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RCN Corporation Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). One moment for the first question. Our first question comes from Colby Synesael with Merriman. Please go ahead with your question.

Colby Synesael - Merriman Curhan Ford & Co

Great, thank you. It looks like the last few quarters your net adds on the residential side have been better than our expectations. I am curious if they have been better than your own internal expectations and if that is the case, maybe explain why that may be and how that could potentially impact your guidance going forward?

The other question has to do with the bundles. It seems like we kind of have hit a ceiling in terms of where those can go in terms of penetration. Would you agree with that statement? If not, can you explain why? Thanks.

Peter Aquino

Good morning Colby. I will take your first one. Regarding my expectations for customer growth, our standards are pretty high here. We are investing in areas over the last few years that were really designed to get this engine back on track and it is really working. I mean the churn rate alone of 1.9% this quarter, I thought was -- that might have surprised me even but for the most part, I think growth here at RCN is very much expected and all the GMs because we manage these markets so locally, they know exactly how to compete in the local market and they are doing a great job.

We withstood a lot of different technology changes over the last couple years and even new products from competitors. But we are at the top of the class. So, as long as we are producing a good video product with Analog Crush and our speeds are up to 20 mega bits and with DOCSIS 3.0 we will go even higher and our phone product is state-of-the-art as well. I mean we have got the right products. So it comes down to local competition tactics and certainly the tools we are putting in place is going to make it even better for us.

Colby Synesael - Merriman Curhan Ford & Co

Are you guys changing your strategy, as you see announcements from AT&T, from VERIZON, in terms of the markets they are going into? I mean, is that a big part of where you guys are deciding where you need to be, with what products and when?

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