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# EDITED TRANSCRIPT

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## CORPORATE PARTICIPANTS

**Robyn Denholm** *Juniper Networks, Inc. - CFO*

## PRESENTATION

**Robyn Denholm** - *Juniper Networks, Inc. - CFO*

Good morning, everyone. I am really glad to be speaking to you here this morning. Before I go into the slides, I obviously want to draw your attention to the Safe Harbor and any risks and uncertainties with any forward-looking statements, have a look at our 10-Q.

So if you look at our five pillars of our strategy, this has not changed in recent times but I wanted to just remind you what we are focused on.

We are absolutely focused on high-performance networking as a Company and we are focused on innovating in that space, so the R&D that we have invested in over the last few years and also going forward, we continue to deliver great products in routing, switching, and security into the marketplace of high-performance networking.

A key tenet of the strategy of the Company is to actually leverage that R&D across both sectors, so Service Provider and Enterprise sectors and we do that very consistently now with what we are doing in routing and switching and security. So the products that we deliver we reiterate the R&D wants and actually put that into products with both sectors.

We continue to diversify our customer base. That has been a strategy of the Company over the last five years or so not only adding enterprise customers to our customer lists but also continuing to increase the number of service providers that we have as customers, over 600 Service Provider customers around the world in all four verticals within the Service Provider landscape.

On the Enterprise side, we continue to focus on Enterprise as well both in terms of government, financial services, and some of the other Enterprise customers that really resemble our service provider customers as well.

We continue to have a platform strategy from a product perspective and we complement that system strategy with Junos-based software. We have been doing that for many years now.

In terms of the areas that we are focused on in the network, we call this our seven domain strategy. There are seven domains of the network that we are focused on across both sectors, Service Provider and Enterprise. You can see that there are a couple of common areas or domains within the network and this is a key organizing principle within the Company both in terms of focusing the R&D efforts that we have and also aligning that with our go-to-market in terms of how we monetize the R&D in our customer environment.

You can see that we have security access across all of the domains and obviously our One Junos strategy in terms of the operating system that we have across all of the products.

In terms of our new products, obviously there's a lot of interest in our new products. From a customer perspective we are seeing great receptivity to all of the new products. If you start from the newest entrant, the ACX is shipping this quarter. That is focused on the universal backhaul, our differentiated offering in that backhaul space. This quarter, it is shipping.

T4000, our next generation of core router is doing well. We are seeing a lot of good customer traction across the world in all three geographies.

PTX is doing very well. We have talked about publicly a number of -- a couple of customers now in terms of both Verizon and LINX, the London Internet Exchange. We've got strong engagement with that as well. And with the two products together which actually hit the market about the same time, what we are seeing is both an upgrade cycle in terms of T4000 and in our installed base as well as an insertion strategy into our competitors' core with the PTX. Both are aimed at lowering the cost per bit of traffic for our service provider customers and that is something that every single customer that I speak to actually is very focused on.

MobileNext, our evolved packet core, the software offering on top of the MX 3D router. We have good customer engagement. We are continuing to reiterate features on the MobileNext and we are pleased with the capabilities of the product as it is in the market.

In terms of QFabric, that's our data center products. In terms of -- we have a couple of series of products in there now, the original QFabric that we launched last year as well as more recent M-series, which actually does smaller data centers. We've got more than 200 customers for QFabric and we are very pleased with the traction that we have with a very differentiated architecture in the marketplace.

So in terms of our near-term priorities as a Company, we are very focused on revenue growth. We are focused on capturing the market share with the new products and driving momentum and revenue growth with those products.

We are obviously also making sure that our resources are aligned and focused for the opportunities ahead whilst we are also making sure that we are improving our own productivity and efficiency. And it is an and statement, not an or. We are focused on revenue growth and we are focused on efficiency and cost improvements as well.

And we continue to focus on our own capital allocation strategy and making sure that we have and maintain a strong balance sheet.

So with that, I will open it to Q&A.

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## QUESTIONS AND ANSWERS

### Unidentified Participant

So one thing that we are doing with all the companies presenting is we have three kind of boiler plate questions that we want to ask to get a sense. So I will ask these questions and then we will have one more quick one and then we'll turn it out to the floor. There are mics in the room. This is being webcast so if you have a questions, please raise your hand, wait for a mic to get to you so that folks listening on the webcast have the opportunity to hear your question.

So the three key questions that we think a lot of people are interested in is if you think about the back half of the year versus the first half, what you were expecting say mid-summer versus how you feel now -- upgrade, downgrade or flat?

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### Robyn Denholm - Juniper Networks, Inc. - CFO

So we continue to expect to see the second half of the year for our US service provider carriers in particular to be larger than the first half of the year. That is very consistent with what we said on the earnings call and we still expect that to be the case.

Clearly if you look around the world, Europe is challenged and that has been consistent with our view from the beginning of the year. Actually unlike many of our competitors, we had a very big year last year in Europe. It was the fastest growing region that we had. This year obviously that slowed down quite a bit and so we expect that to continue throughout the rest of the year.

And APAC is doing fine. So from a spending perspective, we expect that to be relatively unchanged in the second half of the year.

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### Unidentified Participant

Terrific, you actually answered two questions there (multiple speakers)

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**Robyn Denholm** - Juniper Networks, Inc. - CFO

I get two points for that, right?

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**Unidentified Participant**

Exactly. And I think we already know the answer to this question, but let's ask it anyway. Preference for use of cash on the balance sheet. Can you rank order, buybacks, dividends, M&A or just status quo?

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**Robyn Denholm** - Juniper Networks, Inc. - CFO

Again, very consistent in terms of our capital allocation strategy. The primary reason why we have the cash is to grow the business, grow the business organically, continue to fund the innovation that will fuel the next generation of products for us as a Company. Actually we generate cash on an annual basis. So more recently we have increased the rate of our buybacks. We actually do buybacks on an ongoing basis and we typically offset any dilutive impact from our employee programs over time. So we will continue to do that over time.

And the third capital allocation principle, if you like, is to maintain a healthy balance sheet as well on an ongoing basis.

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**Unidentified Participant**

Terrific, thank you. So in your first answer you said -- it sounds like Juniper still has a lot of confidence about North American carrier spend into the back half of the year. Can you talk a little bit about -- we are getting I think a lot of mixed data points now. We have seen some negative pre-announcements up across kind of the telecom equipment universe, data points from the supply chain are decidedly mixed.

Can you share with us where your level of conviction, where your confidence comes from particularly in the North American exposure?

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**Robyn Denholm** - Juniper Networks, Inc. - CFO

Yes, from our perspective we continue to be focused on things that are within our control, if you like, and what we are doing is delivering on the momentum with the new products across not only North America but we continue to engage with customers and our winning design wins with the new products across the world.

So it's not a matter of the engagement this quarter or last quarter. It's an ongoing dialogue with our customers. And so from a North America perspective, we do believe that the second half will be more typical of their pattern in terms of their spending with us, which is an increase in the second half of the year.

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**Unidentified Participant**

Just to be clear, I think all the -- we look at carrier CapEx budgets. We look at what the carriers are seeing in public forums such as this. We see that the numbers look good but just to be clear, your conviction is coming from kind of intimate dialogue on an ongoing basis with your customers. It's not just looking at public statements and looking at what's already been spent.

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**Robyn Denholm** - Juniper Networks, Inc. - CFO

No, our forecasting, the way we look at our revenue if you like, is through a dialogue with our customers around the world. So obviously the salesforce is constantly forecasting what's going on in terms of each of the areas. I am out talking to customers to get a sense of what the wins are and then also again what the timeframe in which they are being rolled out.

**Unidentified Participant**

Terrific. So let's talk about for a minute your expectations in I think what is probably the most key product lines, your carrier router business. Back half of last year was a really a tough environment for carrier routing, got off to a sluggish start in 1Q. 2Q I think the industry improved. I think you certainly had an improvement in your business.

Can you talk about your expectations for carrier routing specifically into the back half of the year and if you could give us some insights on what you think is happening or what demand trend looks like for your carrier routing business core versus edge? I think it can have significant margin implications.

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**Robyn Denholm - Juniper Networks, Inc. - CFO**

Clearly not just overall CapEx environment, but also our own product introductions has had an impact on the second half of last year, as we expected. So in core for example, we brought out two very good products in terms of the next generation of core routers, T4000, so we expected in the second half of last year that our T1600 sales, the last generation of T, would actually start to tail off and it did.

Since that product has been shipping, we have started to see some early upgrade cycles start to happen. And typically those cycles take anywhere from six to nine months in terms of qualification, evaluation, and that is what we are seeing.

In terms of PTX, PTX actually really does change the economics from a core perspective. It lowers the cost per bit of traffic and the core solution with PTX and T4000 in that mix actually really helps the service providers with what they are very focused on, which is CapEx per revenue dollar.

And so that solution, the combined PTX T4000 solution is what we brought to market late last year and so we have seen good interest in that solution in the first part of the year and we expect that to continue in the second half of the year.

So in terms of the edge, we continue to see service deployments in the edge. Again the second quarter was better than the first quarter in terms of mix that increased quarter-over-quarter. We are continuing to see design wins around the world and a strong interest in that product and now we have actually just as I said before, this quarter the ACX is shipping, which is being a universal backhaul, which is part of the edge product set.

And up until ACX came out, we actually didn't have a backhaul product in market and so that's the part of the edge market that over the last couple of years has actually been growing the fastest and we haven't been participating in that. But we have had a lot of design wins and a lot of revenue actually from the MX series in services edge.

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**Unidentified Participant**

So one more question from me and then we will open up to the floor for questions from the audience.

If we think about your new product initiatives and we map it to key geographies, T4000 PTX, what geographies do you think will -- are you looking for the biggest kind of reception to those products? Is it North America? Should we be encouraged that those products squarely line up with your efforts in North America and you are confident in the carrier spend environment into the back half of the year or the region?

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**Robyn Denholm - Juniper Networks, Inc. - CFO**

I think in terms of interest level, we have interest across the world. But it is obviously tied to when carriers are spending. So we may be awarded a win in any geography but when they deploy it is actually when we get revenue. So from my perspective, the view of second half of the year, North America being more typical from a seasonality perspective, we do expect to have some revenues -- increasing revenues in the second half of the year with the core products.

We also expect to have some revenues in the other two geographies as well. But given as I was saying before and in EMEA that CapEx environment is neither dampened but that's probably going to be the same in new products as well as existing products.

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**Unidentified Participant**

Sure. How about if we see if we have any questions from the audience. Again, if you have a question, please raise your hand. Okay, anybody?

So when we think about the T4000, I guess the question is you mentioned on the call you mentioned just in our conversation here that you were encouraged by seeing some early adoption of upgrade kits. Is there an analogy to be made here when the T1600 came out? Was there an upgrade kit buy that happened then? And if there was, can you walk us through maybe the timeframe or what the subsequent ramp in revenues looked like?

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**Robyn Denholm - Juniper Networks, Inc. - CFO**

Yes, let me start by talking about how an upgrade happens from a T series and this is a third generation of T series, which is an in-service upgrade. So basically it's the same chassis, same chassis. It's a different interconnect and line card and so normally what happens is we will do or the customer will do a evaluation of the unit, maybe buy an early unit, put it into the labs, test it, do all of that sort of stuff. And if they are an existing customer and they're actually going to upgrade, then they will upgrade the interconnect first and then the line cards will follow.

And so that is typical of what we've seen in previous generations and that cycle generally takes anywhere from six to nine months. That's again consistent with what we've seen historically.

The throughput in terms of the 4000 is double the slot capacity of the nearest competitors. So there is a compelling economic reason to actually upgrade as well as look at the architecture from a PTX. There is some confusion about there that it's one or the other. But it can actually do both.

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**Unidentified Participant**

Okay, and T4000, your feedback from your carrier customers that have been trialing it, has it cleared major hurdles of carriers in the --?

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**Robyn Denholm - Juniper Networks, Inc. - CFO**

It has been positive, yes. The receptivity to the product has been very positive.

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**Unidentified Participant**

Can you -- you sound fairly optimistic on your outlook for edge routing. I think Juniper has had some prolonged share losses in edge routing based on some market data that we have seen. Can you talk about what engenders the confidence that you have in edge into the back half of this year?

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**Robyn Denholm - Juniper Networks, Inc. - CFO**

I think you have to really look at the edge market in each of its areas, so in the Ethernet services edge and the metro services edge, we've actually been gaining share. It's in the backhaul area that we haven't had product that if you look at the overall numbers, it looks like we have been losing share. But actually in the areas that we have been participating in both subsections of the market we've actually been gaining. And again, that's very consistent with what we have been talking about for more than a year.

Now with the introduction of ACX, it will take some time to get design wins and those types of things but we believe that the solution is a very compelling solution for service providers and again the early feedback on the early units that are out there has been very positive.

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**Unidentified Participant**

Okay, so back at your June Analyst Day you gave a goal of \$600 million annualized revenue run rate from your five new products.

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**Robyn Denholm** - Juniper Networks, Inc. - CFO

Yes, \$150 million by Q4 of 2013.

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**Unidentified Participant**

Can you help us understand kind of how we should think about the timing and magnitude of that? So to do that, can you rank order across your five new products in that \$150 million bucket, can you rank order what the magnitude of the impact of revenue contribution that you are thinking about? Do you have that sort of visibility or --?

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**Robyn Denholm** - Juniper Networks, Inc. - CFO

I can but I'm not going to. So basically our view is looking at the products in aggregate, there is the \$150 million and there's obviously a lot of focus on the new products but not just by the investment community but also by our competitors. So from my vantage point putting out a number is an important thing for our investors to hold us accountable to but putting too much detail out there is actually negative from a sales perspective from the salesforce having to work through that with the competitive attention that we have.

So we are tracking well. You didn't ask me that question but we are tracking well to the \$150 million. We are pleased by our progress on that number and we are sticking by that number.

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**Unidentified Participant**

Okay, let's turn the focus over to the security portfolio. I think what we have seen is the emergence of layer 4 through layer 7 being of increasing importance in security. What is Juniper doing on that front? Do we need to think about M&A to improve your position on that front?

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**Robyn Denholm** - Juniper Networks, Inc. - CFO

Well, we have done some M&A in the security (inaudible) on the intrusion detection front a quarter ago. But if you look at this security landscape, we still have the number one position in the high-end firewall products and we still have the number one position in the SSL VPN space from a marketshare perspective.

We're very focused on our enterprise security business. So if you are look at our overall security business, we have two businesses when they are in that area, one on the enterprise side which is the traditional part of the Juniper security portfolio. It obviously its genesis was from the NetScreen acquisition in 2004. And then about three years ago, we actually entered with the SRX, the service provider security market. We were not in that market previously.

The service provider security business is actually doing quite well. It continues to grow. It's lumpy. I don't like that word but it is lumpy in terms of the revenues because of the timing of deployment.



On the enterprise security side, we have continued to struggle over the last period of time and some of that is from a product perspective, some of the features, the manageability that we've had on the enterprise side were not what our customers needed in terms of migrating from some of the older products but we are remedying that. We are very focused on actually the management layer, a product called security design, which is out with the customers and has been for a quarter or so now and we're actually getting positive response to that.

So from our perspective, we are focused on stabilizing the enterprise security space and then growing it from there. I've said previously that I don't expect that growth to happen on the enterprise side this fiscal year but we do believe that we will stabilize that business and go from there.

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**Unidentified Participant**

Okay. So let's take this opportunity to see if there's any questions from the audience. Okay, we have a question over on the right, please.

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**Unidentified Audience Member**

Obviously at the Analyst Day you talked about a three-year growth path on the revenue side starting next year, but could you just talk about those goals in the context of the macro weakness and what assumption sort of go into achieving that revenue growth?

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**Robyn Denholm - Juniper Networks, Inc. - CFO**

Yes, so at the Analyst Day, I put out our new long-term model for the next three years and I talked about revenue growth as market plus and the plus is 2 to 4 points above market, which we believe is the market growth over the next three years in aggregate for all of the TAMs that we are in to be somewhere about 7% to 8%. So from our perspective, we are focused on capturing market share.

So if you look in aggregate, our total TAM exiting the three-year period, so exiting 2015 is estimated to be about \$65 billion. So we are only a small fraction of our overall TAM. So what we're focused on as a Company is taking market share, increasing the marketshare in switching, routing and security over that three-year period of time.

And it is with the new products. Our core strategy is around the innovation that we delivered to market, meeting and exceeding the customer expectations into the two key areas across the board, whether it's security, routing, or switching, total cost of ownership matters a lot to CIOs and to the service provider. Particularly on the service provider side, cost per bit of traffic is a huge focus for them. All of the innovation that we are delivering will help them drive that cost per bit of traffic.

And on the other side, for service providers as well as for enterprise, the service capability of the products that we deliver is very important as well.

And so everything that we are doing from an R&D perspective is focused on driving that. So marketshare is what we are driving as a Company. Market share growth.

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**Unidentified Participant**

How about another question from the audience? I will jump back in with one. So, Robyn, you just mentioned cost per bids for traffic and I think the PTX squarely aims itself at that issue for carriers.

I think in talking to a lot of folks, I think there's some level of concern around PTX and margins, right? Because if I understand it right it's potentially an MPLS switch with an optical shelf, more or less. And maybe that's not perfect but I guess the point here is that can PTX carry the same sort of margins as a core router?

**Robyn Denholm** - Juniper Networks, Inc. - CFO

Yes, so margin profile, gross margin profile, I laid that out at the Analyst Day, so -- and I actually slotted in the five sets of new products and where they fit in terms of the average Juniper product margins. And PTX are about the Juniper average product margin. ACX is slightly below, slightly below the average. QFabric is above. MobileNext is above or at the Juniper product margin average. So from our perspective, the new products add to the profile in terms of gross margin.

And clearly over the last period of time, our gross margins have come down. That's primarily a function of mix. So we talked about it earlier in terms of routing. The core routing mix in the second half of last year and even the first and second quarter of this year are actually much lower than our typical percentage. So if you go back to the first half of last year for example, the core routing proportion of total revenue was higher. And so as that upgrade cycle and as PTX starts to get meaningful revenue, the gross margins will improve. And we saw that in the second quarter, actually.

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**Unidentified Participant**

So staying on the topic of gross margins, we've heard from several service providers that the pricing environment is a little bit mixed. Can you talk about what you are seeing in terms of pricing particularly on the router side?

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**Robyn Denholm** - Juniper Networks, Inc. - CFO

It is a competitive market.

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**Unidentified Participant**

It has always been competitive. (multiple speakers) Are we seeing -- as budgets have gotten tighter, as the economy has gotten let's say a bit more tenuous, do you see people reaching for deals with price?

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**Robyn Denholm** - Juniper Networks, Inc. - CFO

Yes, I think it would be fair to say that on any particular deal at a point in time, there could be increased discounting that's happening. But to be very clear, our value proposition isn't just the box and the cost of the box. It's actually the solution that we provide and the total cost of ownership over time. So both OpEx and CapEx matter to both the service providers and the enterprise.

And clearly in the macroeconomic environment that we have had in terms of the volatility, not only CapEx budgets are under challenged but so are OpEx budgets. And many times when I'm talking to the CFOs of different service provider or enterprise customers, yes, they will talk to me about CapEx and the CapEx to revenue ratios, but they will also talk to me about OpEx. How can our products actually help them drive down their OpEx or their operating costs for the networks as well which is also a big factor over any period of time?

Our product, our solutions tend to do both. Cost per bit of traffic we have talked about but the operating costs, whether its power, cooling, heating, all that sort of stuff as well as the fact that we have the one operating system across the products mean that even in the network operators, the training costs, those types of things are much better compared to our competitors.

And so -- and we will model that, so in an architecture style like a PTX with the T4000 in the core, we will model our cost per bit of traffic and the ongoing operating costs for our customers versus anyone else's or even against the existing products that we have in the network and how the newer products will deliver better TCO over time.

**Unidentified Participant**

Okay, how about taking a question from the audience? I have a follow-up on the right.

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**Unidentified Audience Member**

Could you talk a little bit about OpEx? Obviously you have a stated goal of taking out some expense there. Maybe details on areas of savings, whether its headcount or other infrastructure or consolidation?

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**Robyn Denholm - Juniper Networks, Inc. - CFO**

Thank you for the question. So at the financial Analyst Day, I laid out not just the revenue model but also the rest of the P&L in terms of the next three years. And we are very focused, as I said before, on driving market share and revenue growth but we are also focused on getting more efficient and productive as a Company.

Obviously given the competitive landscape out there, our view is that as a Company we need to continue to drive that efficiency internally as well. And so in June at the Analyst Day, I talked about 3% of revenue in terms of opportunities that we could see out there. On the earnings call in July, we actually talked about \$150 million of OpEx reduction that I could see in 2013 versus 2012.

And I have been asked why won't we see it sooner, that type of thing? The reality is things are coming into place already but the way our OpEx profile is, we typically have a higher OpEx burn in the fourth quarter than the third quarter. So even though some of the savings will start to come into place already, in the fourth quarter you won't see it in the OpEx number because it will actually be sequentially higher than the third quarter.

And so what I talked about on the earnings call is that it's not one thing. It's not one area that I can say okay, it's all to do with this. It's across the board. We have simplified the organization late last year. We created two divisions instead of multiple BGs. This year we have actually simplified the business unit structure within the divisions and we have focused them from 12 to five, again very consistent with our seven domains and our three businesses in terms of routing, switching, and security.

So R&D efficiencies, supply chain efficiencies, you can only really impact a supply chain and common components when you are bringing new products to market. You can retro do it in the products that are out there existing but you don't get a huge amount of benefit until new products come out.

In terms of the back office or the back of the front office and the back office, we have implemented global shared services in finance and we started in IT. We're doing that in other areas across the Company as well. That's why it's not one quarter we will see a precipitous drop. From our perspective, what we are looking with 150 for next year is that you will start to see it in Q1 and in Q2, there will be an incremental amount and by the second half of the year, we should be at the quarterly run rate.

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**Unidentified Audience Member**

(inaudible -- microphone inaccessible)

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**Robyn Denholm - Juniper Networks, Inc. - CFO**

No, we said it was a net reduction in OpEx, yes.

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**Unidentified Participant**

Any other questions from the audience? Okay, how about for the last topic, let's talk a little bit about Software Defined Network. I think it's probably the most talked about topic these days in communications equipment. I think it's probably the most --

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**Unidentified Participant**

Misunderstood?

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**Unidentified Participant**

Misunderstood perhaps and definitely probably the most exciting thing that we have had in the industry over the last decade or so. And without talking about the technology, given your role as CFO, can you talk a little bit about what sort of dialogue are you having with -- is Juniper having with customers about Software Defined Networking?

I think if you can give us a sense for what set of your customers are showing the greatest interest? Obviously I think telcos would play a big part in that but is it traditional Tier 1s? Is it broader than that?

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**Robyn Denholm - Juniper Networks, Inc. - CFO**

Yes, in terms of Software Defined Networking, as a Company, we have been focused on software in the network for a long period of time. You can go back to public spaces in 2009 where we talked about programmable networks and increasing software and the role that that played within the network. And so if you look at our engineering efforts across the Company, the majority are on the software side and they have been since I've been at the company, which is five years.

So it's not -- we don't think it's strange for people to be talking about software. It's actually what we have been doing for quite some time. The ecosystem in terms of applications in the networking space doesn't exist. We started creating a developer community four years ago and so we have hundreds of developers that are actually working on things. Some of them are actually our customers where they will take the APIs out of Junos because we have the one operating system across the portfolio and actually add a program to that so that they can provide services to their end-user customers.

So from our perspective, the dialogue around Software Defined Networking doesn't surprise us at all because it is what the industry made and we've been on that path for quite some time. So from my perspective, it's a huge opportunity within the networking industry.

Again before open flow, there were no standards around software. If you go to other companies, they have multiple OSs, many multiples of the OSs and so you can't build a platform base offering with applications on top if you don't have a consistency around standards and operating systems.

So we have been a founding member of open flow from the beginning. We have been participating in the standards from that perspective for quite some time. So our perspective is it's the right discussion to be having and it fits very, very nicely with the strategy that we have been on for quite some time.

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**Unidentified Participant**

Okay, so I think we have time for one more quick one and I will make it a follow-up. I think there's two camps around Software Defined Networking. I think there's a camp that says Software Defined Networking will absolutely commoditize switching and routing and Software Defined Networking will do to the comm equipment industry what the PC did to IBM. Right? In Martin Sears words, crack it open, take the margins and give it to other players. So commoditize it.

I'm sure Juniper disagrees with that but what I am really interested in is as the CFO, how do you think about the margin opportunities, the margin risks around Software Defined Networking?

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**Robyn Denholm** - Juniper Networks, Inc. - CFO

So the part that I agree with is where companies -- and I will call them legacy companies having multiple OSs with no thought of doing applications, I do think there's a significant threat. But I don't think that threat is for Juniper. Clearly we are very focused and participating in the dialogue but given our platform strategy with software -- that's been out there for quite some time. As we said, we started talking about it 2009. We've been very focused on this trend. Right?

And so we talked a lot about it at FAM. We actually did a technical session before the main part of FAM started and Pradeep Sindhu, our CTO, actually talked about the areas in which that programmability was ripe for innovation in terms of the networks. And the place that he called out where it would be applicable first is actually in the data center.

If you look at what we have done in QFabric, albeit before open standards were out there and before the debate around SDN, it's very much in terms of architecture very much in keeping with where the debate is going, not where it has been -- so in terms of network.

So and that chalk talk is actually on YouTube, so you can look at it online and it's quite interesting what has happened since then with some of the acquisitions by different companies out there in the data center space.

So from our perspective, it is a trend. It is a trend that we are not only following but we are participating in.

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**Unidentified Participant**

So one last quick one from me. From a Juniper perspective, what is the timing around SDN? Because I think there's not really a lot of SDN deployments out there except for a few particular use cases. When do we start to see it impact the market?

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**Robyn Denholm** - Juniper Networks, Inc. - CFO

Yes, so from our perspective, as I said we've been (multiple speakers)

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**Unidentified Participant**

You've been there, but in terms of customers, when do you think customers will aggressively adopt --?

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**Robyn Denholm** - Juniper Networks, Inc. - CFO

In terms of customer dialogue around programmability, our customers have been having that dialogue with us for quite some time. In terms of interest around the three letters of SDN, yes there's an increased dialogue with customers and potential customers around that term and actually explaining that term is something that our salesforce does very well, actually. Yes.

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**Unidentified Participant**

Terrific. With that, I think we are exactly on time, so Kathleen, Robyn, thanks very much for your time, your participation. Thank you, everybody.

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