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## VeriSign Inc. Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions). We'll have our first question from Phil Winslow with Credit Suisse.

#### Phil Winslow - Credit Suisse

I just wanted to chat a little bit more just on margins you mentioned a flat margin quarter-to-quarter in Q2. Mark, when you kind of just look longer term at the company, I would say some of the macro dynamics have changed. But any sort of change in your opinion what the longer term margin targets are?

#### Jim Bidzos

Thanks, Phil. On the longer term basis I think, as I think I mentioned on the last call, we think we could maintain the margins that we're looking at now with possible slight improvement. Factors that go into that are the amount of revenue, continued leverage as we divest the remaining businesses and then some of the programs we have in place to reduce expenses. Those are counter balanced by investments in the infrastructure. We've made some investments in the talent in the people, as well as some product investment.

#### Phil Winslow - Credit Suisse

Then also when you look at SSL business, you mentioned that greater mix shift towards the low-end. When you look at this year, what are your expectations when you think about pricing? Should that continue over the course of the year?

#### Jim Bidzos

I would expect that the mix shift that we're seeing will continue, the low-end of the market is growing faster than the high-end of the market and there is no reason to believe that that's going to change. As far as from AUR standpoint, I think if we look back a few quarters and see the percent declines we see in AUR, that I would expect that could continue for the foreseeable future.

#### Operator

We'll go next to Todd Raker with Deutsche Bank.

#### Todd Raker - Deutsche Bank

If we look at the 2 million net add number on the DNS side, you guys get some demand stimulation in the quarter. When you think about Q2 and guidance of \$1 to \$1.5 million, are you guys going to repeat some of those demand stimulation programs? Can you give us a sense in terms of the impact of the ICANN change was in terms of tasting and, that kind of, you mentioned you saw some low-end momentum in Q1, some advertising momentum, sorry?

**Jim Bidzos**

Todd, so a few things there. We did better than we thought and we think it's related to those items. It's not just Todd to review the programs it's the industry-wide. We will continue to do programs, at least for a couple months in this quarter. From what we hear from the industry, a number of the registrars will continue to run programs, as well, but it's not certain as to whether they would do that for the entire quarter or not.

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