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## Tucows Q3 2007 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Thanos Moschopoulos of BMO Capital Markets. Please go ahead.

#### Thanos Moschopoulos - BMO Capital Markets

Good afternoon. You talked about how customer sign-ups were up 15% year over year following the price reduction. What would it look like on a transaction basis?

#### Elliot Noss

You wouldn't see it there because customers would sign up and we wouldn't have parsed that for, you know, what other transactions that those new customers have done. That would just be a slice of the data we wouldn't have this early in terms of the results.

#### Thanos Moschopoulos - BMO Capital Markets

And the reduced pricing wouldn't necessarily drive -- it wouldn't change end customer transaction volumes because your partners would keep pricing the same, [you would just get] the benefit, presumably?

#### Elliot Noss

Well, we do think that this may have been one of the things that positively impacted on renewal rates. So in other words, the -- our working model is that some of our customers did choose to get a little more aggressive on price and hopefully there lose less customers to some of the competition.

#### Thanos Moschopoulos - BMO Capital Markets

Okay, but in terms of actual transaction volumes, what did that do year over year?

#### Elliot Noss

We'll dig that up for you.

#### Thanos Moschopoulos - BMO Capital Markets

Okay. I guess while you're digging that up, can you elaborate a bit further about the strategic changes you've made on the ad business as far as bringing on new suppliers? I mean, is it a situation where basically we can expect the yields to keep declining and you've managed to reduce the slope at

which that occurs? Or do you think they might stabilize now? Might there be actually some upside now that you've got some new partners on board?

**Elliot Noss**

I want to make sure that I separate two things there. One is the ad revenue around direct navigation and the other is the ad revenue around the traditional Tucows.com software libraries.

When we're talking about new suppliers, that's as it relates to direct navigation. So there, one of the things that we were not able to take advantage of fully in our previous relationship was the ability to optimize. And we will immediately -- and we have very, very early returns and they are quite positive. So we are now seeing click-throughs increase materially and that drives revenue.

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