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## SAVVIS Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

[Operator instructions]. Our first question comes from Jonathan Atkin, your line is open.

#### Jonathan Atkin - RBC Capital Markets

Yes, good morning. I wonder if you could talk a little bit about the competitive environment that you are seeing for both the Managed Hosting products as well as Colo?

#### Philip Koen

Sure John. Let me take that. Let me take the Colo. Generally speaking you have to go market-by-market because I think the market and demand of supply forces vary by market-by-market.

Overall what I would say is that it continues to be a solid market characterized by stable pricing. There is... it continues to be I think more demand than supply. We absolutely think that the credit crunch has drastically curtailed the number of peoples plans both enterprises and also what I'll call third party data center providers to reduce the Colo spend going forward. So that demand supply curve is going to continue to shift in favor of suppliers such as ourselves.

And I think that for the foreseeable future, we will continue to try to maintain our fair share of that market. But the caveat for us is to make sure we are bringing in the right customers. Our focus is definitely on enterprises, we are looking to take advantage of an integrated Managed Hosting solution.

So unlike some other players who will look at Colocation as simply someone who comes and buys raw square footage, we tend to be a little bit more cautious in making certain we are populating our data centers with the right people.

So generally speaking, the Colo market I think continues to be good. Managed Hosting, there I think what's happening is two things, first of all what we are seeing is absolutely in last 30 days an increase in the enquiry rate. I think that what's finally happen is that as enterprises start to look at the 2009 budgets, the realization that they definitely had to think outside of the box to try to change the cost equation is hitting home. Whether those actually turn into a decision to procure remains to be seen and that's the reason why we are cautious in thinking about what the revenue and the bookings rate going forward would be.

While our strategy is to continue to focus on the complex side of this, this is where requirements really play into our skill sets, our deep expertise and virtualization, our understanding of how to be able to take a an application that's latency sensitive and be able to play that over in MPLS network. That's

our sweet spot and even more so if can get a customer who's looking across various geographical markets, particularly Europe, U.S., and Asia. We even have a better chance to win. So we're at the high end of that market, highly focused around integrated solutions that really build upon our expertise.

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