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Karl Emil Keirstead *UBS Investment Bank, Research Division - Analyst*

PRESENTATION

Karl Emil Keirstead - *UBS Investment Bank, Research Division - Analyst*

Thanks for joining. It's Karl Keirstead on the UBS software team. Thanks for joining this virtual fireside chat with Citrix at the 2020 UBS TMT Conference.

With us, we have Traci Tsuchiguchi from Citrix on the IR team. PJ Hough, the Chief Product Officer, has been having some trouble joining. He may join either video or audio in a moment, but we can start with Traci.

In terms of format, we'll keep it a little bit tight given that we've started late, so maybe about 30 minutes. If you've got questions, feel free to use your question link, or if you want to e-mail me directly at karl.keirstead@ubs.com, I'll take the question there as well.

So let's get started. Traci, thanks for joining us today.

Traci T. Tsuchiguchi - *Citrix Systems, Inc. - VP of IR*

Sounds good. Thank you for having us.

QUESTIONS AND ANSWERS

Karl Emil Keirstead - *UBS Investment Bank, Research Division - Analyst*

Yes, you got it. Traci, maybe just a quick one. Assuming that everybody at Citrix has a better crystal ball than others, when are we going to get back to work, Traci? What's the word that you're hearing from customers? And what are you telling your own employees?

Traci T. Tsuchiguchi - *Citrix Systems, Inc. - VP of IR*

Certainly, and I think this is consistent with what we're hearing from a lot of customers, is that it's sometime in the second half likely of next year of 2021. I think what's interesting, though, is that when people sort of "go back to the office" that it could look very different and is likely to look different in the ways that people go back to work and sort of the increased likelihood that more of us, certainly at Citrix and absolutely among our customers, will be more in a hybrid or flexible work model, whereby perhaps people don't go back every day to the office to sit at a desk either in a cubicle or in an office and rather thinking of the office as more of a place of collaboration and team work that's specifically done as opposed to a place where you sit in right and do things and that require a different environment.

And so I think many of us at Citrix and beyond are thinking about using workspaces differently to really optimize what -- therefore, there are many different impacts that the ability to be more flexible has on an organization and certainly to the environment. And so there's a lot of benefit to having an increasing availability and flexibility with regard to where people work.

Karl Emil Keirstead - *UBS Investment Bank, Research Division - Analyst*

So Traci, what does it mean for Citrix if the return to normal is pushed a little bit? So back in March, April, when the crisis hit, Citrix obviously experienced this big spike in demand. You obviously made very generous concessions to help your clients deal with it. And maybe at the time, there is an expectation that come the fourth quarter or first quarter, we would be back, so to speak.

So if that return to normal is not going to happen until, let's say, as you put it, the second half of next year, what does that tangibly mean for Citrix and the numbers? Maybe you can help us translate that slower return to normal to the boost it could have to your business?

Traci T. Tsuchiguchi - *Citrix Systems, Inc. - VP of IR*

Yes. I mean, I think generally speaking, we would say that the -- and I think PJ is on as well now. So maybe I'll start and let him on as well. But I think that certainly at the onset of the pandemic, we did everything that we could to help support our customers through what was obviously very much of a crisis at hand, and we did what was in the best interest of our clients with regard to offering sort of discounted solutions that are shorter term in nature. Many of those come up and they're non renewable in their current form in the latter part of March. Most of them are 12 month in duration, and most of them are signed in the second half of March.

And so over time, regardless of whether people are getting back to a normal state in the very -- sooner than expected or later than expected, I think that most companies are -- understand now the importance of business continuity with regard to their strategic planning of their business. And I think from a talent retention and a talent acquisition standpoint, it becomes more of a strategic bigger item than just can you allow a certain percentage of your employees to work remotely, and so I think it's become a more business strategic type of conversation than what it had been in the past. And it's really demonstrated over the past 9 months that people can be very productive in different locations. And I think that there are potential cost implications, facilities and planning and considerations that all roll up into that as well.

I don't know, PJ, if you would add to that.

Paul J. Hough - *Citrix Systems, Inc. - Executive Officer*

Yes. Thanks, Traci. Can you both hear me? Just confirming before I ramble on.

Karl Emil Keirstead - *UBS Investment Bank, Research Division - Analyst*

Yes.

Paul J. Hough - *Citrix Systems, Inc. - Executive Officer*

Good. Okay.

Karl Emil Keirstead - *UBS Investment Bank, Research Division - Analyst*

We can hear you.

Paul J. Hough - *Citrix Systems, Inc. - Executive Officer*

Apologies for the -- okay. Good. Yes, I think the way that Traci described it is very much the conversation that we're having with customers right now. Clearly, the return-to-office date keeps moving around on people, and whether it's local jurisdiction that's going to determine whether or not someone can go back to work, the local county or state or the country or it's the organization that feels like they're in control. But we certainly know that, that's in a lot of flux right now, and so organizations have to think a little bit about that.

But I do think the situation has evolved quite a lot from last March, where I really do think customers were under immense time pressure to come up with a solution. And coming into next March and even right now, I'm having much more thoughtful conversations with customers about how they're thinking about that longer-term transition and what role the, I will say, the flexibility that they have demonstrated to themselves plays in their longer-term strategy about talent management, workforce management, facilities management and IT budget and IT management, et cetera.

So I would say it's a much broader topic right now, and it's one where I think our customers have a little bit of breathing room to really think about what that strategy is next year, and so I think that's really the conversation we'll be having with customers in the March time frame. No matter what happens with the immediacy of return to work or a protracted plan for that, most of the customers that I talk to are thinking much more strategically about their long-term ability to basically not relinquish the gains that they've made as organizations in the last year.

Karl Emil Keirstead - *UBS Investment Bank, Research Division - Analyst*

Got it. So I guess maybe just to put maybe some numbers around it, Traci, if -- I'm just curious what was embedded in terms of assumptions into the 2021 revenue guidance you gave because I think a number of investors think about those March discussions as potentially some of those -- some of that added capacity would run off on the assumption that there would be a return to office. On the other hand, that capacity might get converted to more normalized pricing given how heavy you converted it. But if the goalposts for a return to office get pushed, is it possible that the upside from those discussions might be even greater? In other words, they retain that added capacity for longer and that ends up potentially having a tailwind for Citrix that might not have been fully embedded in your guidance. Is that a reasonable thought process, Traci?

Traci T. Tsuchiguchi - *Citrix Systems, Inc. - VP of IR*

I think the way that we look at it is that those limited use on-prem term contracts are just that limited use, right? And so if the return to work or the return to the office is later, it doesn't necessarily change the point in time in which those licenses expire. And so the question really is what is the mix, right? So how is it that -- to what degree are we able to convert the seats that were acquired via these limited use licenses to more normal licenses for Citrix? And so the options would be either they move to the cloud in which case, from a revenue perspective, that would create a headwind, right, to Q1 year-over-year revenue comparisons. Or there is some potential for a mix to go or some portion of the mix goes to on-prem term.

And the difference there is that, obviously, the on-prem term piece would have a lot more upfront revenue recognition. Then, of course, a SaaS contract would have. The intention would be that certainly in either case, they would be more normal in terms of duration, and so they will inherently be longer-term duration, but the revenue impacts are quite different depending on what that mix looks like. And so we're not in a position yet because we don't quite know exactly today what there will be and we haven't guided us to Q1 specifically yet. We'll be in about our position to give more color and clarity on that in our fourth quarter earnings call in January.

Karl Emil Keirstead - *UBS Investment Bank, Research Division - Analyst*

Okay. That's very clear. Thank you. And then -- and maybe given that what you're highlighting is this mix of cloud versus on-prem, I'd love to ask PJ a question. Just -- PJ, just in terms of the pace at which enterprises are adopting, call it, Azure-based Citrix. David was clear on the last call that some of those migration projects are not -- or weren't then anyway a near-term CIO priority just given the state of the world. I'm just wondering if you could give us an update on that or at least talk through what some of the catalysts might be to accelerate that cloud migration of Citrix in the fourth quarter or in 2021?

Paul J. Hough - *Citrix Systems, Inc. - Executive Officer*

Yes. I mean, I think this relates to a broader question that we sometimes get asked about things like the migration to Windows 10 or shifts in Windows server or other things like that, and it turns out that, of course, the factors that influence when a customer makes a decision to move to a Citrix workload to an Azure cloud or an equivalent decision, there's often multiple factors. It may relate more, in fact, to their on-prem infrastructure and the age of their own data center. It may relate to expiration of licenses that they own, maybe not even Citrix, but maybe the application or other things. It may be that they have a contract renewal opportunity with Microsoft and are negotiating an Azure deal that then spurs them to go do this. So I would say David's characterization is correct, is that I wouldn't say that moving Citrix workloads is a CIO priority. But I do think moving to cloud is a CIO priority, but there's many things that have to line up before those projects get initiated.

Now having said that, I think there are things that we've learned and that I think that our customers have learned in the last year, maybe we knew them maybe in advance, but customers have certainly experienced the virtues of having access to scalable and highly flexible infrastructure that can meet the surges and shifts in demand, and that may have a lower recurring cost when it's not fully utilized. And that's certainly true for cloud capacity.

And so we know that many customers are now starting to think more about their cloud footprint, not as a replacement for what they have on prem, but starting to think about it as a augmentation and a way that allows them to get at some of these scenarios around business continuity, first, perhaps and then over time to migrate workloads over there. So I think that's sort of one lens to have.

And then the second one I would say is, certainly, cost becomes a factor but not a Citrix stand-alone cost. You have to think of the sort of the whole effort involved in replacing some on-prem, mission-critical application with something that runs in the cloud. And I would say we have in our enterprise customer base customers who run the gamut from people who would claim that on a run rate basis their on-prem infrastructure is cheaper to operate than it would be to run the same workloads in public cloud all the way through to customers who recognize that, at their next available opportunity, they have to increase their investment on-prem to get their operational efficiency and maybe their security and resiliency all in place or face a decision to move to the cloud.

So I would say I think it's worth thinking about it in both of those camps. The first one is these compelling events that cause customers to make project decisions to move forward in a cloud transition. And then the second one being customers who actually, from an economic point of view, are facing a decision as well, whether it's renewing licenses or replacing hardware that's about to expire or other factors such as that. But generally, it's not a Citrix stand-alone decision if that makes sense.

Karl Emil Keirstead - *UBS Investment Bank, Research Division - Analyst*

No, it does. And I'm sure, PJ, that Microsoft and those Azure reps can contribute to that cloud migration motion as well. So it might be worthwhile just getting an update from you on the Citrix-Microsoft relationship and to what extent those, either generalist Microsoft reps or Azure reps, are incented to help their clients adopt Citrix on Azure. What elements of the relationship might be in place that efforts of the Azure reps could actually make a difference here?

Paul J. Hough - *Citrix Systems, Inc. - Executive Officer*

Yes, I think it's a great question. And the easiest ones to talk about and ones we should talk about first are the Azure reps, who are to my understanding primarily rewarded on Azure consumed revenue. So this isn't the Azure committed, it's Azure consumed, and the difference being that they have to have the workloads running in order to actually draw down the consumption and get recognized -- recognition for it.

And of course, if you have an on-prem Citrix workload and you partner with us to move that to Azure and it begins consuming Azure as soon as it gets there, that's a huge win for an Azure rep. And as you know, the apps that we tend to move to the cloud tend not to move on behalf of 1 user or even 100 users, but they tend to be in the multiple hundreds, thousands and multiple tens of thousands of users. So the ability to move one application from one customer and make a significant dent in your ACR target as an Azure rep, obviously, is a huge advantage to them.

And anything that we can do to partner with them, and this is where we're investing heavily, is in the migration tools and simplifying what it takes for a customer to get there as quickly as possible. That, of course, is the other underlying incentive for an Azure rep to partner with Citrix, is not only because we can help them identify those workloads, but we can also help them accelerate that transition and get them migrated as fast as possible.

And then more broadly, I would say when we move on to their platform, Microsoft recognizes that, that becomes their opportunity to then surround that Citrix-deployed solution with other capabilities of Azure that they can monetize further over time. So it is their platform that allows them to basically augment and attach additional services to those customers in the long run.

So given the importance of Azure to Microsoft in general and the fact that they have basically publicly stated that we are their preferred workspace, we have reciprocated and stated that we are -- that they are our preferred cloud. We're not exclusively targeting Azure, but they are our preferred cloud partner. And therefore, we will -- we've invested a lot, and we will continue to invest a lot in helping customers move workloads over there.

Karl Emil Keirstead - *UBS Investment Bank, Research Division - Analyst*

Got it. So PJ, it definitely sounds like the Microsoft relationship is a material net positive for Citrix. But there is another side to it that investors care about, which is that Microsoft with Windows Virtual Desktop and AWS with Workspaces do have desktop as a service solutions that maybe for some employees inside big organizations can be a "good enough" solution. Do you mind talking through some of the differentiation and where it might make sense for a customer to use those cloud-native solutions versus Citrix?

Paul J. Hough - *Citrix Systems, Inc. - Executive Officer*

Yes, sure. I mean, first of all, I should just observe that we've had a strong partnership with Microsoft for a couple of decades, but that there's always been competition -- competition du jour from Microsoft, however you want to characterize whatever bundled service or technology in the platform that Microsoft had. At some level of utilization or simplicity of use case, there's always been some argument that says, "Couldn't I just use what's in the platform instead of using Citrix on top." And I don't think that's changed. So we should just acknowledge that this is not -- we're not suddenly competing with Microsoft. I think vendors and solution providers like us always know that the platform on which we're built gets better. And if we don't keep innovating on top, then they will keep innovating, and that's something that we just deal with on a daily basis.

The first thing I'll say about our -- and I'm glad you mentioned both the AWS Workspaces and WVD is that they have expanded the market. The VDI market is growing. And if you look at the revised numbers coming out of IDC, not only are they showing growth rates that are bigger than what they previously had shown, they are actually showing the sustaining growth of that market for several further out years than they had previously shown in the past.

So it's good to be in a market that's expanding. When the pie gets bigger, that means there's a little bit more pie for everybody. They have definitely taken a different approach. Both AWS and WVD are single cloud solutions. So that's probably the first thing that is their attribute that's sort of not true about us, and so there's one way to discriminate right away as to whether that you are 100% committed to a single cloud vendor or not.

The second one is they are cloud-only solutions. And for the bulk of our customers, at least starting today, they already have an on-prem footprint, and they will need to manage a hybrid one for some period of time. And therefore, our strategy of having a control plane that lets you manage both your on-prem footprint and your transition to cloud and do that in a seamless way, that brings a unique set of value.

A third one is just the legacy of investment we've made around the manageability and management of large-scale deployments. And we certainly see today the upper bound of some of those data solutions in terms of capability relative to things that we know our customers deal with on a daily basis, grappling with the diversity of deployment and a wider range of applications and the -- what I think of is the day 30 use case or the day 100 use case, not the day 1 use case.

All of these things all start out very simple and nice and easy to work with and manage, and then you're staring down security updates and Windows updates and complains about performance in a region that you hadn't thought about. And all these things that you're really falling back on, tools, do I have to manage this and how can I deliver a great service at scale over time. So I would say those 3 are these pretty common differentiators that we see today with customers. The first one being a single-cloud versus multi-cloud solution, second one being cloud-only versus hybrid, and then the third one is ability to scale with enterprise customers.

Karl Emil Keirstead - *UBS Investment Bank, Research Division - Analyst*

And PJ, if we pivot to your more traditional desktop VDI competitor, VMware. I think -- at least I was a little bit surprised with the results out of VMware's EUC or desktop VDI unit, where on this recent October quarter call, VMware disclosed that EUC product bookings were actually down 10% to 15% for them. Doesn't sound great. That might have been influenced by their own perpetual to subscription mix. But I'm just curious if there's anything new, it seems, in terms of your more traditional rivalry with VMware in the VDI space to call out for the -- our guests dialing in.

Paul J. Hough - *Citrix Systems, Inc. - Executive Officer*

Well, first thing I'll say is I think if you look at their earnings calls and compare them with ours and look at the areas where we're focusing and theirs, I think there's a significant shift in the directions that we're going as organizations, and that probably may be influencing the priorities around VDI. I'm not sure, but it certainly feature in the same way as maybe some of their other areas of investment.

The second thing I'll say is, as I mentioned, the VDI market is growing by anyone's definition right now. And our growth, as most recently reported by IDC, is in excess of the market growth rate. So we are definitely taking some amount of share from somewhere in a growing market. So that's sort of a healthy thing for us.

And then I do acknowledge, and I think you're probably right, there may be some underlying trends here with the transition also from perpetual to subscription, but I can't comment on what the attributes are that contributed to their reporting. The thing I will say is we have not seen any significant shift that I would want to call out on this call with regard to our -- the competition with them in the marketplace. I think we still continue to see our share of wins coming from the market. And I'm really pleased to see that we're growing above market, which is always a great sign for us.

Karl Emil Keirstead - *UBS Investment Bank, Research Division - Analyst*

Got it. So PJ, maybe with that behind us on the competitive front, let's move maybe to your sweet spot on the product side. I give you a chance to talk about the things that you and your engineering team have been working on over the last year and what excites you in terms of new product announcements, new feature announcements that, for the Citrix investors listening in, they can watch for potential needle movers in 2021 or maybe 2022. So what's getting you the most excited on the R&D product road map these days, PJ?

Paul J. Hough - *Citrix Systems, Inc. - Executive Officer*

Yes. Well, thanks for giving me an opportunity to talk about that. That's one of my favorite things. Before I start, I will say that I get excited about things before they're needle movers. I see the potential. And so some of the things -- in fact, many of things I'm going to talk about, I'm not sure how many of them are going to show up as material next year, but the way that you build a portfolio like ours and evolve it over time is you have to place multiple bets of which some of them do turn out to be material in the nearer term versus others being more long-term trends.

So some of the big areas where we've been investing that we brought to market this year so far, and I'll start with analytics. Very, very, very early days for analytics, but very positive feedback and signs from our initial customer base. We have started 2 analytics services that are not bundled into the Workspace but that there are add-ons to that business, and so what that means is we've set them up as subscription-based add-ons that will generate recurring revenue. And so as you can imagine in the early years, first of all, the number of customers is relatively small. And certainly, the accumulated revenue, the ARR itself has not picked up any momentum. There's no stacking of revenue that's occurred because we only launched those services earlier this year. But early signs are that those services are relevant to a very high percentage of our customers. And that, of course, is a positive.

The sales motion that's related to that is primarily attached at the time of renewal, which is one way that we'll ultimately get to speak to every customer about this. And I think it also -- if we are -- if it turns out that we can over time determine a reasonable attach or a reasonable set of customers, we will be able to make some predictions about what the growth in that revenue stream looks like.

It's very early. But as I say, the early signs. As a product guy, I always get excited before the finance guys do because I see the customer feedback even if it is from individual customers. But it also leads to a sense that there's probably good product market fit here that we can improve and that, that will yield future revenue in future quarters and future years.

So that's one. I know we've talked a little bit about in the past because one thing that I've done on some of these calls is talked about things that were in the R&D pipeline that were coming or just about to come. But this one is now in the market, and it is commercially available, and customers are purchasing it. So that's very positive.

The second set of investments that we brought out this year were, I would say, accelerated around what we saw happening with COVID and they relate to our ability to participate in the transition to more consumption of SaaS and web applications inside enterprises. And so at our September -- October Summit, the Security Summit, we launched 2 new services, a Secure Workspace Access service and Secure Internet Access service, and I'll briefly describe the difference.

The Secure Workspace service is as the name implies. If you are inside the Workspace, it provides a set of security capabilities, in particular related to the delivery of SaaS and web applications, helping secure their delivery to the Workspace but also guaranteeing that only those applications that need that level of service go through that level of protection. And so if you think about scenarios where you have to bring your own device, where users don't necessarily want the corporation scanning their Gmail but the corporation wants to scan and protect all of the Salesforce traffic, you can now do that by applying the Secure Workspace service to the traffic inside the Workspace and allow the other web traffic to just go freely wherever it needs to go on the Internet.

And then for the Secured Internet Access, it really is the equivalent scenario but outside of the Workspace, just with your normal browser that you get that same level of partitioning of traffic and support for securing the traffic from the endpoint all the way through to the SaaS or web vendor.

So they are, again, separate services. If there's a theme here, it is that in the SaaS world, there will be more unbundled services that the customer will get the choice about deciding that they want to consume and for which set of users. Of course, we still have bundled offerings, but some of these services we will be bringing to market as independently monetized services that customers can attach to their core Workspace deployment.

And then, of course, that leads me maybe what I think is that last biggest opportunity, which is with the addition of these services, particularly around security for SaaS, we believe that the Workspace has a role to play for employees, especially distributed workforce employees, who may or may not use VDI. And so if you combine these services with a lower tier of our Workspace SKU, which is targeted primarily at SaaS and web and single sign-on capabilities, we believe that there's a breadth play here. Again, longer term, but this is one of those things where you have to create opportunities for yourself to dramatically think about your TAM in a different way. And this basically makes the addressable seats shift from the VDI seats inside an organization to basically every one of those members of the workforce that need access to these kind of secure web experiences, particularly, I think if the workers are mobile, are distributed, are just generally speaking on the move.

Karl Emil Keirstead - *UBS Investment Bank, Research Division - Analyst*

That's super helpful. And maybe we have time for one more that's an add-on to this push to go beyond VDI. And it's partly, PJ, to you, but partly also for Traci because it has to do with the notion of acquiring your way to a beyond VDI end state. In other words, PJ, getting there faster by acquisitions.

And Traci, obviously, Citrix has made a priority, things like share repurchases and dividend. But Citrix has not been super acquisitive really in the last 12, 18 months, and I'm wondering if there's an effort that we can look forward to in 2021 or 2022 to sort of accelerate that vision that PJ just gave us by dialing up the M&A incrementally more. So maybe that question is to both of you.

Traci T. Tsuchiguchi - *Citrix Systems, Inc. - VP of IR*

PJ, maybe I'll take the first snap at it. Certainly, the company has -- the #1 priority for the company in terms of investment is finding opportunities and ways in which we can sustainably accelerate our growth rate. And so it is -- while we have not executed on anything material in recent quarters and in recent years, it is not to say that there hasn't been -- there haven't been things that have been considered and looked at.

I would say that when you talk to Arlen, there are a number of sort of boxes that have to be fulfilled, right, in terms of is it strategic, is it aligned with the company's long-term vision, is it -- does it operationally make sense, cultural fit, financial fit, et cetera. And so there's a lot of variables that go into the decision on whether or not to pull the trigger on something.

And of course, it takes 2 to tango. And so there's a lot of things that we can -- and sometimes not always kind of fact. And so it is -- I mean, certainly, that is a priority in the absence of the opportunities to execute on things like that. Then certainly, the secondary option is to do things like return capital to shareholders in the form of, obviously, our ongoing dividend as well as the opportunity to do accelerated share repurchases.

Karl Emil Keirstead - *UBS Investment Bank, Research Division - Analyst*

Got it. Okay. That's helpful. Any thoughts from you, PJ, on that question?

Paul J. Hough - *Citrix Systems, Inc. - Executive Officer*

Yes. I think as a product guy, the first thing you think about is what are the things that you have to do unique yourself as the custodian of an infrastructure and a platform, and there's a set of things that I think we now have a lot of clarity around inside the company about what our execution road map looks like. And I think the more that clarity evolves and the more we have, I think, a consistent strategy year-over-year, which I think you're hearing from us, I hope you're hearing from us, I think it highlights the areas where adjacency and M&A targets would make more sense to help accelerate some of that growth.

And I would say, to Traci's point, we've evaluated -- it's one of those things where the -- once transaction is consummated, it's as if it never was investigated, but there's a lot of work behind the scenes to really -- to take a look at closely at various things over time. And certainly, we've been involved in doing some of that.

With regard to the right time to do them, I do think we have learned a lot in the last year. Maybe this is a good way to close on this segment. We've learned a lot in the last year, and we've observed our customers mature a lot in the last year. I think as an organization, we've had to grow up as a cloud vendor a lot in the last year, and our customers as cloud consumers and as sort of modern technology platform consumers have really been tested with their ability to really deliver in the last year.

And so I sense coming out of this a different time line for what I thought was going to be the transition to some of these technology platforms and some of these opportunities. And while COVID may some ways have been a pause, I think it may have been a pause that allows us to go faster, if that makes sense, not just as a company but also probably as an industry. And I think there's now, I think, more clarity around opportunity that was beyond the grasp of organizations a year ago that they've managed to capture with regard to agility and flexibility and now that they want to really capitalize on going forward. And I'm hopeful that whether it's on the M&A front or on the organic investment front or just on the partnership with our customers that we are able to participate in that acceleration because I think we should all expect it.

Karl Emil Keirstead - *UBS Investment Bank, Research Division - Analyst*

Great. Well, let's end there. PJ and Traci, thanks so much for attending our conference, and I hope the 2 of you have a productive day of one-on-ones with our clients. Thanks so much, both of you.

Traci T. Tsuchiguchi - *Citrix Systems, Inc. - VP of IR*

Thank you.

Karl Emil Keirstead - *UBS Investment Bank, Research Division - Analyst*

Yes.

Paul J. Hough - *Citrix Systems, Inc. - Executive Officer*

Thank you.

Karl Emil Keirstead - *UBS Investment Bank, Research Division - Analyst*

Thanks, PJ.
