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NeuStar, Inc. Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Thank you, sir. [Operator Instructions]. And your first question today comes from Julie Santoriello with Morgan Stanley.

Julie Santoriello - Morgan Stanley

Thank you. Good morning. I am very pleased to see the 20% growth outlook. To sustain that kind of growth over the next four years is definitely impressive and shows your confidence in the business.

I am having a little bit trouble understanding the 10% growth in transactions volume for 2008. I know you have spent some time on this Jeff, but just want to understand if it's a pretty big decline in the growth rate obviously from 2007. And we think back to last year when you renegotiated the contract with the industry and gave pricing incentives, it seems as though at the time part of the reason for giving those pricing incentives was expectations for higher transaction volume, potentially very high transaction volume. So can you help us understand if there is a change in what you are seeing between then and now? And then perhaps if you could just highlight the non-recurring portion so that maybe going away in '08 versus '07?

Jeffrey E. Ganek - Chairman and Chief Executive Officer

Sure, Julie. That's an excellent question. First of all, this year as we have in the past we are conservative in giving guidance on revenues. Last year we have talked about 25% growth, we came in at 29% and that is directly in line with our behavior since we have been public for most of the last 2.5 to 3 years. Second of all, we're conservative so what is being conservative mean. Here is process why which we provide guidance. We sit down with our customer relations sales people and we look at their pipeline. Pipeline is their list of projects that they have engaged with specific large network operator customers, we are under those customers who are going to use our services. When we add up the numbers, NeuStar is highly, highly confident of delivering more than 10% growth in transactions during the year 2008.

The fact is we have an internal business plan that drives at numbers or greater than 10% and in fact even the 10% growth on top of the very large growth in 2007 represents continuing strong demand on the part of our customers or Numbering impact transactions. And their demand is driven by their need to do network management, to change out old technology to new technology, to alter the network architectures to adjust their signaling systems, to manage disaster recoveries and otherwise change the routing of traffic over their existing switch and transport capital facilities in order to better manage their operations and cost.

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