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Stamps.com Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Kar Kwong - Needham & Company.

Kar Kwong - Needham & Company

So, very nice quarter in terms of net new paid additions and it looks like both the new paid additions and the churn have improved quarter-over-quarter. It just does not seem like that is only been the seasonal trend and I was wondering if you could just give a little more color on what is going on there.

Kyle Huebner

Yes, so Kar as we mention with our trial period effectively any customers that we acquire in December on the first time we attempt to build them is in January which is in Q1 and so in Q4 of 2008, we saw I guess a higher level of customer acquisition in December out of the total acquisition for Q4 than maybe we had seen in other historical period. So, mechanically that is always been the case in any customers acquired in December or we first attempt to go in January. I think this past quarter in particular, we had a high level of acquisition in December that resulted in billing those customers in January.

Kar Kwong - Needham & Company

I guess the concern here will be that people have signed up for the free trial for the Christmas period and you have billed them once in January. I was just wondering how well have those customers stick around, I guess has turned kind of ticked up throughout the quarter or I guess anything that will give me a degree of comfort in these customers sticking around.

Kyle Huebner

Yes, I mean I think that certainly you do have the trial period and our value proposition is strong as around the holiday period so I think, every year you get a certain segment of customers who were signing up, trying it out in the holiday period and may not necessarily sticks around. So, it is something that we were able to bill those customers during the first quarter and there is certainly the possibility that after they receive a couple months of bills, they turn out of the system. So that is a possibility and it is something that will monitor as we go forward here under the second quarter.

Kar Kwong - Needham & Company

I guess just so far in the trends you have seen from January to February to March, has there been an uptick in turn or has it stayed pretty constant at 3.6%?

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