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iBasis Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions). You do have question from the line of Jonathan Schildkraut of Jefferies. Please proceed.

Jonathan Schildkraut - Jefferies

Good evening Ofer, Dick. I hope you guys are doing alright?

Ofer Gneezy

Good evening, Jonathan.

Jonathan Schildkraut - Jefferies

I have a handful of questions. Let's start with some of the trends that we've seen on the minute side, obviously the minutes have been lumpy. They've been up and down. If you are flat in the fourth quarter on a pro forma basis, it looks like minutes are going to contract on a year-over-year basis. Could you give us some color on where you think those minutes are going or if you think they're just leaving the system and than what the company can do? What levers are there for you to actually accelerate minute growth? And than what has to happen that maybe outside of your control for us to see minute growth reaccelerate?

Ofer Gneezy

First if you look at our total traffic year to-date compared to the equivalent period last year then we are essentially flat. We had 17.6 billion in the first three quarters of '07 compared to 17.8 for the three quarters of 2008.

Jonathan Schildkraut - Jefferies

Right, but you also acquired TDC during the second quarter, so that did help, right?

Ofer Gneezy

Yes, sure. That's a fair comment, but we also introduced new cards, we acquired new customers, we do a lot of efforts to get additional traffic and this was one of them. Through the second quarter, we know that in the first and second quarter compared to all other reporting entities and some industry statistics that we get, we had favorable performance during each of those two quarters. I don't know,

yet, in the third quarter, since you are the first entity to report and we'll see if we are continuing to outperform the market. This remains to be seen.

I think that the main growth opportunities for us are to continue to find carriers that decide that they don't want to run their own lease-cost-routing operation and just outsource the whole management of their international traffic termination to us. Those are not necessarily M&A transactions, they could be from carriers that have international traffic and don't have a wholesale business, and I am just concluding that they cannot do it as efficiently as we can do it for them. I think that will be one of the ways that we will capture more traffic.

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