



## Tucows Q2 2007 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Ladies and gentlemen, we will now conduct a question-and-answer session. (Operator Instructions). One moment please for your first question.

Your first question comes from Thanos Moschopoulos of BMO Capital Market. Please go ahead.

#### Thanos Moschopoulos - BMO Capital Market

Hi, good morning.

#### Elliot Noss

Hi, Thanos.

#### Thanos Moschopoulos - BMO Capital Market

Hi, Elliot. Just want to go a bit deeper on the decline in new domain registrations this quarter, should we think of that as being entirely attributable to the M&A activity among your customer base, or does that reflect in addition to that underlying issues in the industry which is why we are seeing the pricing reduction that you are now pursuing?

#### Elliot Noss

Well. I think that there are a couple of things, first, certainly if the cases have declined in new transactions lines up well with the pricing reduction, but it was something that we have been talking about, sort of, preceding that data coming in. I noted and I want to make sure that I stress, in Q1 new transactions were actually up, and up in exactly the way that I have expected them to be historically. So right now, if there is one quarter's worth of data you ask specifically was it completely attributed to the M&A? No, that certainly was an important contribution, but we saw that impacting across customer segments.

We segment our customers by size pretty deeply. And what we saw in new transaction performance was pretty consistent across segments. It's also worth noting that there was not a congruent increase in transfer out activities, which means it does not appear from the data that we are losing customers.

So, right now what we are looking at is a quarter where new transactions declined across the base that was not marked by customer loss. So we think that there was just some price competition that was impacting our channel broadly and this is just a great step to try since it's one of a couple steps, but this is a great first step to try and sort of take advantage or to try and respond to.

**Thanos Moschopoulos - BMO Capital Market**

Okay, so the renewal rate was pretty much consistent with prior quarters?

**Elliot Noss**

The renewal rate, and most importantly when you are looking at sort of the customer issue transfer out.

**Thanos Moschopoulos - BMO Capital Market**

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