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RSYS - Q3 2012 Radisys Corporation Earnings Conference Call

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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by and welcome to the Radisys Third Quarter Earnings Conference Call with Brian Bronson, Radisys President and Chief Executive Officer, and Allen Muhich, Interim Chief Financial Officer. Later we will conduct a question and answer session. At that time if you have a question, please press star one on your telephone keypad. As a reminder, this call is being recorded.

Mr. Bronson, you may begin.

Brian Bronson - *Radisys Corporation - President and CEO*

Thanks, Paula. Good afternoon, everyone, and thanks for participating on the call today. We will be discussing what you can expect from Radisys in the future, business highlights and financial results for the third quarter and outlook for the fourth quarter. We will then open up the call for questions.

Given the serious weather conditions on the East Coast and the financial market closures, we anticipate many or all questions may come in the next couple of days after investors get back into the office. Allen would be more than happy to get everyone back up to speed when they are ready.

Before we get started, let me turn over the call to Allen for a caution about forward-looking statements.

Allen Muhich - *Radisys Corporation - Interim CFO*

Thanks, Brian. Any statements in this call regarding future expectations for the business of Radisys constitute forward-looking statements that involve a number of risks and uncertainties. We caution you not to place undue reliance on these statements. Factors that could cause actual results to differ materially from those in the forward-looking statements are discussed in today's earnings release and in our SEC filings, most recently in our quarterly report on Form 10-Q for the quarter ended June 30, 2012.

All information provided in this call is as of today. Radisys undertakes no duty to update any forward-looking statement to conform to actual results or changes in the Company's expectations.

In addition during the call, we will discuss some non-GAAP measures. We have provided a GAAP to non-GAAP reconciliation for these measures in today's earnings release.

Now we'll turn the call back over to Brian.

Brian Bronson - *Radisys Corporation - President and CEO*

Thanks, Allen. I'd like to start by saying that the Board and I are 100% aligned on the fundamental belief that the Company needs focus. I have the benefit of having been at the Company for over 13 years and I know what needs to be done. I know what has worked and what hasn't and am now in a position to do something about it.

I have an insatiable appetite to get this Company moving in the right direction. However, this does not mean we are going to take another year to define a new strategy. In several areas we already have market leading products. Now is the time to focus our investments to ensure success on those products that create the most long-term differentiation and value for our shareholders and customers.

As an example, we have more RFQs in the funnel for a new Media Server business than we can process so we need to create the human capacity to solve this high quality problem.

Internally I will be turning up the intensity on execution and improving our customer experience. We need to do fewer things and do them exceptionally well. Radisys must return to revenue growth and profitability.

What I can't control is the macro market softness and the impact it has on current revenue from our existing design wins. I will be focused on those things within our control including ensuring we meet customer expectations on quality and delivery and the technology we bring to market is focused on meaningful customer needs. I believe this will enable us to create long-term sustainable performance that will return shareholder value.

With that let me spend a few minutes talking about the results for the quarter, some exciting new design wins, as well as the robust funnel in our software and solutions business.

Our third quarter revenue was $63.7 million, slightly below our initial expectations but within the revised guidance range indicated back on October 1st. As we expected, our software and solutions revenue decreased sequentially from the second quarter given the lumpy order patterns of our largest Media Server customer.

That being said, I still expect our Media Server business to exceed our original business plan for the year as Amit Agarwal and his team have done a phenomenal job getting the business growing again and have it positioned for another year of meaningful growth.

On the ATCA side of the business, the macro telecom market softening continues to impact our revenue. However, I do expect this to be the bottom for ATCA and therefore expect the business to grow sequentially.

Turning to design wins, we had another strong, broad based quarter with design wins across our ATCA, COM Express and Rack Mount server product lines that are estimated to result in more than $90 million of revenue over the next five years.

Within ATCA, we saw wins from complete systems, which validate our strategy to focus more and more in the complex system space. In addition, we won business from our security, Femto and LTD gateways. These gateway solutions further leverage our unique combination of hardware and software capabilities and, given the software content, are generally more difficult for our competition to displace and carry higher than average gross margins.

We received the first Deep-packet inspection design win for a new network appliance, the RMS 220. In addition, we received a nice design win from an important long-time customer in the medical space. In COM Express, we saw design win traction accelerate for the fourth straight quarter.

Turning to our software and solutions products, the momentum for ATCA-based Media Server, the MPX-12000, continues to exceed our expectations. This product is directly aimed at processing the rapid increase in both video and voice traffic through next generation LTE networks. The mobile transmission of video is expected to drive explosive market growth and our product enables carriers to successfully manage the expected traffic increase.

Earlier this week at 4G World, our Media Server was awarded overall Best of 4G winner in the mobile broadband technology category. Additionally, we sold and shipped our first units into a tie one customer for lab evaluations to go along with units already being evaluated by a significant North American carrier.

We expect these placements to continue to build over the coming quarters and have a material impact on second half 2013 Media Server revenue.

Our new LTE small cell solution, Total eNodeB, is also picking up momentum in Asia. Total eNodeB will generally be available to the market in the next couple of months and is a complete integrated small-cell wireless access point software that enables our customers to rapidly deploy small cells in the LTE network as they seek to optimize LTE network capacity.

We are in the final stages of deployment readiness trials with two important customers and anticipate revenue generated deployments before year end.

In summary, expect a more focused Radisys with better execution, faster growth and higher margins and a strong design win portfolio and software funnel will enable us to turn the corner on restoring shareholder value, especially once we see a recover in the macro telecom market.

With that I'll now turn the call over to Allen, who will speak more about our third quarter financial results and projections for the fourth quarter.

Allen Muhich - *Radisys Corporation - Interim CFO*

Thanks, Brian. Our third quarter revenue was $63.7 million and we reported a $0.12 non-GAAP EPS loss. Our top five customers in Q3 were Arrow, NEC, Nokia Siemens Networks, Phillips Healthcare and West.

Most of these customers have regularly been in and out of our top five. However, West may be a customer that we have not discussed in the past. West purchases our media server products for deployment in North America audio conferencing applications.

Two customers, Nokia Siemens Networks and NEC, each accounted for more than 10% of third quarter revenue.

Our Q3 non-GAAP gross margin rate was 31.6%, down sequentially by approximately six percentage points from Q2. The decreased levels of higher margin ATCA and software solutions revenue resulting from the soft macro telecommunications spending environment resulted in reduced third quarter gross margin rates.

Third quarter non-GAAP spending of $22.8 million in R&D and SG&A expense represented a $500,000 sequential quarter reduction when compared to the second quarter.

Included in the third quarter was approximately $500,000 of one-time legal expense resulting in efforts to collect license fees from unauthorized use of Trillium Software.

There are a couple of additional one-time items in our GAAP loss of $1.28 per share on which I want to comment. First, due to our decreased stock price and resulting lower market value, the accounting rules required us to take a non-cash charge against our entire $29.7 million goodwill balance.

Second, given the recent delays in small-cell deployments, we reversed $4.1 million of acquisition related royalty earn out. The liability balance at the end of Q3 is $2.5 million and we anticipate our first earn out payment in Q1 of '13 to approximately $400,000.

Finally, we recorded $1 million in executive severance as a result of the management changes we announced on October 1st. To reiterate, these items are excluded from our non-GAAP results.

Switching over to the balance sheet, DSO increased to 73 days in the quarter, which is an above average level for us. Our third quarter customer collections have remained steady with little change in past due amounts.

The DSO increase is solely due to a higher than average percentage of our shipments coming in the final weeks of the quarter, which given our customer terms were due after September 30th.

Total inventory and associated inventory deposit remained steady at $30 million.

On the cash front, we consumed $600,000 of operating cash. When combined with $3.3 million in capital expenditures largely tied to the now completed expansion of our Shenzhen facility and $10.1 million for the early retirement of February 2013 convertible notes, it resulted in a cash balance of approximately $32 million.

As mentioned, during the third quarter we repurchased $10.1 million of our February 2013 convertible notes at a modest discount. The remaining amount due in February 2013 is $16.9 million plus $18 million due in February of 2015.

Moving over to the fourth quarter outlook, we expect Q4 revenue of between $61 million and $69 million. At the mid point the increase from the third quarter is expected to come from our ATCA products and it's somewhat offset by its sequential decline in Com E Rack Mount server revenue. We expect fourth quarter non-GAAP gross margin to approximate 33% representing a one percentage point increase when compared to the third quarter.

The gross margin increase comes primarily from increased shipments of higher margin ATCA products.

Q4 non-GAAP R&D and SG&A expenses are expected to decrease by approximately $1 million from the third quarter, as the previously mentioned one-time legal costs do not repeat and we realize a reduction in overhead resulting from our recently announced leadership changes.

In Q4 non-operating expense and non-GAAP taxes are each expected to approximate $300,000. We expect fourth quarter non-GAAP EPS to range from a loss of $0.06 to breakeven. Our fully diluted shares will be around 27.8 million.

I current expect we will generate positive cash flow in the fourth quarter. Capital expenditures will approximate $1.1 million. We continue to believe that our roughly $32 million of cash on hand combined with the availability from our Silicon Valley Bank line is sufficient to meet our short-term working capital requirements including the $16.9 million repayment of our convertible notes due in February 2013.

Today we also announced an amendment to our Silicon Valley Bank agreement that provides greater covenant flexibility to ensure credit availability, given our current and projected EBITDA levels. Under the new amendment, credit availability is limited to a barrowing-based calculation that is a function of our domestic and foreign accounts receivable. As of September 30 the borrowing base supported $28.4 million in available credit.

Turning back to working capital, as we exit the third quarter our accounts receivable and inventory balances remain too high. I've recently kicked off working in conjunction with our sales and operations team a project to focus on improving on our shipment linearity that will optimize both our collections and resulting AR balance.

Additionally, we have renewed our inventory focus by assigning dedicated project leads to work cross functionally and with our contract manufacturer to reduce inventory levels to below $20 million by the end of 2013. We must take advantage of these available assets to optimize cash flow.

Finally, we must return to profitability following our third and expected fourth quarter non-GAAP losses. We will be working aggressively to restore profitability while balancing the short-term softness in the macro telecom market with a need to invest in significant opportunities in front us.

With that, I will hand the call back over to Brian.

Brian Bronson - *Radisys Corporation - President and CEO*

Thank you, Allen. Again expect a tone from us that is focused on restoring and returning shareholder value moving forward. We want to delight our customers by designing and delivering products that will enable them to be successful.

We want our employees to rally around what we are doing and be proud to work at Radisys. We will become a more focused and nimble Company. We need to do fewer things and do them exceptionally well.

The good news is that we have market-leading products in many areas leaving us many choices, but we will choose, make additional investments where necessary and win. An outcome from this mentality as well as the programs Allen discussed is to also bring cash back on the balance sheet.

While I can't positively influence the macro market softening that is impacting our revenue performance, we will continue to build a strong arsenal of design wins as well as an incredible funnel of opportunities for our Media Server products and small cell solutions.

With that, we are ready to open up the line for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) We have a question from Rich Valera of Needham.

Richard Valera - *Needham & Company - Analyst*

Good afternoon, gentlemen, and congratulations, Brian, on the promotion and best of luck.

Brian Bronson - *Radisys Corporation - President and CEO*

Yes thanks, Rich.

Richard Valera - *Needham & Company - Analyst*

So first, Brian, you alluded in your prepared remarks to being more focused. Is there anything you're willing to say at this point on what you might be more focused on, what pieces of the business you might perhaps be deemphasizing as you move forward?

Brian Bronson - *Radisys Corporation - President and CEO*

Yes, you know, the fundamental ask is you need to give me a couple of months so more details in February, okay, but we will invest in fewer things. We will do them better. We will select fewer ecosystem players to partner with. We will structure the organization internally for more focus.

For example, on our sales team we'll have more dedicated sales folks in Media Server in our software business, in our platforms business so it's not just around what product lines will stay and what product lines will go but it's an orientation around focus.

Richard Valera - *Needham & Company - Analyst*

Fair enough and then I just want to get a sense as to what happened in the business over the last quarter or so. Going back a couple two three quarters, we had talked about a number of LTE wins or wins you had in LTE buildouts sort of spread across the world, I think particularly in Asia, that were supposed to be happening in the back half of the year so I'm just wondering did those buildouts just not happen or happen at a much lower run rate than presumed? Any color there would be helpful.

Brian Bronson - *Radisys Corporation - President and CEO*

Yes I guess what I would tell you, and again it's a little bit softer than what I would have described a couple of quarters ago in Asia, but still very, very strong with our Japanese customers and with our Korean customer on the ATCA side so relatively little impact there. Our bigger impact in the case of platforms has been our largest customer moving their ATCA deployments to the right, more of a technical timing of crossover than potentially market softening and frankly, I think our largest customer, particularly after their last quarter results, is doing relatively well.

So I expect that one of the reasons for the bottom in Q3 in growth and ATCA in Q4 moving forward is the start of the ramp with that customer and with one other customer in North America that really we took a hit earlier this year on and should come back to more stable levels and I wish I could name them explicitly but, Rich, you can probably know. It's one of our big top five customers as well.

Richard Valera - *Needham & Company - Analyst*

Sure, sure and obviously the gross margins lower than you would have liked this quarter and in your comments seem to indicate you think that's temporary but just want to get a sense of do you still see this as kind of a mid to upper 30s gross margin type of business, if anything changed based on recent activities in your long-term outlook for the margin profile of the business?

Brian Bronson - *Radisys Corporation - President and CEO*

No, in fact, I would say it's getting even better and one of the reasons why it's getting better is that despite the macro market softness, our Media Server business, as I mentioned in my prepared remarks, is going to exceed our original business plan, the business plan that we put in place back in January. It will most likely grow somewhere between 15% and 20% this year.

We don't break out that relative to the small cell business inside of software and solutions but, as you know, that commands gross margins of 70, 75, 80 points and I expect meaningful growth next year and that will help the overall mix.

Plus one of the areas of focus for me is going to be I am going to be investing moving forward our R&D dollars on differentiation. That does not mean that we're not going to take on high volume board or blade based business but it's all got to lead to something and it's got to lead to full system sales. It's got to lead to solution sales and that's the direction of Radisys.

Richard Valera - *Needham & Company - Analyst*

Right, so it sounds like a lot of great stuff going on, you've got a strong design win pipeline, which frankly it seems like you've had for many quarters and now sort of ramped up activity in Media Server in particular, so just trying to figure out too of what is not going well. Is it still really the legacy business with your largest customer? What's really holding you back other than obviously the macro slowness? Is there anything else with specific to your business that's sort of holding you back at this point?

Brian Bronson - *Radisys Corporation - President and CEO*

Yes and maybe I'll -- can I -- if I can reconcile what's going well and what's not going so well sort of top to bottom and I mentioned in ATCA again continued very, very strong design win performance. However, two particular customers are causing short-term revenue pain and there's also tier two and tier three customers that were supposed to ramp and have been pushed to the right and, again, those are all design wins that were won back in 2008, '09, '10 that should be ramping into production now, right, so when the market recovers those design wins will pop back as well as our new design wins that we're winning should come into production late in 2013 into 2014. That's ATCA.

I mentioned our Media Server business, again exceeding our original plans, very nice growth, I think accelerating growth in 2013. In our Trillium small cell business our small cell expectations have pushed to the right from a market perspective and are now just starting to ramp here in Q4.

So I don't know if you want to call it a full year delay. I don't know how much you want to tag on femto versus 4G macro market etcetera but it has pushed to the right and is just now starting to ramp, so we should see a benefit from that in 2013.

Our COM Express and Rack Mount server business is sort of in and around plan and in and around our expectations, somewhere between $45 million and $50 million, a flattish business and I expect it to be flat in 2013 plus or minus.

And then other, down about 50%, like we've called it and it will be down another 50% next year so all those comments are more in February, more details but those are the themes in Q4 and then leading into 2013.

Richard Valera - *Needham & Company - Analyst*

Got it, that's helpful color. Thanks.

Operator

(Operator Instructions). Aalok Shaw, D. A. Davidson.

Aalok Shaw - *D. A. Davidson & Co. - Analyst*

Just wanted to follow up on a couple of questions from the previous calls and callers, just in terms of the outlook and visibility, Brian, when you made the CCPU acquisition and you guys were looking for 50% gross margins. You were talking about seeing a huge ramp. Where -- do you have any visibility in your business at all when you enter a quarter?

Brian Bronson - *Radisys Corporation - President and CEO*

We do; we do. I guess I am pausing because I felt very good about our visibility up until about two quarters ago, out one quarter, and what I found myself chasing was the bottom and trying to understand the bottom. And thus the preannouncement on October 1st, right, so why do we feel differently this quarter versus next?

Obviously anything can happen; however, heavy bookings with the right customers, Allen and I and the Executive Team as part of beginning the focus message have some very, very specific things that we're driving in operations too to improve the timing of supply to meet customer demand, so not all of it's demand driven. Some of it has been we've been transferring contract manufacturers and integrating our processes and I think we can do better there, which should help Q4's performance.

Aalok Shaw - *D. A. Davidson & Co. - Analyst*

But the transition on the customer manufacturing side has been going on for the last two years. I mean -- or three years even -- I mean, how long does that take?

Brian Bronson - *Radisys Corporation - President and CEO*

It -- at the first level it doesn't take "that long." It's been going on for six or nine months and the most recent example from [San Mita] on to [Jabol] but that's phase one and then you get into the depths of process where you need to have an accurate forecast. We're finding out that our customers are more and more reluctant in this environment to give us forecasts. Well, they need to give us forecasts or they're not going to get the lead times that they want, right, so it's getting back to that level of discipline that will allow us to deliver when we get a Bluebird, right? We've got -- seen plenty of melt in the last quarter or two. Now we need to start delivering on some of these upsides that I am seeing and both, by the way, our platforms business as well as the hardware around our Media Server as well.

Aalok Shaw - *D. A. Davidson & Co. - Analyst*

Brian, how do we know that you're not losing share out there? I mean is there somebody, something else that's going on that's more fundamental of a shift that's happening in your business than--?

Brian Bronson - *Radisys Corporation - President and CEO*

Boy, I don't see it. The only thing I would tell you is that competition clearly isn't easing up and I will be intensifying at the CPU blade level but as it relates to the rest of the blades inside our platform, our full platform business and our software and solutions products, Allen, I don't know if you want to elaborate. I don't see anything.

Allen Muhich - *Radisys Corporation - Interim CFO*

I don't think we see anything either and I think, again, we've got great communication with our customers who have -- you know, we've won design wins with these customers 12 to 18 to 24 months ago. I think we would know if they were actually selling those products to a -- one of our competitors, and we don't see it. Again, we talk to them all the time and we have a good understanding of how our products are going into their products and how their products are being sold and right now it just appears that it's end customer demand that's driving the softness that we're seeing, not lost market share.

Brian Bronson - *Radisys Corporation - President and CEO*

And not to come across so convicted, but this member, I love this. 80% of what we do is design wins so you -- and they're single sourced, right, so whether you believe in Radisys or not, I mean that's not the phenomena that's going on on the hardware platform side, right. In the case of our software business that's more bookings driven. I just leaned forward on the Media Server piece, you have a pretty good handle on that and then small cells you now have heard have pushed to the right and are now starting to take off. That's really the Radisys picture.

Aalok Shaw - *D. A. Davidson & Co. - Analyst*

Here's my problem though. If I look back at 2010 you're gross margins were kind of in the 34%, 35% range in the peak and we're -- after the CCPU acquisition, which was supposed to be more software driven, higher margins, we're below that level even where we were in 2010 so I am having a hard time understanding what has happened because I understand that your Media Server, your mix of business this quarter was weak but it just seems like something else has happened even more, more drastic in the last two quarters, than even just a small temporary blip in business being pushed out.

Brian Bronson - *Radisys Corporation - President and CEO*

Well and, Allen, please weigh in here in a second but it's really important to understand that one of the historical data points I can bring forward to you is if you took a look at what we used to call our next generation business, right, which was ATCA plus Media Server and now of course it would include Trillium and our solutions business, that would still be in the mid to high 40s from a gross margin perspective, okay, i.e. excluding the old commercial and the other. So that should give you a data point right there that gross margins haven't changed, haven't gone down, in fact have gone up, which means that the rest of our businesses from a gross margin perspective have gone down and eroded on the hardware side.

Aalok Shaw - *D. A. Davidson & Co. - Analyst*

But your software business doesn't seem like it's adding to margins either then, I mean because your revenue didn't decline all that much but your gross margins have been down almost 600 basis points on a quarterly basis.

Allen Muhich - *Radisys Corporation - Interim CFO*

Well, I guess that the additional -- the other additional color I would be able to provide you, Aalok, because I think when you dig down within ATCA there's mix within those, within the product line itself in terms of those customers that purchase just blades only, which have relatively lower gross margins, and then those customers that purchase systems and this quarter I would suggest to you that we had more customers who were actually just purchasing the blades side of things.

As Brian indicated, Media Server margins holding up very, very nicely; on the Trillium side of things on small cells, as things have pushed to the right, what's pushed to the right is the license revenue and the royalty revenue that we expected from those streams and what we now have is a little bit more of a percentage of professional services, which has lower overall gross margins. As that product line comes back and as we start having seen the ramp in royalties and license revenue, we should see that margin stream come back to us as well.

And then finally, in our other product line, and this is very significant, we've seen negotiations that we've had to with our main customer in there that has driven prices down as we've call it held on to and sole sourced the revenue that we -- or single sourced -- the revenue that we still have there. So margins in that category have gone down. Over the long haul we absolutely believe that our margins are going to be in that high 30 range kind of where we were in the last couple of quarters. But right now in this quarter we saw kind of the perfect storm, if you will, of some of the other changes.

Brian Bronson - *Radisys Corporation - President and CEO*

Yes and, Aalok, let me -- one other point on that because it's really important, I think that some of the Q2 performance of 37 and change was a blip, an anomaly in the path for higher margins, right. If you go back and look at time and this is again before continuous computing first quarter last year, 29 points, second quarter 31.5. We bought the business at 33.5, went to 35.5, sequentially down to 34 in Q1 of this year and the anomaly happened of $16 million of software and solutions that one big customer took a big order for us and then you pop it back down into the low 30s, right. So I would tell you take that anomaly out, watch the migration of our gross margins go into the mid and to high 30s as we progress through next year.

Aalok Shaw - *D. A. Davidson & Co. - Analyst*

And then if I could just conclude real quickly on the balance sheet, I mean I know you guys have made some strides to shore up the working capital a little bit more but the balance sheet looks like it could be a bit troubled. If we continue through this environment out there and things don't improve in 2013, what steps do you guys plan to take to shore up the balance sheet because it could be pretty ugly if things don't improve on a macro level?

Allen Muhich - *Radisys Corporation - Interim CFO*

Yes so I guess, Aalok, I guess what I would say about that is -- and we said it in our prepared comments as well -- is that with our cash balance at $32 million and the availability that we have with Silicon Valley Bank at now $28 million, we think we've got adequate liquidity to be able to deal with the converts that are coming due in February 2013 at $17 million.

We currently believe that at our current revenue levels we are modestly EBITDA positive and so therefore we should be generating cash. At the same time we've got working capital, both in AR and inventory, as I highlighted, that frankly there's cash there that's just waiting to come off as we focus on improving our linearity and also focus on reducing inventory levels. So I feel we, you know, certainly we'd love it to be a little bit -- not as tight as it is, but at the same time we feel very comfortable that we've got adequate liquidity and to kind of navigate the market over the next 12 months.

Brian Bronson - *Radisys Corporation - President and CEO*

And let me punctuate too that I also mentioned that focus will create cash and I'll be able to articulate that better down the road plus, to be very clear, specifically in inventory sitting at $30 million versus what it needs to be, as Allen suggested, 20 or something over time, is very, very real, so those are two other areas that should shore up for whatever kind of headwind we may continue to experience but we also will be profitable moving forward. We're going to drive for it this quarter and you can give -- you'll probably get a sense that given the uncertainty in the marketplace, the range is pretty wide and our upper end is breakeven but expect us to be driving for better than that but I need to see the rest of the quarter play out.

Aalok Shaw - *D. A. Davidson & Co. - Analyst*

What's the headcount right now, Brian?

Brian Bronson - *Radisys Corporation - President and CEO*

It's about 950 or so plus or minus.

Aalok Shaw - *D. A. Davidson & Co. - Analyst*

And has that changed a lot over the last couple quarters?

Brian Bronson - *Radisys Corporation - President and CEO*

Yes it has; it's gone down by probably 50, 75 and some of it by the way is a reduction in contractors as well so I am giving you the FTE number, not the contractor reduction.

Aalok Shaw - *D. A. Davidson & Co. - Analyst*

Okay, all right thank you.

Operator

This concludes today's question and answer session. Mr. Bronson, are there any closing remarks?

Brian Bronson - *Radisys Corporation - President and CEO*

Yes thank you again for participating in the call and look forward to providing an update on the go forward Radisys in February. Have a good rest of the day.

Operator

Thank you. This concludes today's conference. You may now disconnect.