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PRESENTATION

Adam Holt - *Morgan Stanley - Analyst*

We will go ahead and get started. Thank you all for joining us this morning. Hopefully by now you know who I am, but if we haven't met or you don't, my name is Adam Holt, and I run the enterprise software group and equity research at Morgan Stanley. And I am thrilled to be kicking off the third day of what I think has been a tremendous conference with Steve Bennett, the Chief Executive Officer of Symantec. Steve stepped in last summer and has already had a tremendous impact on the stock price. We think there is a significant amount of opportunity to continue to improve the operational performance. And Steve is an old friend, so it's great to have him here. Thank you so much.

Steve Bennett - *Symantec - President, CEO & Chairman*

Thanks, Adam.

Adam Holt - *Morgan Stanley - Analyst*

Good to see you.

Steve Bennett - *Symantec - President, CEO & Chairman*

Good morning, everybody. I thought I'd give you a couple of perspective before we get started in terms of what I found in the seven months. This will be different than what we talked about in our January 23 announcement.

Basically, as I sat on the board, I realized that this was a Company that had great assets but no strategy. And when I became the CEO, I also realized there was a lot of opportunity for operational improvements. Our growth strategy in the past was acquisition, but we didn't really integrate the acquisitions. And we really ran the Company as almost the conglomerate of 150 different point solutions with a performance management system that had everybody maximizing for their own point solution.

So from a customer point of view, us buying these companies didn't add any value to customers, and that was a problem. And that's why we weren't growing. So, as we think about the market, there's a lot of noise about security.

Let me share a perspective about how we are thinking about the market at Symantec. You have end points, you have network, and then you have data centers. There is a lot going on at Endpoint, there's a lot going on in the network, and there's a lot going on in data centers. We are focusing as a Company on Endpoint and data center. We are having all sorts of interesting discussions with people in the network about partnerships. We're talking to all the players. We are the prettiest girl at the dance now, I think, in terms of how do we partner with network security providers.

And the reason that I talk about the playing field is from my perspective, customers are looking for companies to step up and solve their problem. You'll hear a lot of noise at RSA this week about six or seven shiny new objects. If you just buy my shiny new object, my shiny new point solution, that will solve all your security problems. The answer is, it's not true.



Because of the explosion of control points, in the Endpoint, in the changes of moving to the cloud and the datacenter, the security environment from a customer point of view is getting harder and harder and the attackers are getting much more capable and skilled.

So new control points keep emerging, but old control points don't go away. Many of you still have PCs. PCs aren't going away. We may not be selling as many now. You still have to protect your PC if you care about security.

So from my travels around the world, there are so many unmet, underserved customer needs here. Because everybody keeps adding new point solutions and not focusing on what the customers needs, which is more integrated solutions.

So we're really focused on three things. One of the things that I've learned is the worst thing you can do when you're going through a lot of change is try and do too much too fast. So we're focused on products and services, reevaluating and changing our go-to-market strategy, and then simplifying and streamlining our organization. Let me talk about products and services first.

We started when I got there by talking about what are the customer jobs that our customers hire our products and services to do. And it was a changing way to think for our Company because our product road maps in the past were what feature do we add to move up in the Gartner Magic quadrant, and we have strong portfolio of point solutions with nine leading positions in these Magic Quadrants.

So the problem we had is that we have let the competition point solution by point solution set the competitive playing field. And that is not solving customer problems or that's not the strategy for us to win long term. So we are focused now on making all our point solutions better on a return-on-investment basis.

And we have some big point solutions. For instance, net backup. We back up as a Company, 50% of the world's information. It's a big and growing business as you saw from our results last quarter. So we have, we are looking at all 150 point solutions, some of which we will make features in a bigger offering; some of which will go away, we will divest over time. I wanted to have a strategy before we started moving the portfolio around, and some of which will end of life, for instance.

So we will have a strategy for all of these point solutions, but it's important for us to make them better because they are the foundation for these integrated offerings. So we are still going to focus on industry-leading point solutions, which those before me did a nice job of accumulating.

Just for reference, you can see how some of our existing point solutions fit into the three higher order ways that we're organizing the Company around solving important customer problems. Call it Endpoint information security and information management. This is actually how we are going to report our financial results going forward -- organizing around solving important customer problems.

So with regards to the new integrated suites, here's the 10 new offerings that we announced on January 23, the roadmap. We are building the roadmaps for these now. The concept is simple -- if you talk to any large customer anywhere in the world, they are spending millions of dollars integrating all these point solutions. And they don't want to do that. And they are nervous that their security in total, whether they are gaining or losing ground against these more aggressive attackers.

So we came up with these 10 solutions that do the integration for our customers. We will launch these in the next six months to 24 months. My view is if we can execute on these well, we will expand and grow the market for our Company.

Let me just give you a couple of quick examples of this. A lot of energy around mobile. So here's our thought on mobile. Lots of parts and pieces to this given all the demands -- bring your own device, corporate, personal, consumerization of IT. But what we hear from our customers is what they want is an integrated solution, and you can see the elements of what would be in that integrated solution.

Now if you want to do all these things today, you have to buy all these point solutions and integrate them yourself. We think that's not the right solution. We will continue to sell all of these point solutions, but over time when we have an integrated offering, we would expect more and more customers to migrate up the food chain to buy these integrated solutions that solve more of their problems.



And the big focus here, as I mentioned early, when we were competing point solution by point solution, we let the competition dictate the playing field. The magic of this for us is we are going to solve an important customer problem and change the basis for competition to a place where we're advantaged, if we can execute well.

Here is another one, a big challenge for CEOs, for Boards of Directors, for audit committees is business continuity, especially in this information management explosion and threat environment. There's all sorts of operating systems. There's front ends. There's back ends. The important thing is to do this right, it's very complicated and difficult. You've got to do backup for UNIX and Windows and Linux. You've got to have high-availability applications.

So one of the solutions we announced is in a BCS, a business continuity service, that is going to integrate all of these things. It turns out, from our SAMG business we have some of the best technology in the world to integrate software on a multi-platform basis to deliver real value for customers at a higher order of solution.

So, again, changing the basis of competition to aggregate the technologies we have to solve an important customer problem better than anybody else and build competitive advantage.

Here's the last one. I want to talk a little bit more about this in detail to give you the concept. I talked about the holistic Endpoint network, datacenter, security playing field, where everybody is focused on their individual control point. That is not what customers anywhere in the world have told me they want. Do they need better control points or better point solutions for all these new control points? Absolutely. But they don't want to do the integration.

So we announced a new service, call it platform from a technology basis service, from a customer basis, that is going to integrate our solutions, as well as third-party solutions so that we can cooptate with all these shiny new objects being announced at RSA to solve a bigger and more important customer problem.

Now this is what the leader in the industry should do. This is what the leader in the industry will do, and this is what our customers want us to do. And this will change the game for our customers if we can execute. You get the concept. Very powerful.

So it does not mean these new point solutions aren't important. They are incrementally better, but customers don't want to integrate the 10 new point solutions they are going to hear about this week instead. And it costs them hundreds of millions of dollars, the biggest ones. And that's not what they want to do.

So another example of leveraging our skills and capabilities in a different way and not competing on the basis of 150 discrete point solutions.

On a go-to-market basis, I spent the first 60 days trying to figure out what it was, and I finally wrote it and here it is. It is this simple.

Basically we do three businesses in the go to market -- named accounts, which is the enterprise; commercial, which goes through partners; and at the bottom of the pyramid is our Norton consumer and small business. And that's a big thing. We are going to work the Norton brand. I have a little bit of experience in this. We think we can work the Norton brand into the SoHo and the low end of small business and leverage a brand with 175 million users around the world that is the recognized leader. And we think we can move the Norton brand up selling web services direct to small businesses in a way that we haven't in the past.

A lot of changes in marketing and sales. We have been hearing from investors forever and from our team that what we have is our system, you've heard me say in some interviews, our system, our marketing and sales system is broken. We are high cost and low quality.

So the first thing we're doing is we're going to split -- like almost every other company in the industry, we are going to split new business from renewals, and we're going to create a new renewals team for all of our businesses.



We are pretty excited about that. We think that will dramatically improve quality and improve our renewal rates, as well as be much lower cost. High touch, high volume.

We are going to also use much more e-Commerce and telesales as opposed to an expensive field sales force that in the past was a bunch of generalists. It is interesting that we for reasons I'm not quite sure I understand had a generalist sales force selling all 150 products. And then we had a bunch of different stacks of specialists that were deployed.

So we had just a very high cost and not as much focus as we needed. We are going to get a much better focus here. All of our sales people now are going to be aligned either to information security or information management. So we are going to have at the top level a more specialized sales force.

We also have a lot of work to build out marketing, and we are going to revamp our partner program to focus it on business outcomes that will be win-win for both us and the partners.

Let me share the last big thought here before I turn it over to Adam and you for questions.

The way we ran the Company -- again, from what I heard, I wasn't there, was we declared victory as making the current quarter Wall Street number. I want to do that. By the way, I made the current quarter Wall Street number in 34 of the 35 quarters I have been a CEO. So that's not the focus.

But what the focus was is we ran the Company on a net 90-day cycle, and all of our decisions were based on can we make the number this quarter and live to fight again the next quarter. It didn't work. It never would work.

But what happened when we weren't making our revenue numbers, we two or three times a year did peanut butter across-the-board reductions in forces of our front-line employees. You can imagine what impact that had on the organization and morale or funding, innovation and product roadmaps.

So but it turns out that when I got there, I said let me see the management structure. We have a management structure that has an average span of four. In other words, four direct reports for every manager because of all these reductions in force.

But wait, there's more. In addition to spans of four, we have between 10 or 11 layers in the Company in some places. So we have a very bloated middle management structure in the Company that there is a big investment that we're making there that's not giving us a good return, but it also slows down accountability, speed, execution. So we are implementing an org simplification initiative that we announced. We'll give you an update on that. We are moving from an average span of four to an average span of eight. You are all better at math than I am. You can think about what kind of reduction that would be. We took a \$275 million charge to pay for this.

When I announced the new organization structure, we announced the top 25 people in the Company. There is a couple of open slots there, but I really like that team. Tomorrow we are going to announce the next 200, roughly. So if you say each one of them had eight direct reports, we will have two more waves. We will be done by June, and we will come up with a dramatically streamlined and simplified organization that has bigger jobs for our best and brightest. And I think this will have a huge impact of our ability to execute on this new strategy.

So let me just close with a couple of thoughts on financial objectives. Number one, this Company is moving to an organic growth story. In my 23 years at GE, I learned strategic and operational rigor, and I got a lot of chance to practice that. At Intuit, my playbook was complemented from Scott Cook and Bill Campbell and crew with customer-driven innovation, driving organic growth. That's the formula we need to transform Symantec.

So we're planning prudently for a five-quarter, this fourth quarter and next year, a transition period because we are taking on the hard issues that the Company never took on to make it great in the future. So we don't know what the magnitude of the transition -- what the disruption will be.



I would tell you, 70% in this quarter, 70% of our revenue comes off the balance sheet and 85% is recurring. But we are still are a software company with the end-of-quarter results. I can tell you that our front-line employees are on fire, even with all these dramatic changes, because of the excitement going on at the Company.

In the meantime, where we are a little conservative or prudent, prudent is probably the right term on revenue. I think we said 0% to 2% growth next year. We did say we are going to deliver 200 basis points a year in margin improvement. And in a \$7 billion company, that is \$140 million a year.

We also announced a cash return strategy to shareholders where roughly 50% of free cash flow will return to shareholders, and over time roughly 50% in dividend and 50% in share repurchase. We announced for the first time in January a new 2.5% dividend for our shareholders.

We are going to have a much more rigorous capital allocation process than we have in the past, and I'm not going to be dependent on growth, on acquisitions to drive growth. We are going to make acquisitions, but we are going to buy earlier-stage companies. We are not going to buy revenue and overpay and not integrate it well.

Now, last thought. I and my -- I'd be satisfied to make these five and 30 numbers, but I wouldn't be happy. I've never run a business in my life that lost share. And so our internal goals are much more ambitious than what we shared with you, not surprisingly. You would do that if you were in my job. I don't know how good this Company can be, but we have planned for flat Endpoint, the market, the IDC market for Endpoint in this forecast and in our scenario planning is flat. But the market is growing, even with point solutions, because information is exploding, and the security market is getting more and more difficult.

So the market from IDC, call it 8%, 9% growth, that is without any of the innovation we're talking about that I think can expand the market. So if I leave you with one thought before I turn it over to Adam, let me dream a little bit and say, what would this Company look like if we actually just held share? We are the leader. What if we just held share? What would margins look like if we held share?

So five and 30 is the baseline. We've got a lot of heavy lifting to do there. That's not a layup. But we won't be happy if we don't do better than that.

So Adam, with that, I'll turn it over to you.

QUESTIONS AND ANSWERS

Adam Holt - *Morgan Stanley - Analyst*

All right. Well, that's a great intro. Obviously, a lot of exciting things happening. I guess I'll start with maybe the most obvious question, which is, why did you decide to take this on after a lot of success and different phases of your career, you didn't need to do it. Why did you decide to do it?

Steve Bennett - *Symantec - President, CEO & Chairman*

Have you been talking to my wife?

You know, I was on the bench for four and a half years, and I was on the Board here. And it pains me to see a Company that did such important work for individuals, for businesses, and for countries to be not performing up to its potential. And just like the job when I left GE after 23 years, when I wasn't looking for a job, to go to Intuit because I thought I could make a difference, it's the same logic. It's a very interesting and important business. I've never worked harder, and I've never had more fun. And I get a lot of positive feedback from this. So it's like it was fate.



Adam Holt - Morgan Stanley - Analyst

So why don't I -- I'm going to go through a few of the different things that you laid out. Why don't we start with the people?

You announced the restructuring basically almost two months ago. What's been the reaction internally? How has the force jelled around what you've done?

Steve Bennett - Symantec - President, CEO & Chairman

You know, it's interesting because when we had these peanut butter reductions in force in the past, it was always the front-line employees that bore the brunt of this. So now that we announced this focus on the middle management, front line employees, which is a big percentage we are all really fired up, they're excited. I'm getting even with the people that have been laying them off.

But the middle management are -- they are nervous. But I was sitting having coffee in the cafeteria the other day, which I like to do, just to go see what's going on. Somebody came up to me and said, hey, I'm one of these middle managers. And I don't know if I'll have a job today, but thank you that you're here. Thank you for doing this. It's the right thing for the Company. I hope I have a job. I like what you're doing, but keep going whether I haven't a job or not is the right thing.

So I think there will be a percentage -- if you say -- because the numbers, by the way, and we didn't share this, so this will make Helyn nervous, but it's okay because this is a public forum, the numbers that have been reported about the size of this are conservative. So 50% -- if you can do the math from spans of four to spans of eight, you can do the math on that, I think. If we get our best and brightest in that, we are going to just have a high-powered management team, and we're going to be much leaner, much faster and at much lower costs.

Adam Holt - Morgan Stanley - Analyst

One of the questions that I get a lot is, when you go through that level of restructure, there's obviously going to be some disruption. How do you manage through that?

Steve Bennett - Symantec - President, CEO & Chairman

It is a lot of stuff. It is a lot of change. And one of the things that I've learned over time and made mistakes on in previous is trying to do too much, too fast. So I'm not -- that's why we said it's going to take five quarters of transition because I'm not trying to do the quick easy thing. This is a Company that never did the hard stuff. And so and we've been on slow and steady decline. And I told the Board and the Board is with me on this, we are going to make this Company great. And I'm going to do the hard stuff, but we are going to sequence it in a thoughtful way.

Hopefully we don't stub our toe. We've had a lot of uncertainty since I took over, and the team has really stepped up and done better in each of the quarters than I thought. We'll see how we do this quarter. So I'm not in a race to get there fast. I'm trying to do this to do it right.

And so if it is do it fast and get it wrong or do it slower and take more time and get it right, we're going to deliver on the margin. I'm not worried about that. We have hundreds of millions of redundancies, and you've seen some of the statistics.

The question is, how do we get through this quickly and drive organic growth? And that to me is the roadmaps for the new offerings, making our point solutions better. Normally when you reduce costs, you reduce costs and you improve margins. We actually have a three-legged stool. We have to reduce costs, we have to redeploy and invest in a bunch of things that are going to grow the Company, and then we have to improve margins. So it's a big transition, which is why we said, let's take five quarters and be thoughtful about it. Hopefully we'll do better, but I want to be prudent.

Adam Holt - *Morgan Stanley - Analyst*

Let me shift then to the revenue side because there's obviously a lot to talk about there. Why don't we start what you're doing on the sales front. Can you give us -- I know it's really early, but could you give us an update in terms of where you think you are in terms of splitting out the sales force and what the reaction has been in the field?

Steve Bennett - *Symantec - President, CEO & Chairman*

Yes, I've been -- look, I don't know how many of you saw this, but I traveled around the world, and I went to every site in the Company that had more than 400 employees. So I put on hundreds of thousands of miles, and the airlines love me, by the way.

But I have been foreshadowing this for a while because I am going to change the compensation plan. And when you talk to the team and you just tell them the truth, they get it.

I think the question is, what does it mean for them. We are not going to make any changes in the first quarter. We will see if will be ready to make them in the second quarter of fiscal 2014. So no changes for the quarter that starts April. We may make some changes in July if we're ready; if not, it will most likely be October.

So we've got a lot of stuff to do. We've got to build this renewals organization. Next week, for instance, we have all the people that are involved in renewals around the world coming in for two days with the new leader. And so we're going to have a plan.

I announced it, but we are not going to implement it until we have a plan. That's a big change for us. We used to make a decision on Friday, announce it on Monday, and then scramble on implementation. We are going to announce where we're going and then make people be part of the process to figure out how to do it the right way.

So there will be transition, and we will have fewer field sales people a year from now than we have today. Because we are going to have hunters versus farmers. But, as we call the reins, we are hoping and expecting to be able to keep our hunters, and we will have some of the farmers that may go away over time and when we get some of these new offerings coming in the next six months to 24 months and we invest in better enabling.

One thing I didn't mention is that our sales force, because we've been so tactical and cut all the resources to help them be productive, sell way less than 50% of the time.

So we are just not very efficient. So we have a big productivity opportunity, a focus on new opportunity, and some new offerings opportunity that I think, we believe, will start to accelerate revenue growth in that 2015 to 2017 period.

Adam Holt - *Morgan Stanley - Analyst*

Okay. Well, that led me into my next question, which is, we should think about the renewals team building over that five quarter period and then the transition on the direct sales side happening over the same duration. So effectively it is two years where we start to see that uplift from a productivity perspective.

Steve Bennett - *Symantec - President, CEO & Chairman*

Well, I think that's true from the changes.

Adam Holt - *Morgan Stanley - Analyst*

Right.



Steve Bennett - Symantec - President, CEO & Chairman

But I've been surprised at how much positive energy there is in the Company. There's no resistance. I just haven't -- maybe I'm naive and CEOs can get in a bubble. I try to avoid that since I started for \$8 an hour as a front-line employee. I think I worked my way up and I understand the front lines. I just don't sense the resistance. Because people in this Company have been working really hard and losing for eight years, and they now feel like we're on a path to win. So there's a lot of positive energy here, and I think that we are unleashing. It's hard for me to model how does that show up in our forecasting.

Adam Holt - Morgan Stanley - Analyst

If I were to move down that chart you showed, we just talked about the enterprise business, the second piece, the commercial business, we've already been picking up in our conversations with your channels partners a change in tone. Can you talk about how you're thinking about that slice of the business and what you do there?

Steve Bennett - Symantec - President, CEO & Chairman

Yes, it's an area where -- and I was out seeing one of our large partners in New Jersey last week that I don't have an answer yet. I know we have 50,000 to 60,000 partners today, which is just crazy. And it's not -- to be blunt, we have no channel strategy, and we have a bunch of programs that are so complicated from an operational and strategic point of view, when I met with them in our partner exchange, they basically said they just gave up on trying to figure it out.

So we've got to take it all and make it simpler. And it's a hard position on a CEO to go out and talk to a partner and they say, what's your strategy? And you say, I don't have one, but I'm working on it.

But like the renewals thing, just tell the truth, and we'll get together with our partners and our team, and we will figure it out, and we will make it way better than what we have now. And I think what we're hoping is that people buy the offering strategy and our brand, and that if we get this right, we could be a very powerful Company. So I don't think they are going to be dumping us. Some may. But I actually think there's a lot of interest in the partner community. Partners will become more important for us, but it will be partners that can add value to what we're doing for customers, and that's what we'll have to sort out.

I think we'll have fewer, deeper partners with the economics that incent them for creating value for customers and for us. But that will be a big shift from what we were because we would sign up new people because they would give us an order, and we could make a quarter. So that didn't work. That is why we have 50,000 or 60,000 partners.

Adam Holt - Morgan Stanley - Analyst

And then if I look at the last piece, I want to ask you two questions about the Norton piece and the SMB piece. First of all, if you talked about leveraging the brand a little bit more into the SMB and the SoHo market. Yet the restructuring announcement, you talked about the right-for-me security strategy. Can you just detail a little bit about how you're thinking about that transition?

Steve Bennett - Symantec - President, CEO & Chairman

Well, I think that small businesses are more and more buying Web services direct online through e-commerce. Again, it's something I had some experience doing a while ago, but it was happening five years ago. We actually have some good dot cloud web service offerings, but we sell them through a traditional channel.



So we don't really even sell these web services directly very effectively. So I think -- we have to do that with Symantec-branded through partners, Symantec-branded direct, and Norton-branded. And we will let the market sort through which -- but we've been losing share and doing a bad job in small business for a long time. And I think it's because we didn't have the right offerings and the right channel strategy individually or collectively.

So I think it's a big opportunity for us. It's something that we have a lot of focus on now. But we are going to go at it both ways with Norton from the bottom and Symantec -- it may be that we would sell the same service, branded Norton and branded Symantec and see which one customers prefer. I mean I'm okay with that.

Adam Holt - *Morgan Stanley - Analyst*

Okay. If I were to maybe open the lens up a little bit and look at the products portfolio more broadly, you talked about several different points of integration. We have been hearing an integration story at Symantec for years since the Veritas acquisition. What do you think is different about your integration story versus the previous versions of that integration story?

Steve Bennett - *Symantec - President, CEO & Chairman*

We are going to do it.

Sorry, but I mean, we're doing lots of hard stuff. I'm not here -- I didn't get off the bench to make charts and make pitches. I got off the bench to change this Company and do a better job for customers and have an impact on things bigger than that, and we're just going to do it.

And if we don't have a team of people who can do it, we will find people that can do it. And we've already done half of that. Half of the staff that I had when I had direct reports are gone. The other half are stepping up. I like the top 25 people. This is not optional for our Company to focus on solving these important customer problems.

The fair question as, can we execute? This is a lot of change. We haven't done organic growth. Our engineers have never been asked to innovate and execute, and they are excited about this. We still have to do it. And so doing it is not optional.

The thing I would tell you, too, and the guidance we've provided, very little if any of the revenue from these new things is in the numbers we shared. So let me hit one thing that I picked up from an investors.

I want to talk about the consumer business for a second. We won't have a consumer business anymore, but it is 30% of our revenues, so let me take this head on.

It's part of our Endpoint, business. So the number one thing we did is we had a lot of redundancy between Norton and SEP, our Endpoint business. So we now put it together in charge of one person. It's supposed to be -- it is expected to be flat. The market is going to be flat. The iceberg is not melting. It's going to be flat. But there's hundreds of millions of redundancy between SEP. We have probably 80% of everything we do in our technology staff was redundant, doing basically the same thing. We should be using the top 20%, the UI to be different between consumer and business, but we actually had complete silos all the way down.

So the number one thing we are going to do is we're going to consolidate the structure and eliminate redundancies where I think we can have greater than or equal to revenue performance with a lot less costs. And that will fund some of the margin expansion or the new things.

Two, there's a lot of decisions that we have made that were short-term oriented and focused. If you were running Norton, renewals or new business, anybody in the audience, and you were going to make a decision on pricing to maximize the short-term quarterly performance, what would you do? This is the audience participation part of the program.

You'd raise the price.



Adam Holt - Morgan Stanley - Analyst

You'd raise it.

Steve Bennett - Symantec - President, CEO & Chairman

You'd raise the price.

Adam Holt - Morgan Stanley - Analyst

I'll add to that one.

Steve Bennett - Symantec - President, CEO & Chairman

What do you think that does to a lifetime customer value? It's not as high.

So if you start making pricing positions that don't overcharge in the short-term but to help make your short-term numbers, but you actually are more thoughtful on renewal pricing or new customer acquisition pricing and you can lower the price and improve customer value over the long term, which is not what we were doing, what do you think I'm doing? You know the answer.

So I think we can life-extend the business to do better, the Endpoint business. We can take a bunch of cost out to redeploy. PC OEM and retail are a declining part of the business and new customer acquisition. They used to be pretty significant. Now they are much less significant than they were in the past. If we didn't have PC OEM deals, we would make a lot more money today.

So actually we are getting more and more customers direct from e-commerce, and over 50% of our business, well over, is renewal. So there's a lot to focus on PC OEM, and everybody knows that retail is a shrinking channel for software. But PC OEM business, the current business is a bad business for us, but it's less important to us in terms of new customer acquisition. And so that's another big source of, how are you going to grow the business if people don't buy PCs?

We will grow profitability a lot faster than we will grow the business, and we'll redeploy it to other things.

One final thought, redeploy costs, make decisions to improve the performance of the business, even with lower costs. We are now looking at, are there new unmet, underserved customer needs in consumer that we would invest in.

Taking a fresh look at the business, there are a lot of customer problems. It's not about protecting your device anymore. It's about protecting you and your information. And so we are in a process of evaluating and working on, are there things we would invest in -- but I haven't seen the list yet. If it makes the hurdles, we'll invest. Like these 10 offerings, if it doesn't make the hurdle, we don't. We are not in the business as a Company now to maximize our consumer business; we're in -- because we don't have one anymore -- we're in business to maximize the Company's performance, and right now it is a funding source for us to invest in high-growth markets like security and information management. And if we find ideas to invest in, we'll invest in them if it makes our return hurdles.

Adam Holt - Morgan Stanley - Analyst

I've got a bunch more questions, but we're almost out of time. So I want to let you all get at least one question in if there's a question on the floor. Any questions quickly? One in the front.



Unidentified Audience Member

Is there anything to understand from a competitive standpoint that you're seeing out there on the product side? I mean there's an incredibly powerful story here on the operational side, but just drilling on the product side, what are you seeing competitively? Thanks.

Steve Bennett - Symantec - President, CEO & Chairman

Look, I think there's lots of tough competitors. But to be honest, I understand some of what they are doing, not in great tier. I'm focused more on customers. And what I can tell you is our customers are dying. They have pulled these unmet, underserved needs, and they don't have anybody that is working on solving their most important problems.

And startups and point solutions are adding value to the ecosystem, but they're not solving the customer's most important problems, which is having a secure end-to-end total network to cover their end points, the network they use and their datacenter. As they move the datacenter to cloud, more and more applications get outsourced.

I was talking to a large financial service -- they are using 100 third-party software as a service solutions to run their Company. Think about the security implications of -- and by the way, everybody is nervous about it. So I think there is individual -- what we have to do is have a leader that integrates all of these things in a way that delivers value.

So I actually see -- I'm not up here to trash anybody like some of the others do. I'm here to say, how do we all work together to solve the customer problem, and that's my focus. And so if they can help me do that, great. If they can't, I'll just figure out how to solve the customer problem. I can't do it by myself. I need help from other people, and I don't see a lot of other people that can solve it either. Certainly the little guys can't do it. And the big guys don't have the expertise that we have in security. So I'm focused on the customers.

Adam Holt - Morgan Stanley - Analyst

I'll sneak one more in here at the end. You talked about also evaluating not only where you want to invest more but the product portfolio in areas you might either invest less or wind down or even sell. We saw the motion around Altiris. Should we assume that with that that we are at the end of that process, or are you still going through that evaluation process?

Steve Bennett - Symantec - President, CEO & Chairman

I think what you should assume is what I tried to allude to earlier is look, the first thing I want to do is get a strategy. We have a strategy. We like this strategy a lot. The feedback has been good. The feedback I get from customers on the strategy, by the way, we didn't do it in a smoke-filled room. We went out and tested this with 50 customers, all of the solutions. We started with 300 different solutions and winnowed it down to 10. So these are not arbitrary things.

So that was a pretty heavy lift for us to get that right, and now we will look at all the stuff and see what fits. We may have some good pieces of our portfolio that don't really fit. So now we are in the process of saying, okay, how do we -- we are executing this strategy, how do we look at the pieces that don't fit? So I would expect some announcements.

We also have lots of discussions on partnerships. I would expect some things coming on that. I would expect some things when we're ready, and we are in the middle of that process now.

Adam Holt - Morgan Stanley - Analyst

All right. Well, that's a pretty good note to end on. Thanks so much for doing this. That was great.

Steve Bennett - Symantec - President, CEO & Chairman

Thanks for coming, everybody.

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