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SAVVIS Q2 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

[Operator Instructions]. Our first question comes from Mark Kelleher.

Mark Kelleher - Cannaccord Adams

Thanks. Congratulations guys, put together a pretty good quarter there.

Philip J. Koen - Chief Executive Officer

Thank you.

Jeffrey H. Von Deylen - Chief Financial Officer

Thanks Mark.

Mark Kelleher - Cannaccord Adams

Want to talk a little bit about the utilization rate. Would you expect without those new facilities, would you expect to be around 100% utilization as you come into the end of the year and start to ramp the new facilities. Is that how to look at it?

Jeffrey H. Von Deylen - Chief Financial Officer

That was off the space we got back. Yes and then we kind of theoretically think about our sort of maximum utilization rate is closer to 90s, low 90s just given you haven't... you always have a lot of activity going on in data centers in terms of customers adding reserving space for growth opportunities etcetera. So we've always been sort of thinking about how we think about forward investments as that 90% level and the data center sort of gets a sort of maxed out.

Mark Kelleher - Cannaccord Adams

So as you exit this year, I assume you'll be pre-selling into those new facilities and I am just kind of wondering what the ramp might look like to revenue as they all... all that capacity comes on line at the same time?

Jeffrey H. Von Deylen - Chief Financial Officer

In terms of pre sale we are actually... and I think Phil talked about a bit, we are actually selling into those new data centers today as we speak. We expect to start in-selling customers in the fourth quarter, so we'll see a little bit of impact in Q4, although it's probably going to go into 2008. In terms

of guidance for 2008, what we have said is we expect \$50 million of revenue from those four new data centers and \$20 million of EBITDA, which is kind of what I tried to get people an indication for. I think later in that... in the fourth quarter, we would provide a little bit more color as to how we see that spreading out over the course of the year based on our sales activity and in-sell.

Mark Kelleher - Cannaccord Adams

Okay. And one last question, on the network expansion that you are thinking about, are you... what's the CapEx around that?

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