

This is InfoVista's conference call announcing the financial results for the first quarter of fiscal year 2011. At this time, all participants have been placed in listen-only mode. Later, we'll conduct a question and answer session, for which we will provide instructions at that time. As a reminder, today's call is being recorded and may not be reproduced without written permission from InfoVista. I'd like to hand over the call now to InfoVista's Investor Relations Manager, Karena D'Arcy. Please go ahead.

KDA : Thank you Operator. And hello all. With me today are, Philippe Ozanian, CEO and David Forlizzi, CFO. Before we begin, please be reminded that the comments made on this call and the responses to your questions may contain forward-looking information. These statements are subject to risks and uncertainty as described in our press release. You can find our press release at infovista.com. Now, Philippe, could you begin, please.

Philippe Ozanian

Thank you, Karena. Welcome everyone to our call. Today, we announced our results for the first quarter of the fiscal year 2011. I am excited to report that we have started the fiscal year on a strong standing with 31 percent year-on-year software product revenue growth! Our strategy to capture additional source of growth have proven to be right.

Total revenues for the quarter were **10.9 million euros**, compared to the **9.6 million euros** a year ago, bringing a 14 percent year-on-year increase. Over the past nine months, I have repeatedly emphasized that InfoVista will achieve double digit license revenue growth during the calendar year 2010 and beyond. This is exactly what we've done since January, and even more impressively this quarter.

I will let David provide you with more details of our Q1 financial performance, as I would like to focus on why InfoVista is a fast-growing company and how we will accelerate this growth going forward.

InfoVista's strong growth stems from the fact that our solutions address one of the biggest concerns of the IT world today: the fascinating trend of data traffic explosion. From mobile data services that are now becoming the fastest revenue stream for operators to cloud computing with its promise of on-demand network access of shared pool of IT resources, data is exploding all over the IP network. Of course, the concern that comes with this data explosion is whether networks on which operators count for revenues are able to handle this volume. InfoVista's solutions are essential to help Service Providers and large enterprises assure the performance of business critical

services transported on these overwhelmed networks. In a real-time world, where competition and business imperatives do not tolerate approximation and delays, ensuring availability and quality of service is key to maintaining competitiveness. As importantly, IT and telecommunication services must be delivered at acceptable costs and our solutions optimize the capacity of a network and a server infrastructure while ensuring the delivery of end-user's critical applications.

Recently we completed our mobile offering to include end-to-end monitoring of the infrastructure, from the data center to the RAN equipment. We now assure the performance of mobile data services, with the ability to view the end-user's quality of experience on a subscriber by subscriber basis from a single platform. This solution is unique on the market and gives us a distinctive advantage. We expect early successes before the end of this fiscal year.

What we've done in mobile data, we are now doing in cloud computing, developing best-in-class solutions to monitor and ensure optimal quality levels as IT services move into the cloud. For an organization to trust to a third party functions that were previously managed in-house, it needs absolute transparency, commitment and value. These are the functions that our solutions are uniquely capable of providing. In this area, we will leverage our strong existing relationships both with cloud infrastructure providers, such as Cisco, who has the most comprehensive cloud computing offering in the market, and with existing service providers, who are gearing up to offer cloud computing services to organizations of all sizes. This is a huge market in the making, and we have been part of it since the beginning.

Maintaining innovation is therefore essential to sustaining license growth and gaining competitive advantage. We are determined to provide the highest level of innovation while keeping tight control over R&D cost.

To achieve this, we will continue to move off-shore certain testing and development tasks. This will free our existing in-house resources to focus on key innovations and speed up time-to-market of solutions addressing the data explosion I just mentioned. Now, as part of this process, we are also intensifying our US-based R&D efforts aimed at achieving three objectives: better proximity with major clients and partners; increased flexibility; and diversifying our access to resources, particularly for our cloud computing initiatives. We are committed to carrying out this shift while driving total R&D costs as a percentage of revenues below current levels.

Although this strategy is not yet in full motion, we have already started to execute efficiently. Let me provide a couple examples to illustrate this point: In Q1, we closed a data center deal for a large existing service provider customer, where our successful long term relationship helped us win against fierce competition. We also won a sizable deal in the mobile segment thanks to the recent development of our mobile offering.

It is time now to hand the call over to David for comments on our financial performance..
Dave?

David Forlizzi

Thank you Philippe. And good morning and afternoon to everyone.

InfoVista has got off to a good start for our 2011 fiscal year. First quarter total revenues were **10.9 million euros**, representing a **14 percent** increase compared to last year. Software product revenues stood at **4.1 million euros** for the first quarter, up **31 percent** compared to the same period last year. First quarter maintenance service revenues of **5.5 million euros**, rose **6 percent** compared to last year, while other service revenues remained unchanged at **1.3 million euros**.

When viewed from a regional perspective, revenue growth came from both the Americas and Asia regions. America's revenues grew year-on-year by **47 percent**, representing **3.8 million euros** or **35 percent** of total revenues. Asia Pacific revenues grew by **23 percent**, representing **1.5 million euros** or **14 percent** of total revenues. Lastly, EMEA total revenues dropped by **3 percent**, ending at **5.6 million euros** or **51 percent** of total revenues.

Moving down the P&L, gross margin came in at **76 percent** of revenues, consistent with last year's first quarter gross margin. We still continue to target a gross margin of around **77 percent** for the fiscal year.

In regards to operating costs, research and development along with general and administrative costs remained flat as compared to last year, while decreasing as a percentage of revenues. Research and development costs stood at **2.3 million euros** or **21 percent** of revenues, compared to **24 percent** of revenues a year ago. General and administrative costs were **1.3 million euros** or **12 percent** of revenues, compared to **14 percent** a year ago. Our fiscal year 11 objective is to continue to keep these costs flat in order to leverage additional operating margin from top line growth.

Sales and marketing costs were **4 million euros** for the quarter, representing **37 percent** of total revenues, compared to **36 percent** of revenues a year ago. This increase comes from higher commission expenses as well as incremental marketing resources to support the growth in sales activities. We continue to target **35 percent** sales and marketing costs as a percentage of total revenues for fiscal year 11.

Therefore, InfoVista recorded **443 thousand euros** of operating income for the quarter, representing and an operating margin of **4 percent**. Please keep in mind that Q1 is traditionally our lowest quarter in terms of operating margin. Last year, in Q1, operating income was **128 thousand euros**.

We recorded a net financial expense for the quarter of **66 thousand euros**, compared to net financial income of **44 thousand euros** in last year's quarter. Significant swings, especially with the US dollar against the Euro, resulted in a **95 thousand euro** foreign currency loss.

So to sum things up for the P&L, we recorded a net profit of **257 thousand euros** for the first quarter, as compared to a net profit of **85 thousand euros** last year.

Moving to our balance sheet, I have a few key points. First cash, cash equivalents, and short term deposits stood at **24.9 million euros** as compared to **25.8 million euros** at the end of Q4. During Q1 we purchased **88 thousand** treasury shares for an amount of **0.3 million euros**. Second, cash was reduced by **0.2 million euros** in the first quarter as a result of devalued US dollar balances. The remainder of this cash decrease comes primarily from operating activities, where we experienced delays in cash collections.

During the first quarter, our DSO was **111 days** as compared to **82 days** a year ago. Although this increase resulted partially from slower cash collections, it can also be attributed to approximately **1 million euros** of multi-year maintenance contracts, many of which were invoiced late in the quarter and were not yet paid at quarter end. You may have noticed that our long-term deferred revenue account on our balance sheet increased from **0.3 million euros** at the end of June to **1.4 million euros** on September 30.

Well that about covers it, now Philippe and I will be pleased to take any questions that you may have. Operator, can you please provide the instructions for the Q&A session?

After the Q&A session - Philippe

Thank you Operator. *Let me end by reiterating our confidence that we will achieve our previously announced objective of a 7 to 10 percent operating margin for this fiscal year. We at InfoVista are very excited about the quarters ahead of us. The data explosion brings performance assurance of IP based services right to the top of the priority list of our customers. Additionally, with a revamped suite of solutions, a sales force well balanced between mature markets and growing emerging countries, successful technical and business partnerships and a loyal base of customers, we are now well positioned to deliver improved performance in the quarters and years to come.*

And thank you everyone for attending this call and your continued support for InfoVista.