

FINAL TRANSCRIPT

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JNPR - Juniper Networks Inc at Barclays Capital Global Technology Conference

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PRESENTATION

Jeff Kvaal - Barclays Capital - Analyst

Okay, everyone, thanks very much. Thanks to the second half of our morning keynote sessions. What we're going to do is spend the next 40 minutes or so with Juniper. I am delighted that Robyn Denholm is joining us for -- I don't know, Robyn, this is at least the third or fourth (multiple speakers) in a row we have had.

Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

Yes, that's right.

Jeff Kvaal - Barclays Capital - Analyst

As you know Robyn has been the CFO of Juniper for four years and is just now considered an industry veteran. We are going to throw that moniker around.

Actually so, Robyn, please.

Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

Well, good morning, everyone. I wanted to just take a few minutes in terms of setting up the fireside chat with a few slides in terms of what is happening in the industry, but also in our business at large.

But firstly, as I always do, the Safe Harbor. I want to draw your attention to our filings on our website. As you know, I will probably make some forward-looking statements here, so they have some risks and uncertainties, so make sure that you look at our filings.

In terms of the key fundamental structures of our business, over the next period of time as what has been driving our business over the last period of time, these are the two key trends that we are participating in. And one is the mobile Internet and the other is cloud computing and they are also interlinked.

So you heard Steven talking about it on the last keynote, the focus that Nokia has on the smartphone traffic. What is happening there, the proliferation of devices is actually, as you know, fueling a lot of data to multiple types of devices and they are fueling the mobile Internet. And so, that is a trend that we are definitely participating in and we are also very focused on it as we move forward as well.

And the second trend is cloud computing. To me cloud computing is a centralization of resources in data centers. Whether they are physically located in the same place or virtually located. And so, what that does if you have devices that need a lot of data



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and centralized compute and storage resources, then network becomes very important across those two points. And so they are the two key trends that we are following.

We are actually transforming the way networking is done. We are calling it the new network. A lot of platform specifics with software on top and I will go to that in a minute.

So if you look at how Juniper approaches the marketplace, these are -- this is our strategic pillar slide and what we do is we embrace architectural transitions. So it seems like the universal edge. What we have that on the MX 3D where we have actually taken a trend for services on the edge and really innovated with the platform that we brought to market. The same in the service provider core.

So the history of the Company, we started in the core and the evolutions that we have made with our core products and now with our PTX platform, the converged super core, that is an example of an architectural transition that is happening and we are embracing that and will drive forward from an innovation perspective.

So, and that data center is another one. What we are doing with QFabric is very different to what other companies are doing. In terms of having handling single layer of networking fabric to join all of the compute and storage resources together in the data center is quite different to other companies' approach. So that is another architectural transition that we are embracing.

The middle pillar is really around expanding the system's footprint and things like the MX 3D is a system with software on top which is the third pillar. So our approach is to take systems and platforms into key domains within the network and then actually have come from a treat software that drives applications on top of that as we move forward. And you can see our three developer communities here.

So the Junos operating system, developer community. We have many companies, both customers -- end-users customers -- as well as partners who are developing on the Junos SDK. We also have the pulse platform which is what is on the device side, both smartphones and tablets. And then, we also have the space developer community, which is really on the manageability of the network across the network.

If you look at our product roadmap, we have very big product sort of innovations that are coming to market. QFabric came out last quarter. It is actually shipping. And we are seeing good customer acceptance of that product.

You can see MobilNext is there. That actually started shipping in the second quarter and, again, we are seeing a lot of interest in quite an innovative way of delivering mobile packet core to the marketplace.

PTX starts shipping in the first quarter. That is our Converged Supercore -- sorry, Converged Supercore product which actually takes the best of MPLS and the optical electronic part of that space and converges those into one system.

And then the T4000, which is our next generation of our core products we will start shipping this quarter.

If I look at our results to date, we have had a very solid year in a marketplace that has evolved and changed over the year. We began the year beginning -- thinking that the underlying markets would grow quite strongly. They did last year. This year they started off strongly in the first quarter and have actually tapered off, which is very consistent with what we have been saying since the second quarter, when we said that the seasonal patterns that we generally see with our service provider customers are being less than 50% demand in the first half of the year and generally more than 50% in the second half, would not be the case this year. And that has actually proved to be the case.

So we believe that the back half of the year, the third and fourth quarter is atypical for the service providers for fiscal 2011.



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If you look at our routing growth, MX is up over [17]% year over year. Our EX is up over 60 -- 16% year over year. Our SRX is slightly down, given the large number of deployments in our service provider customers in 2010. If you look at enterprise, we are up over 11% year over year on a year-to-date basis and our service provider business is up 17% year over year on a year-to-date basis. And we have had strength in all geographies. So, you can see for the year to date, the APAC area is up 20% year over year, EMEA up 13% and the Americas are up 13% as well.

So from our position -- our position is that we are very confident in our strategy. We know that we are focused on the right areas. We are aligned to the markets that we are pursuing. We are actually very much focused on the trends that we see from a mobile Internet and a cloud computing perspective. We do have this rough new innovation and it is generating momentum with customers.

We are also executing with agility. You can see that we have brought down our revenue as [substance] for the full year, but we have also been able to trim out expenses as well and make sure that we are executing within the revenue opportunity that we see as well. But we are also making sure that we continue to invest in the key things around R&D and sales and marketing that would generate our future growth as vendor as well.

So with that, I will --.

Jeff Kvaal - Barclays Capital - Analyst

Thank you, Robin. Let me start off by asking the question that is on many of our minds and that is that there was some talk and rumor and speculation yesterday that there might be some change in messaging coming out of Juniper. I just want to get that on the table before we get into some of our other questions.

Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

Yes, no, our view is our messaging is very consistent with what it has been. This presentation is the same type of presentation that I did a few weeks ago at a conference in New York. So our view is our messaging is exactly the same as it has been over the last period of time.

Jeff Kvaal - Barclays Capital - Analyst

Can we talk about, I guess, leading off with the carrier markets. I think, yes, the demand I think that you showed in your bookings in the September quarter was very strong. And yet, like you say, that seems to have not translated immediately as a revenue. It was over a course of a couple of quarters.

Can you tell us a little bit about why you think the carriers are being more measured in their spending in the second half of the year? And is that something that we should think about continuing into 2012, that same pattern?

Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

Yes, I think the first thing is the macro environment has worsened as we have gone through this fiscal year. I think no one would question that. And I think the uncertainty that has happened from a geographic perspective, whether it is in Europe or in Asia or in the US, has persisted over a period of time. And I think that has had impact on any capital expenditure being done by the carriers or enterprise for that matter.



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So I do think that has been a factor in terms of the carriers tempering down of their CapEx in the second half and actually changing the pattern that we have seen pretty consistently over the last three, four, five years in terms of first half of the year versus second half of the year. So we think that the macro has some impact on CapEx expenditures.

We also think that, obviously, there has been a lot of focus on the mobile side of the equation. So building out the towers, the RAM towers as well as back door and then markets that we participate in as a company, obviously we have focused on the edge and forward. We are obviously in the mobile packet core market now. But there tends to be a sequence in terms of how service providers spend their CapEx in terms of where they focus first from the access points all the way back in.

Jeff Kvaal - Barclays Capital - Analyst

Okay, so there is a certain amount of lumpiness associated with -- well, where we saw the SRX last year, right? And I would imagine that would apply to their core edge routing as well. But doesn't that get balanced out across carriers? Like US is doing one thing, Europe is doing something else.

Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

Yes, I think -- so let's talk about the SRX. So, the SRX prior to the high-end SRX coming out, we actually didn't have a presence in the security business and service providers. So that was a brand-new marketplace for us a couple of years ago. We obviously had a very strong and still have a very strong business on the enterprise side from a security perspective.

So what we did was we focused on, again, the trend of more and more proliferation of smartphone devices and tablets and that type of thing and securing that volume of traffic is something we do very well. So from a scale perspective and a capacity perspective, Juniper across the board whether it is routing or security does very well at that. So we focused our engineering efforts on the security side to go after that market, and last year we saw some very significant deployment across the world in design wins even outside of North America for our SRX platform.

And even in the third quarter, you saw a pickup in the revenue. In fact in the third quarter of 2011, it was a record quarter for SRX. And so various deployments are lumpy the way they are actually deployed in a customer environment. Particularly when you are dealing with scale.

So we are happy with the performance of the SRX. Obviously we would like it to be less lumpy and have multiple deployments happening at any point in time. But I think from a platform perspective it has done very well.

Jeff Kvaal - Barclays Capital - Analyst

While you mentioned that enterprise SRX side of things, we have heard from the five in particular that they are feeling a little bit more muscular and their ability for their ADC to take on some of their characteristics of -- or the tasks of firewalls in general. SRX, in particular. Have you seen more of them? What do you make of that particular line of thinking?

Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

Yes I think what -- what SRX has been focused on traditionally around the data center is an important market. So if you see -- I mean, they have obviously been focusing a different site to us in the data center, but it underscores the importance of the data center and how centralization of assets is with growth compute and storage is important to the cloud computing paradigm. So I think in terms of the security market itself, particularly in the enterprise, it is a very competitive market. If you look at the fragmentation of the competition there, I mean, obviously, in the high-end firewall, we have been the market leader, we are



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the market leader in terms of the high-end firewall. And we continue to innovate in that space. And we are -- we are seeing good design wins with enterprise customers as well.

But again, having said that, we focus on the service provider side of the high-end space which we were not in, in terms of the initial deployments of the high-end SRX. And over time that will also start to play out in the enterprise side as well.

And if you sit back and look at the enterprise security market, it is changing. I mean, the bring your own device to work phenomena changes security as much as it does anything else in the enterprise. And so it doesn't matter what industry the CIO is that I am talking to, they are all grappling with that problem. And actually bringing your own device to work and how they -- how those devices are procured in a network is something that we are focused on. It is what pulls stars in terms of the end point and SRX actually focuses on the other side of that equation which is in the data center.

Jeff Kvaal - Barclays Capital - Analyst

Okay, so getting back to carrier a little bit. Do you feel like the ongoing macro uncertainty back and forth every day, is that having an ongoing drag on carrier spending? Is that something that is having a -- maybe a regional impact?

Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

I think any period of macro uncertainty has an impact on anybody's CapEx. I mean obviously, even at Juniper, we monitor what is going on from a macro perspective in terms of our spending. So I can't imagine that it doesn't have an impact on spending.

Having said that, I also think that there is a view that services across the smartphones and the new tablet card dominant, so the thing is important for future revenues for the carriers as well. So I think they are very -- they have been very measured and are metering out their CapEx, but I think over the long term the two trends that I talked about earlier are absolutely not going away. So, and once you are dealing with magnitudes of traffic, then it is very hard to not spend at some point in time.

Jeff Kvaal - Barclays Capital - Analyst

I think one of the issues that we have been sweating with some of our other carrier-centric ones has also been dislocations associated with the potential merger of AT&T and T-Mobile. Is that one that you have high exposure to that you are seeing some shifting involved there?

Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

I think, at a high level, I don't want to talk about any specific customer, but at a high level, consolidation in the SP space is something that we have been anticipating for quite some time. If you look at the economics from a carrier perspective, volume does matter and the larger the volume, obviously the better economy scale and that type of thing. So from an overall trend, consolidation of carriers themselves and also different types of procurement mechanisms like we have seen in Europe recently are actually trends that we have been anticipating from a strategy perspective.

So, and again, if you look at what happens when carriers merge or the traffic is more concentrated, that again plays to the whole strategy area that we are talking about in terms of convergence of networks, and that type of thing, and that scale really does matter and the innovation that we are delivering in that part in terms of the scale of network is something that we are very focused on.



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Jeff Kvaal - Barclays Capital - Analyst

Switching gears and talking about the enterprise side of the business for a moment. What can you tell us about the latest and greatest happenings in corporate IT spending?

Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

So bring your own device to work is a very key phenomenon with CIOs and therefore the security landscape in enterprise is changing and pulse is a very big part of that, we think, or is focused at that area.

The other is the data center. And so, with QFabric coming out last quarter, we are seeing a lot of activity with enterprise customers around the world in terms of evaluating the QFabric lineup. Whether it is the QFX3500 node which is 10 gig top of rack node or the total solution of the QFabric, we are seeing both of those types of things or all three. We actually have announced four design wins with QFabric, Deutsche Bourse, Thomson Reuters. We also announced Bell Canada as well and [Smith Herrera] as well. So our view is that those are examples of the types of engagements that we have around the world.

Jeff Kvaal - Barclays Capital - Analyst

We are thinking about putting together our own view -- not yours -- our view, not your view of 2012. I think -- would the right way to think of it be site listen sorry we are a little bit with some market growth then add some share gains and then there's some new products there? Is that -- I mean, is that -- is that --?

Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

Yes, I mean I -- we do think it is too early to be talking about 2012. Having said that, our view is given the innovation platform that we are in, and the traction that we have with customers, we will grow faster than the market. So the question is what will the market grow next year? And at this point we don't think we know yet, just given the macro environment and the change in patents with some of our customers as well.

So as we head into the earnings season will talk more about 2012 itself and how we think that will shape up. But our view is given the strategy that we are on, the execution that we have against that strategy, we will grow faster than the markets in the key markets that we are targeted at.

Jeff Kvaal - Barclays Capital - Analyst

So that is stay tuned for January or stay tuned for Analyst Day?

Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

Well we will talk more about it at the -- on the earnings call. Yes.

Jeff Kvaal - Barclays Capital - Analyst

Well, is that -- should we be thinking that the way to be measuring you from here is to say market plus growth? Or --?



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Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

Yes. I think that's -- that is actually pretty consistent with how we developed our long-term model but the way we will talk about it is exactly that. What is our underlying market growth rate assumptions for the key markets that we are focused on and then, how much faster do we think we will grow in the market, given the innovation cycles we have not just the new products, but existing products and how we are gaining traction in those markets.

Jeff Kvaal - Barclays Capital - Analyst

Okay, so we should be expecting that rather than a line in the sand of it is going to be 12% or 15% or 20% or 25% growth?

Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

Yes, I think the key thing over this period of time whether it is in volatility in the macro environment is what is the market doing. And what we're seeing this year is a very significant change from the first half to the second half in terms of the market condition. So our view is market plus is what we are targeting our growth agenda at.

Jeff Kvaal - Barclays Capital - Analyst

Okay. Can we talk about the new policy bid? Are we started already -- but there are four fairly sizable new products that you've been working on for years that you are bringing to market. Can you tell us sort of -- give us a little sense of prioritization of which are the ones that you feel are upgrades of existing products that will keep your momentum going and which are the ones that are differentiating and new that will allow you to buy -- take share from other vendors?

Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

Yes, I think firstly the products coming to market over this period of time is a testament to the great execution of the team back at Juniper. If you look at what we have been doing, whether it is in the data center, in the core, in the PTX area, each of these significant investments that we've made over a long period of time and in some cases in a couple of years at the shorter end of the equation. So, the fact that the products are coming to market and they are being received very well is actually a big testament to the team.

So if you look at -- so, QFabric is out where we do have for design wins that we publicly announced and they represented, even as I said before, of the type of engagement that we have with customers around the world, both service provider and enterprise account. Both going for the full solution initially and some going for the node itself. And then at some point, they may deploy the rest of the solution and others not yet decided to do that.

So, all of those types of engagements are happening around the world, both enterprise and service provider customers.

If you look at the T4000, so that starts shipping this quarter. We have announced a design win with that with Comcast, we announced that on the earnings call. If you look at that upgrade cycle, so, it is the next generation of core, very good in terms of performance and competitiveness with the performance and again leap-- our view is it leapfrogged the competition in terms of performance and also the economics from a core perspective.

Obviously, that upgrade cycle where we have done multiple times over the last decade. So our view is that that is more known to us in terms of upgrade cycles. You add the PTX into that equation in Q1 and that is a very disruptive architecture for the core of many carrier networks. So, our view is the more disruptive the innovation, the longer the scale cycles normally. And also the -- sometimes the slower the ramped revenue, obviously, because the design cycles, but also you do quite a bit in terms of proving out the technology and that type of thing.



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We are very optimistic that it is across-the-board. MobileNext is getting good traction as well. It is been out for since the second quarter, it's started shipping. And we have engagements on that side as well. We have announced one win with that, one design win, but we are actually seeing multiple engagements around the world with that product as well.

So I think, overall, the products are performing as we expected in the marketplace. And we are involved in many customer engagements across the world.

Jeff Kvaal - Barclays Capital - Analyst

Can you tell us a little bit more about MobileNext because, from our seat, we see the ones, we don't see the activity. We would like to think more than ones is where we are going to be.

Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

Yes and the reality is, as I said before, we have multiple engagements. Being able to announce design wins actually takes two parties to do that. So, but, we are pleased with the traction the product has in the marketplace. Obviously we're in engagements with mobile service providers around the world in terms of proving out the architecture and what it actually does. It is, as I said before, quite a different architecture in terms of it being a platform with software on top of the platform. And that is different for -- from any other solution that is out there.

Jeff Kvaal - Barclays Capital - Analyst

Well, Ericsson, a couple of years ago was a 10% customer of yours. Much of which was selling your core routers through them right into mobility. To what extent is this MobileNext you sort of circumventing that relationship and holding onto that, holding onto that position in the mobile network?

Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

Yes, our view is that Ericsson is a very good partner of ours. We continue to sell with them around the world in not only mobile engagements, but in others as well with an active systems integrators of -- for various carriers around the world. So, but our relationship is very healthy.

We have partnerships with quite a few partners where we have competitive products and we know how to deal with that and I actually think we are very good at it. So the salesforce knows when to position different products that we have and also work with partners in terms of their offering.

Jeff Kvaal - Barclays Capital - Analyst

No, I certainly didn't mean to impugn your relationship with Ericsson. We've had this conversation on both sides. I guess my question is more along the lines of there is share out there that you already hold in mobile networks. If your products are there, you didn't put them there, Ericsson did. Now Ericsson has got their SSR that they are messing around with and Cisco is being very aggressive with its [dialer] product line.

How important is it for you to be holding onto that socket by selling directly versus selling through Ericsson?



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Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

Yes, I mean we will continue to face the market both directly and we have, we have talked about it before, we have increased our mobile go-to-market direct salesforce as well. Not just focus on the packet core, but the other technologies that we have for the mobile service providers. And we will continue to sell with Ericsson as well. Our view is that if you sit back, the two trends that I was talking about before, if you look at the scale that is required that is required for mobile carriers, not just today, but the future, that is why we built MobileNext. Because we believe that the platforms that are out there in the marketplace do not approach the scale for which MobileNext can actually perform. And that is built on the MX platform with software on top of that.

And so, that is the very reason why we decided enter that market directly. Because we think the innovation around scale and performance is very important for a market that is exploding in terms of traffic.

Jeff Kvaal - Barclays Capital - Analyst

Which of these four products do you think are going to be most likely to contribute materially to sales next year?

Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

If you went through all of the products, obviously, the 4000 is an upgrade cycle. So, we are most used to that in terms of the predictability of the revenue. The other areas are all very exciting from an innovation and an architecture transition perspective, and also what we believe we can do there. And in many cases, the net new markets that we have not been in before. So we have high aspirations for that.

We are not ready to quantify the revenues for 2012 yet. Obviously with the products just starting to ship, we want to get some customer experience in terms of how fast those scale cycles will happen and also how long they take to deploy. So, I think both of those are things that, as we said, we are very focused on, in terms of getting design wins. And so the key thing from my perspective are the design wins. And we are being very consistent on that approach.

You know where we can, we will announce the design wins with customers' names and where we can't we will announce the design wins talking about the industry and particular sectors that our customers are in. And it's those design wins that we think will give us more ability to talk about the trajectory of the revenue.

Jeff Kvaal - Barclays Capital - Analyst

Can you gain share with your existing product set or is it really reliant upon the new products to muscle some people out?

Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

We are gaining share with Ericsson's end products. If you look at the routing space in the edge in the ethernet services edge and the metro services edge which is where the MX plays, we have been gaining share. Obviously in the core, that has deteriorated slightly this year as we have had an older platform and the upgrade cycle will address that.

So our view is, we can absolutely gain share with the products that we have. We also -- but we also believe the new products will help us in that endeavor as well. And as I said, some of the newer products are aimed at markets that we are not currently in. So you can't gain share in a market that you haven't got products in.



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Jeff Kvaal - Barclays Capital - Analyst

That's a fair point. I am not one to argue that one.

Now you know I am going to be my bond about this margin situation rather than talk about it for a very long time. So, I mean, from a quarter-to-quarter basis there is always a little more spending here to be done sometimes, the revenues don't always quite match up to where they should be given the macro. But still I mean you did 25% margins when you are doing less than \$1 billion in sales. Now what you are well north of \$1 billion in sales and your margins are lower.

So help us understand that. Is that 25% a real target? Or is it always just going to be two years out in the future?

Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

Yes, no, I think on the margin side we've done very well. I think we are continuing to fund the growth agenda that we're on and we are continuing to deliver healthy margin. So if you look at the difference in the quarters where we are talking about where we did deliver 25% or higher, there are two factors. One is, obviously, the OpEx is higher. When you are entering markets that you haven't been in before, you need to expand the go to market as well as the R&D. So, we have been doing that.

So if you look at the cycle over the last period of time, we spent money on the R&D and we are continued to do that as the products come to market and we have also augmented our go to market, our direct go to market with more quota-carrying sales reps as well as people with specialty expertise, particularly around the new domains and the products that are in those areas. And so and, obviously, we have continued to work with our partners as well -- both on the enterprise side as well as the service provider -- but you need some direct presence to actually continue to drive the forward agenda that we have and the product agenda that we have in terms of the new technologies.

So that is very -- that's the first point. So OpEx has been higher in terms of the percentage of revenue.

The second is the gross margin is lower, and the gross margin is lower for two reasons. So in the second part of this year it is around a 65% level, just north of 65, which is lower than our 66% to 68% range. And the reason why it is lower are two factors. One is mix.

We, obviously as the new product cycles are evolving with -- particularly in the core, and also the security market, they tend to be higher on average gross margin than other parts of the business. The mix has been unfavorable on that front, although we are gaining share in those markets. So that's a positive.

But the other part is the cost side. So in the last few quarters, we have had some charges related to inventory-carrying costs and you can -- I mean, if you sit back and have a look, if we were headed towards the 20% or higher revenue growth, that supports a particular volume of production and that type of thing. When you bring those down, but when you bring those forecasts down, there is a cost in terms of the inventory side.

The other reason why the growth margins are down is actually on the services side. So on the services side, we have been adding professional services personnel again around the design win. So as those design wins start to translate to revenue, that will no longer be a drag on the gross margin.

So I think they are the two factors, you know, factually speaking in terms of the operating margins level. But to be clear, I am pretty pleased with the operating margin given the current market conditions.



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Jeff Kvaal - Barclays Capital - Analyst

Okay, so to see significant progress actually 25%, we need to see the market conditions pick up, the revenue growth pick up.

Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

Yes, well you saw that in the 2009 period of time. So for the third part of that year the gross margins were lower, mainly volume- and mix-related. And I think as volume continued to grow that obviously helps with the cost structure and we are continuing work on the cost structure in and out on the gross margin side.

Jeff Kvaal - Barclays Capital - Analyst

At this stage, why don't we turn it open to the floor for a couple of questions if we could do that? Yes. All right, well I know I have a couple more.

Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

You always have questions.

Jeff Kvaal - Barclays Capital - Analyst

What is the next project, Robyn? What are we thinking? We have Stratus, we've got -- had MobileNext.

Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

Yes we are working on other R&D projects, none of which I am going to announce today.

Jeff Kvaal - Barclays Capital - Analyst

It is the ADC market, isn't it?

Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

No, I'm not talking about it. I will tell you we're -- obviously with our strategy around systems and software, we are focused on both. And as I talked about before, they are complementary. So if you look at the domains of networking that we are in, we are in the core and the edge and the campus and the branch and also the data center and the device side on the enterprise. So if you look at that as a continuum. There is a complementary strategy on both on both the system side which is what the platforms systems division is focused on and the software side.

And our view is, even though we are pleased with the software revenue there is opportunity in there. Not just in new products, but also in augmenting some products that we have today already in the marketplace.

Jeff Kvaal - Barclays Capital - Analyst

Software is a fairly vague term. Everybody is doing software. Could you be a little bit more specific about this?



Dec. 08. 2011 / 4:15PM, JNPR - Juniper Networks Inc at Barclays Capital Global Technology Conference

Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

Yes, I mean if you look at the three sort of areas, security is largely a software-differentiated play. Yes there are appliances in there and some systems, but there is plenty of software in the security space. If you look at what we have done on MobileNext, it is the platform of the next 3D with software on top of that to actually address the mobile packet core.

If you look at our router services area, we actually have software that actually again goes on to a MX router that provides intelligence to the carriers as well. That's the software business. And that is doing very well. So there are different areas of software that is already in the business, and there are other areas that we are targeting for the future as well.

Jeff Kvaal - Barclays Capital - Analyst

Okay. Excellent. I think we are going to have to hold it there.

Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

Thank you.

Jeff Kvaal - Barclays Capital - Analyst

So, Robyn, thanks very much. Thanks very much for joining us in the morning session and now it is off to presentations.

Robyn Denholm - Juniper Networks, Inc. - CFO & EVP

Okay, good. Thank you.

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