

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

VeriSign, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions).

And we'll go first to Todd Raker with Deutsche Bank.

Todd Raker - Deutsche Bank

Hey, guys two questions, First, on the DNS side of the business, as we anniversary the Google AdSense changes, should we expect some of the drag in the online advertising business to lift?

Jim Bidzos

Todd, it's Jim, let me reiterate what we've told you before, that hasn't changed. So basically when the changes in the Google AdSense program were made initiated, essentially at the beginning of July in 2008. We estimated that the number of, so called, advertising names in the zone were about 8 million and we estimated that roughly half of those, about 4 million, would essentially be washed out by that program.

Based on the methods that we use to identify those advertising names in the zone, we standby those numbers, we did say, and we still believe that, first of all, we know that the non-renewals of those names, as they get flushed through the system over the fourth quarter period, is lumpy, its not smooth, and that Q1 is probably going to be the lowest of the four quarters, with respect to those names.

So, we're still tracking that. There are other variables obviously, that affect the zone, normal names as well, but for advertising names specifically, the advertising names that we believe were affected by the Google AdSense program; that's the way it still looks to us.

Todd Raker - Deutsche Bank

Okay. And then my second question in terms of operating margins you guys showed very nice improvement last year, even without divesting any of the larger businesses. With the 35% plus guidance this year, you're basically modeling flat operating margins. Should we assume that shared services or margin improvement is totally dependent now on the divestures or is there an opportunity here to take the core business to a more profitable level without the divestures?

Jim Bidzos

Well, Todd, this is Jim, again. I'll let Brian give you a more detailed answer, but let me give you an overview, higher level answer. One of the things that we did around the third quarter of last year is we sort of realigned along business units.

There are many benefits associated with that realignment, as opposed to a restructuring; its realignment. And some of the benefits, besides giving us better focus in the core businesses, is that it allowed us to begin identifying those shared services costs that are uniquely associated with one of the business units and move them in.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.