

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a Greek letter alpha (α) in orange, all on a dark red background.

Equinix, Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Jonathan Atkin - RBC Capital Markets.

Jonathan Atkin - RBC Capital Markets

I've got one clarification on churn. Keith mentioned at the very beginning churn may be picking up in Silicon Valley and if you could maybe clarify some of the factors behind that and what sorts of customers are leaving.

And then with respect to the pricing commentary, is spot pricing pretty much stabilizing or would you still characterize it as maybe increasing in some of your regions?

And from a competitive standpoint, is the delta between your pricing and those of your competitors staying the same or is that contracting or expanding somehow?

Keith D. Taylor

Jon, let me at least take the first one on churn and then either Steve or I will take the one on pricing.

Churn, not inconsistent with what was said in the past, there are still a few large installations in our IBXs and in one case there is going to be a churn related to one of our Silicon Valley properties. It is an old legacy account, low price. I don't want to talk specifically about who it is, but they will be churning out over the Q2 - Q3 period and that's going to allow us to reclaim the space and basically give us the advantage of getting space back in what we think is going to be a very constrained market.

And then, two, the price point that this particular company was at was extremely low and arguably one of the lowest price points that we have in our customer portfolio. And as such, once we replace that revenue we expect to see a meaningful uptick in revenue coming out of that particular IBX.

But overall when we look at churn, again, I want everybody to be clear, we're still talking about 2% per quarter, whether it's Q2 or Q3, and that takes into consideration some of the early stage companies. As we've said in the past, particularly in Silicon Valley there's a lot of venture-backed companies here and with venture-backed companies we anticipate a slightly higher churn in Q2 and Q3 and so we've reflected that in our guidance numbers.

So hopefully that answers your question there. But again, for the year I think we're still in the 8% range and that is consistent with our guidance.

Stephen M. Smith

Copyright © 2009 CBS Interactive, Inc. All Rights Reserved.