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Tucows Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank You. We will now conduct a question and answer session. (Operator instructions) Your first question comes from Thanos Moschopoulos from BMO Capital Markets. Please go ahead.

Thanos Moschopoulos – BMO Capital Markets

Hi, good afternoon.

Elliot Noss

Hi, Thanos.

Thanos Moschopoulos – BMO Capital Markets

Hi. Elliot, to begin with regarding your comments on the recession and the fact that you are starting to see it impacting your business, just first of all curious as to why we didn't see much of an impact in the last two quarters, and then how we should think about the magnitude of the potential impact going forward in your view?

Elliot Noss

Sure. So as to why we didn't see it earlier, that I couldn't say. We started to see what I would call a slowdown in the growth we're seeing, and it talked about the great growth in new registrations, we saw that slow down a bit. So it wasn't going as fast. And we immediately started to dig into both the numbers across all of our customers, checking across the industry and with the registries, and it was something that was out there. So it would be pure guesswork on my part. I think that where we are holding that today and sort of what the impact will be to our business in particular, again, we feel good about the way the business has been growing. We feel good about sort of how we're doing competitively. So it is a little early to say what the impact will be. We're hoping that kind of that internal growth will make up for any macro slowdown.

Thanos Moschopoulos – BMO Capital Markets

Okay. Should we think about maybe in this kind of climate the ongoing price decline that you're seeing becoming maybe more aggressive or for the time being you people seem to be holding on pricing in this current climate?

Elliot Noss

Yes, we are not saying that manifest itself in price or specific price conversations with customers. So you know again, it is conjecture, but it might be people letting just some extra names lapse. They might have registered a number of variations, ten variations and go down to five, that kind of thing.

Thanos Moschopoulos – BMO Capital Markets

Okay.

Elliot Noss

You know we're at the point where we are doing that extra second level of taking and it is nothing – you again we're seeing that good growth, but it was enough that we wanted to note it. Again you would have heard a parallel comment on the VeriSign call.

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