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## Vonage Holdings Corporation Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions). We'll take our first question with Michael Rollins with Citigroup.

#### Michael Rollins - Citigroup

I just had a quick question for you. I was wondering if you could talk about the usage dynamics of your customers these days. Is there a lot of deviation around the average, and if you could share with us what that average is and how it's been moving overtime that would be great?

#### Marc Lefar

We've not shared specific usage dynamics and wouldn't share those for competitive reasons, but we've not seen significant movement in the average usage. We have seen on the lower end rate plans, as you might expect, folks who purchase those for backup lines or in the case of wireless-only for emergency relief or the confidence of having 911 services. We do take a look at usage behavior as a predictor of churn.

So, while the averages haven't change, we do spend time trying to understand the dynamics of usage and we can use those as a key indicator to go bring proactive offers to customers where we start to see significant declines in usage that may in some cases be an indicator of a preparation to leave, and we'll try to address them directly with alternative offers that might be better for their needs.

#### Michael Rollins - Citigroup

As you look at the marketing strategy evolving over the next six months, what would be your ideal target in terms of the percent of your gross adds that come in from Internet, the percent that come in from telemarketing and those that would come in from direct or indirect retail?

#### Marc Lefar

At a high level, if we look at our numbers today, we're sitting at roughly 60% in telesales, 30% coming online and about 10% through other channels. We are looking to drive that number to the Internet over the next 18 months to get to the point where, frankly, I'd like to see those numbers flip.

There is no reason why in our category if we do things simply in many of our features sets and functionality as well as the integration of tools in the PC itself that we shouldn't be handling most of our sales and an awful lot more of our service online. I don't see a huge shift in that mix over the next three to six months.

I would envision that mix to be relatively stable, perhaps with a few percentage points shift online. I would expect to see a more material shift in that mix in the next calendar year as we do retrofitting of the actual online platforms.

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