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SAVVIS, Inc. Q2 2008 Earnings Call

Question-and-Answer Session

[Operator Instruction]. Our first question comes from Colby Synesael with Merriman.

Colby Synesael - Merriman Curhan Ford & Co.

Just two basic questions, one from a strategy standpoint, you mentioned that [inaudible] with your last comments, that you guys are focused on the long-term of the company, if you look the results obviously the upside came from the pure colocation portion of the business, will it make sense for you guys to have more of your self focusing more on just the colocation at this point, or you guys think that that's well balanced? My second question has to do with just market-to-market, any markets where we are seeing, strengthening or weakening [inaudible] first quarter? Thanks.

Philip J. Koen - Chief Executive Officer, Director

Colby, this is Phil. Thanks for your question. Well I'd like to say that I think the strength came from both colo and managed... the sequential growth rates were at the high end of what we had telegraphed is what we think about. To answer your question directly we are not a colo play. The issue there is that we don't have the footprint and we don't deploy the amount of capital in building data centers that some of the real estate and other players who are focused in this. So our whole value proposition here is use colocation as the first step point? and outsource solution, but to move people up the value stack and we are really focused about driving the highest returns we possibly can on that data center investment.

So it's not about can we just fill it up as fast as we can because simply what you have to do then is turnaround and deploy increasing the amounts of capital to continue to run that race. We think a more prudent strategy is to continue to focus on building long-term value through trading people up to higher and higher levels of managed services. I'd point to you that last customer example is a great example of exactly how that strategy works.

Regarding market-to-market strength, the core markets we are in across the U.S. continued to see good solid demand. I don't feel and I don't see any indication that there are any differences from one particular market to another, especially when you factor in the type of customer we are going after. So at this particular point in time, we don't see any difference in the various markets in which we compete.

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