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Website Pros Q4 2006 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. Today's question-and-answer session will be conducted electronically. (Operator Instructions) We will go first to David Hilal with Friedman, Billings, Ramsey.

David Hilal - Friedman, Billings, Ramsey

Two questions, first on ARPU, it's been trending up quite meaningfully. But I wanted to understand the ARPU trends within the SmartClicks customer base?

David Brown

We are -- I think what you are referring to is we have a number of tiers of SmartClicks and the price ranges from 99 to 169. The trend in that area is, average price has been rising and I think we reported at the Analyst Day an average price in the range -- in the high 100 teens, and we continue to see that price move up as more and more customers -- as we expand the geos, the verticals markets that we sell SmartClicks in and the average price of those packages goes up, David.

David Hilal - Friedman, Billings, Ramsey

Okay. And then as a follow-up, are you -- are customers coming after they've kind of experienced SmartClicks. So, they are coming back and buying more clicks and paying more per month?

David Brown

Yes they are. We have variety of up-sell products that we provide to customers. The first way it works is that during the course of a month if a customer receives their full allotment of clicks that they've paid for, they get a notification from us and an opportunity to buy additional clicks immediately. And then, we also proactively contact customers and sell additional bundles of clicks to those that are consistently meeting their full package of clicks in a month, David. So, yes, we are seeing traction in that area.

David Hilal - Friedman, Billings, Ramsey

Okay. I want to shift gears to the net sub number. You commented that for Q1, you expect to see a positive net sub number for the core business, and I guess what gives you that confidence? Obviously, you have more sales people, but we also had more sales people last quarter. So what gives you that level of conviction because it sounds like you feel pretty strongly about that?

David Brown

Sure. At the Analyst Day, we talked a little bit about the mechanics of growing our sales staff, and what I would call the latency that is built into a new employee. So you bring new people on and there is a period of time when they come up a productivity curve, most of that -- we've brought in quite a few new people in the fourth quarter. In fact, many of them joined us in December. So we saw a very little net contribution from those folks in the fourth quarter. But we have continued to see that net contribution increase during January, and we are optimistic that as they mature, we will continue to see their productivity improve, David. So, that's the main reason why we are confident regarding the first quarter. And as I mentioned during the Analyst Day, we expect that trend to in fact improve throughout the year, and our performance to improve through coming quarters. And we indicated to the analysts that participated that, we will continue to grow net subscribers throughout the course of the year, as our sales staff matures and we continue to optimize some of our programs.

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