

A Provider of Information Services

An Interview with Lisa Hook,
Chief Executive Officer, Neustar

EDITORS' NOTE As President of AOL Broadband, Premium & Developer Services in the early 2000s, Lisa Hook accelerated AOL's transition from dial up to broadband. She's also mastered the complex interplay between business and government, having served as a Senior Legal Advisor to FCC Chair Mark Fowler in the Reagan Administration. She now serves as a member of President Obama's National Security Telecommunications Advisory Committee. Hook also serves on the Board of The Ocean Foundation and has served on the Board of the National Public Radio Foundation.



Lisa Hook

COMPANY BRIEF Sterling, Virginia-based Neustar, Inc. (www.neustar.biz) provides market-leading, innovative solutions, and directory services that enable trusted communication across networks, applications, and enterprises around the world.

How has Neustar evolved into new service areas and what is the range of solutions you provide today?

We started as a result of the 1996 telecommunications act in which the federal government required telcos to effectively give customers ownership of their telephone numbers. So if you move from one telco to another, you are permitted to take your phone number with you permanently. Prior to that act, if you moved or changed your company, you had to get a new phone number.

But the telephone networks were never built in a way to permit people to take their phone numbers with them. So we came into being as a data service in order to enable phone calls and text messages to find their way through the networks to the right destination every day.

We have 4,000 telecommunications service providers in the U.S., each one of which provides us, on a constantly updated basis, information about what phone numbers they have and where those phone numbers are in the network. So while everyday phone numbers are moving in and out of places like AT&T and Google, we have the database that knows where all phone numbers are on any carrier in any location at any moment. Every single phone call that is made every day, which number about 3 billion, and every single text message, which runs into the tens of billions, needs to

look at our database and ask, where am I going? That is called addressing and routing and it's where we started.

Over the years, we added the same service on the Internet side. Today we have 3,500 enterprise customers who use us to provide the same addressing and routing service for the Internet. If you type www.neustar.biz into a browser, it's a query that is asking, where is Neustar? We maintain the databases that will tell you where Neustar.biz is and how to get there.

Most recently, we launched a service for the film entertainment industry called Ultraviolet, which enables consumers to acquire films, to store them in the cloud, and to access those films on any device from any location at any time. So when you type in Ultraviolet.com, you're asking, where is Ultraviolet? We tell you how to get there and when you get there, we validate that you made the purchase of a film and are permitted to watch it on your particular device in Japan, for instance.

So all of our services are all massive databases that are updated in real time and pushed out around the world to provide consumers and businesses the ability to complete phone calls and text messages, and to get content like movies and text messages wherever and whenever they want, on whatever device they want.

Has Wall Street and the financial community gotten the message about what you do?

I became CEO in November 2010 and spent five months internally with our team looking at what we do best and how we position ourselves. Internally, we believe we're providing critical infrastructure services globally, but we haven't been telling our story effectively.

Historically, we have been telling our story to Wall Street as a provider of telecommunications services, but we're not; we're a provider of information services to the telecommunications industry, among others. But what we do is not a telecommunications service – it's providing data and other necessary information in order to enable the shipment of phone calls, text messages, movies, etc., across telecom networks and the Internet.

So we have been spending a lot of time putting our story together in a more coherent and transparent fashion. Like many companies coming out of the tech space, we have historically spoken using a lot of jargon. We're

spending time trying to become clear in our communications about the value proposition we offer and the services we can offer to our customers and prospects, to propel them into next generation digital distribution.

Do you see your future growth being primarily organic or are there also opportunities through acquisitions?

Our growth is going to be primarily organic, although we will be looking at acquisitions.

The recently announced TARGUSinfo acquisition was particularly strategic to us in several ways. They do exactly what we do but to a different vertical, so they acquire address information and telephone numbers, and their initial product was the provision of Caller ID services to the telecommunications industry.

From there, they used that set of information to develop a suite of services to support the marketing and advertising industries. So it has the same business model, the same information services, the same low capital expenditure profile, and the same EBITDA margin profile – mid-40s – and the same topline growth rate – low to mid-teens. They are located about 10 miles from us, which doesn't seem to matter but integration can kill. So focusing on integration and on a common culture is critical. And getting over there easily is crucial.

They've sold us data, we've sold them data, and we've jointly developed services over the years. It's a natural extension of what we do and we're all excited to work more closely to develop even better and more differentiated services, not just in supporting the marketing and advertising industries but looking at network security and analytic services as well.

Would you also talk about your new offering, NeuSentry?

NeuSentry is a network security analytics service. Most CIOs are focused on protecting what is inside their firewalls, but there is also an opportunity for external surveillance of the firewall. Because we have processed every call and message in North America and we have processed about 15 percent of all Internet traffic globally every day, we see network traffic, the behaviors, and the types of attacks that are moving towards companies. We can train our analytics service on your front door and show you what kinds of bad guys are moving towards your house to attack it, as well as looking at what bad guys are slipping out your windows having already attacked. There is nothing else like this in the market. ●