what you've -- what's going on in the virtualization market, we're seeing a second wave of Linux transitions. The first wave was systems you didn't really care about, edge and infrastructure boxes. Now we have very large clients, tier one clients, BMW, British Telecom and so on, coming and deploying mission critical applications. We think of this classic UNIX apps on their Linux machines.

Our advantage in competing against the open source software is to bring all of that UNIX technology to Linux and providing the same kind of availability, same kind of mission critical capabilities that clients expect. You're probably not going to run your bank or your Telco on open source Linux clustering software. You're probably going to want somebody who has a world class capability, global support and all the infrastructure required to keep those systems up and running.

So x86 becomes a driver for us. On the Windows' side virtualization has had the benefit of taking a lot of servers sprawl and pulling it into the data center and virtualizing it. That data center is really our core spend so it's also proving to be a volume driver for us.

A final driver that I'll touch on, given that let's journey to the cloud. That's what the theme here today is clouds, cloud computing, and what I first want to direct your attention to is that the money in the next one to three years is not in cloud computing. Cloud computing is great. It's a very exciting vision. The money is in SAS and we have with prop together, a set of properties in delivering infrastructure as via the SAS vehicle that we're very, very excited about.

We think the two biggest sectors there off this chute are going to be message security. We brought in MessageLabs in this past year, the very fast growing property leader in message security in email security. Second big growth driver for SAS is backup and we have several properties there. Just one is our Norton Online Backup capability on the consumer side. We're adding 10,000 clients per day to our Norton Backup services.

Symantec Protection Network is our SME, SMB backup as a service offering so we think SAS as in delivering infrastructure capabilities as a service is a near-term \$1 billion opportunity and we've given -- put together a complete division behind that opportunity. Now behind that you need to add a cloud. Behind that you need a hosted infrastructure. You need a cloud platform. You need all of this new capability in order to deliver those SAS services. So in parallel with that SAS strategy we are developing a cloud platform that can host all that SAS infrastructure. That cloud platform is built on our own storage technologies and, in fact, today we're running 27 petabytes of storage within that cloud platform.

We think that taking these kinds of technologies that are built for Web and SAS and bringing them into the enterprise is, again, going to be extremely disruptive. So on that 27 petabytes cloud platform that we run today obviously we have to focus on our own TCO and we estimate we're running about 63% lower than a conventional enterprise mass deployment in terms of hosting that storage offering. So our strategy in cloud is first revenue bookings driver via SAS, building out our own platform and using ourselves as essentially the beta of our cloud technologies and then driving those technologies into the enterprise and into the internal clouds.

So that's the big picture of what we're doing. Again, the reason we're here today is to sort of educate folks on the strength and robustness of these segments. From a storage and availability side we're seeing stability with respect to that large installed base for more of the renewals business as well as new opportunity driven by the economic pressures and the continued willingness of customers to spend to save. Data protection, we're seeing similar strengths and similar growth in that business in giving us some confidence during this period of clearly troubled times and uncertain times.

Feb. 25. 2009 / 2:00PM, SYMC - Symantec at Pacific Crest Securities Emerging Technology Summit

Rob Owens - *Pacific Crest Securities - Security and Infrastructure Software Analyst*

Okay so for the December quarter your storage and server management business, it's about 37% of the mix and it grew 1% year-over-year after a year of double-digit growth. What's happening in your business that's basically driving that? Is that the economy? Is that FX? And also, given that I think half of that business is maintenance to begin with, so why is the growth just hitting a wall at this point?

Rob Soderbery - *Symantec - SVP Storage Management Group*

Well, we were relatively pleased about our growth numbers in the December quarter, so we were up 1%, 2%. We think that's really representative of the way the business can perform during this period of disruption. In the first half all the businesses I talked about here pretty dramatically over performed. They dramatically over performed in that the typical comparables server unit volumes, storage revenue growth and so on were quite a bit lower than the numbers we were able to show.

Our sense is we're going to continue that trajectory. We're going to continue to meaningfully outperform the market. You know, diving into our competitor's numbers for the quarter in these areas we think we're probably four to five points above market growth rates. So I characterize it as over performing in a relatively robust market in the first half of our FY '09 and over performing in a pretty awful market in the second half.

Rob Owens - *Pacific Crest Securities - Security and Infrastructure Software Analyst*

So the server growth not a really good proxy for your business then and how should we think of your business in light of server unit declines?

Rob Soderbery - *Symantec - SVP Storage Management Group*

Yes so server revenue is a terrible proxy. We have more of our business is correlated to unit growth but what we're seeing is continued share expansion. I talked about that standardization value prop. The way that value prop works is we have a client, maybe deployed up from a single platform Solaris. We go in; we show the client the ROI of expanding that footprint across their entire environment so when that client brings in x86 machines, when they bring in new systems we get the scale from the share expansion there even when the top line may not be moving.

Rob Owens - *Pacific Crest Securities - Security and Infrastructure Software Analyst*

And you have the new selling campaign of the slides Stop Buying Storage. What kind of impact is this having on the market right now? What kind of impact is it having on your hardware partners too?

Rob Soderbery - *Symantec - SVP Storage Management Group*

Well, the Stop Buying Storage message is a pretty painful message for the hardware partners. The hardware partners, what they -- they're trying to sell an ROI as well. Their net ap is trying to come in and offer a deal, drop their TCO over E&C and vice versa but from a client perspective, there's only one company that can come in and partner with that client with no hardware agenda and no agenda to ship disk and that's Symantec. So it naturally aligns us with the client and his objectives. It's pretty painful for the storage vendors but this is going to be a world of taking share and there's just no two ways around that.

Rob Owens - *Pacific Crest Securities - Security and Infrastructure Software Analyst*

Questions from the audience at this point?

Feb. 25. 2009 / 2:00PM, SYMC - Symantec at Pacific Crest Securities Emerging Technology Summit

QUESTIONS AND ANSWERS

Unidentified Audience Member

(Inaudible Question-Microphone Inaccessible).

Rob Soderbery - Symantec - SVP Storage Management Group

Right so the question is do we have stats around de-duplication and where is de-duplication beneficial. So typically de-duplication is beneficial for virtually all of your unstructured data all right, so you've got a structured database data, typically a lot of backup revenue into that because it's a very important system and then you've got all that file data and all that unstructured data. Virtually all of that unstructured data is the minimal to de-duplication and that's what you're seeing today is people moving through that unstructured, that set of unstructured data, and implementing de-duplication as their primary backup numbers. And those are published numbers in terms of the amount of unstructured data, you know, 60%, 70% and the faster growing bit of the backup market.

Rob Owens - Pacific Crest Securities - Security and Infrastructure Software Analyst

Could you talk a little bit about your play around de-duplication and how you have PureDisk but I believe that's just for NetBackup. What about Backup Exec? What are you guys doing there?

Rob Soderbery - Symantec - SVP Storage Management Group

Yes so in the data protection family we have NetBackup, which is targeted at the enterprise and it's the number one offering, number one data protection product in the market. We have Backup Exec, which is targeted at the mid market. Backup Exec is the number two product in the market. Together that represents a little over 45% share of the backup market. So we have products that are optimized for those two different user bases and we have commanding share and scale in that space so starting from an opportunity of strength.

Then we're able to take core technology and ship it into those two spaces with different approaches, ease of use and simple backup exec solutions, much more sophisticated and customizable net backup solutions. So de-dupe in our NetBackup world is delivered via capability called PureDisk. It's a very fast growing option on Net Backup so you can take the relatively modest growth of NetBackup core and see that layer into the growth rate. And then within Backup Exec de-dupe becomes more of a built in capability. Customer doesn't want that complexity exposed; he doesn't care, so market leading but built in and a marketed that it's simple and easy.

Rob Owens - Pacific Crest Securities - Security and Infrastructure Software Analyst

And since we're talking about backup I think relative to your mid market opportunity on the last conference call I think Enrique talked a little about wanting to re-accelerate some of your core businesses, one of which being Endpoint, the other being Backup.

Rob Soderbery - Symantec - SVP Storage Management Group

Right.

Feb. 25. 2009 / 2:00PM, SYMC - Symantec at Pacific Crest Securities Emerging Technology Summit

Rob Owens - Pacific Crest Securities - Security and Infrastructure Software Analyst

Can you talk about maybe some of the things you're going to do there as you're feeling a little bit of pressure due to the market?

Rob Soderbery - Symantec - SVP Storage Management Group

Well, there's no question that we want to be very focused on continuing our dominance of the backup space so at 45% share we're in a good position but what we've seen is that there are growth opportunities. There is revenue pools that are outside of that core backup space. So de-duplication, for example, has primarily taken money away from the tape vendors, not from the software vendors like ourselves so that's new money for us to go after, additive to the overall data protection growth rate.

As we look forward, you know, we are 12, 18 months into this transition in the backup space with a lot of new technology, a lot of new capabilities. We think that transition continues for another 24 to 36 months and it's going to involve a lot more consolidation, more new technology and continued above market rate spend in the data protection space. A couple of the technologies working there are things like continuous data protection, eliminating the concept of backup window having any point in time restore. A lot of features and capabilities will continue the backup re-architecture and the backup spend.

Rob Owens - Pacific Crest Securities - Security and Infrastructure Software Analyst

Any other questions? We've got time for maybe one, two more.

Unidentified Audience Member

(Inaudible Question-Microphone Inaccessible).

Rob Soderbery - Symantec - SVP Storage Management Group

Yes so China is very, very exciting. What we've seen in China and India is that we are now able to do large ELA transactions just like we'll do with our mature geos and China Mobile has 19 regional provinces. Each of those is an independent operating company. We are in the midst of a deployment into the first one of those independent operating companies, which is in Beijing, where they're doing a -- we've done a \$2 million transaction to build a reference configuration in there.

If we're successful we expect that to be replicated across those other 18 operating companies so if you go to China and you dial somebody up and you get a funny ring tone that is being served up by our software and the back end is being processed and made available by our software.

Unidentified Audience Member

(Inaudible Question-Microphone Inaccessible).

Rob Soderbery - Symantec - SVP Storage Management Group

Well, so within mobile it's all about content so that they're doing is they're using our cloud storage platform to store that content so in the ring tone case it's the ring tones. It's the photo you upload, the little video, all the cutesy mobile content. In fact, that's the first win we've done jointly with our joint venture partner, Huawei-Symantec. Last year we announced that formation of that joint venture to the new storage company focused on the China market in the Huawei channel and we're now shipping our storage products through that joint venture into domestic China as well as international clients.

Feb. 25. 2009 / 2:00PM, SYMC - Symantec at Pacific Crest Securities Emerging Technology Summit

Unidentified Audience Member

(Inaudible Question-Microphone Inaccessible).

Rob Soderbery - Symantec - SVP Storage Management Group

Well, so far it looks good.

Rob Owens - Pacific Crest Securities - Security and Infrastructure Software Analyst

Any last questions? Okay great. Thanks, Rob.

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.

©2009, Thomson Financial. All Rights Reserved.