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SureWest Communications, Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions) And your first question comes from the line of Barry Mccarver of Stephens Inc. Please proceed, sir.

Barry Mccarver - Stephens Inc.

Hey, good morning, guys.

Fred Arcuri

Morning, Barry.

Barry Mccarver - Stephens Inc.

I've got a handful of questions here. Let me just get to a couple. I guess, first off, would you mind discussing a little bit more specifically some of the enhancements you made in your business product offering that's driving that really good growth there? Secondly, I was hoping that you could give us some examples of -- well, I guess, first off, I see that, on the residential side, RPU came down for the different products there. I'm assuming that has to do with some promotions, bringing in new customers during the quarter. I was hoping you could give us an example there. And then, the last question was -- I know you're spending some money to build out the data centers. You were hoping to convert some unused space there. I wanted to get an update on how that's going.

Steve Oldham

Okay. We'll have Fred address all -- actually, all three of those questions.

Fred Arcuri

When it comes to -- hi, Barry. This is Fred Arcuri.

Barry Mccarver - Stephens Inc.

Hey, Fred.

Fred Arcuri

When it comes to the business products enhancements, one of the things that we've done over the course of the last probably 10 years, since we launched our CLEC business, is to not offer our

customers a simple menu of services the way the telephone companies used to. You know, you went to the telephone company, you had to buy a T1, a DS3, a voice whatever. We actually try and sit down with our business customers and find out what it is they need and create a solution.

As a result of that, we've migrated our networks from what were typically telco networks to IP Ethernet based networks. And as the economy starts to swing and customers are looking for ways to cut their costs and enhance their ability to deliver their services, they're migrating what used to be parallel networks of telco and Ethernet to just Ethernet services.

So, what we've done is enhanced our network backbone, increased the bandwidth demands so that we can continue to accommodate those Ethernet IP based service requests that we're getting from companies. So, it's not so much just a product as more an overall architecture and design to make sure that we're accommodating what we see coming forward.

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