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CORPORATE PARTICIPANTS

Tamar Rapaport-Dagim  
Amdocs Limited - SVP and CFO

Elizabeth Grausam  
Amdocs Limited - VP of IR

Eli Gelman  
Amdocs Limited - President, CEO

CONFERENCE CALL PARTICIPANTS

Sterling Auty  
JPMorgan Chase & Co. - Analyst

Jason Kupferberg  
UBS - Analyst

Shaul Eyal  
Oppenheimer & Co. - Analyst

Ashwin Shirvaikar  
Citigroup - Analyst

Thomas Roderick  
Stifel Nicolaus - Analyst

Julio Quinteros  
Goldman Sachs - Analyst

Daniel Meron  
RBC Capital Markets - Analyst

Shyam Patil  
Raymond James & Associates - Analyst

William Power  
Robert W. Baird & Company, Inc. - Analyst

Daniel Cummins  
Thinkequity - Analyst

Scott Sutherland  
Wedbush Securities - Analyst

Kiera Kilkowski  
BofA Merrill Lynch - Analyst

Amir Rozwadowski  
Barclays Capital - Analyst

PRESENTATION

Operator

Good day, everyone, and welcome to the Amdocs first quarter 2011 earnings release conference call. Today's call is being recorded and webcast. At this time, I will turn the call over to Elizabeth Grausam, Vice President of Investors Relations for Amdocs. Please go ahead.
Thank you, Paul. Before we begin, I would like to point out that during this call, we will discuss certain financial information that is not prepared in accordance with GAAP. The Company’s management uses this financial information in its internal analysis in order to exclude the effects of acquisitions and other significant items that may have a disproportionate effect in a particular period. Accordingly, management believes that isolating the effects of such events enables management and investors to consistently analyze the critical components and results of operations of the Company’s business and to have a meaningful comparison to prior periods. For more information regarding our use of non-GAAP financial measures, including reconciliations of these measures, we refer you to today's earnings release, which will also be furnished to the SEC on Form 6K.

Also, this call includes information that constitutes forward-looking statements. Although we believe the expectations reflected in such forward-looking statements are based upon reasonable assumptions, we can give no assurance that our expectations will be attained or that any deviations will not be material. Such statements involve risks and uncertainties that may cause future results to differ from those anticipated. These risks include, but are not limited to, the effects of general economic conditions and such other risks, as discussed in our earnings release today and at greater length in the Company’s filings with the Security and Exchange Commission, including in our annual report on Form 20 F for the fiscal year ended September 30, 2010, filed on December 7, 2010. Amdocs may elect to update these forward-looking statements at some point in the future, however, the Company specifically disclaims any obligation to do so.

Participating on the call today are Eli Gelman, President and Chief Executive Officer of Amdocs Management Limited and Tamar Rapaport-Dagim, Chief Financial Officer. Following our prepared comments, we'll open the call to Q&A. With that, let me turn the call over to Eli Gelman.

Thank you, Liz, and good afternoon to everybody on the call today. Let me begin by saying that I am even more excited by the opportunities ahead of Amdocs after my first full quarter as CEO. In fact, if I can leave you with one message today, it is that we have made healthy progress on many fronts in the first quarter. Nevertheless, there is still more to accomplish, as we overcome some of our near-term challenges and focus the business on long-term growth.

Last quarter, we tried to give you as much color as possible on the short-term attenuation on our EBIT margins. Therefore, I would like to start this call with an update on the four components of the margin pressure we had discussed last quarter and our progress against each one of them. First, on the sales front, we are excited to announce that we won the strategic and merging market contract mentioned last quarter. Expected as part of this deal, we incurred a one-time cost in the first quarter. This win is a good example of a deal that required some short-term investments by Amdocs but can contribute to the long-term strength of our Company. We expect this project, once again, to lead the industry in a critical region of the global telecommunication growth. While we are not at liberty to discuss and disclose the details of this deal today, we believe it may provide a significant long-term opportunity with this service provider and a stronger presence for Amdocs in the region in which it operates.

Second, we successfully rescoped our activity with Clearwire to address the customers’ new business needs. We continue to support Clearwire’s entire customer base and their long term managed services deal, and the relationship with Clearwire remains strong. With this agreement, we are pleased to have this uncertainty behind us. Third, we made focused investments in improvement of our – in our employee knowledge base during the first quarter. We have done this, for example, through a series of well-defined, in-depth training processes on Amdocs specific applications, as well as hands-on training in real-life environment. We are making these investments because, as an R&D and IT service organization, we are only as strong as our talent. I firmly believe that the investment we are making in our people today is essential to our ability to develop the highest quality product and to deliver the highest quality projects. This, in turn, drives the long-time growth and profitability of Amdocs. As planned, and, especially in light of the early benefit we have seen associated with these efforts, we expect to continue making these investments in our people in the next two to three quarters.
Last, during quarter one, we made significant progress with several of our complex project implementation and we had -- as
we had highlighted last quarter, including projects in the cable industry. However, as anticipated, we are still left with a few
implementations that are requiring special coordinated efforts to get them across the finish line. As a result, we expect this
component of the pressure on our profitability to stay with us in the near term, as we drive these projects towards their successful
completion. I would like to provide some context of these implementations. As an industry leader, we are always engaged in
some of the industry's most complex and game changing projects, whether they are on comprehensive transformation or on
groundbreaking product. Presently, we are concurrently involved in several of these types of projects which is resulting in
incremental investment of resources. We believe that these are the types of projects only Amdocs is capable of engaging in
and delivering to our industry. As a matter of fact, we have built our reputation on delivering such projects to our customers,
in support of their most ambitious efforts. To fairly set expectation though, we measure the conversion of these efforts into
successes over the course of several quarters, not days or weeks.

Now, I would like to take some time to discuss our demand streams, as we are seeing them in the market today. Consistent with
our momentum observed in the past few quarters, we continue to see strength in our managed services in emerging market
groups. Additionally, we have begun to see early signs of pipeline improvement in Europe, after relatively challenging years in
2009 and 2010. While we have not yet converted this pipeline growth into sustained revenue stream, we are encouraged by
the activity level in the European region.

Overall, we had another strong sales quarter with several new wins that include a global licensing agreement with a major
wireless carrier, a three-year managed services contract to support both Amdocs and non-Amdocs BSS systems for a wireless
service provider in Europe, the sale of Amdocs BSS tech to LUXGSM and an OSS deal in Latin America. On the ends these demands
and with the considerations we outlined around profitability, we now expect 4% to 6% revenue growth in fiscal year 2011 and
that margins will modestly improve during the year. Before we turn to the more detailed financial review, I want to reiterate
that the first quarter marked an important quarter of progress for Amdocs. We signed new deals, we work with our customers
to drive forward some of the most ambitious projects in the industry, and we are aligning the organization to drive even better
results in the future. With that, I will turn the call over to Tamar for the financial review.

Tamar Rapaport-Dagim  -  Amdocs Limited  -  SVP and CFO

Thank you, Eli. First-quarter revenue of $775 million was within our guidance range of $760 million to $780 million. Similar to
the currency benefits factored into our guidance, favorable foreign currency fluctuations provided an approximate $6 million
benefit to the sequential growth quarter over quarter. Our fiscal first quarter non-GAAP earning margin was 15.5%, compared
our guidance of 15% to 17%. As Eli mentioned last quarter, the decrease in profitability was related to several key initiatives of
the Company, including investments in new emerging markets, customer wins, the rescoping of Clearwire, our investments in
internal training and knowledge build up in several key customer implementations without requiring incremental spending
from Amdocs.

Below the operating line, our net other income items were a negative $300 million in Q1, primarily a result of ongoing foreign
currency fluctuation. Additionally, our non-GAAP tax rate of 14.8% was for the top end of our expected range of 13% to 15%.
As a result of all of the above, non-GAAP EPS was $0.52 in Q1, compared to our guidance of $0.49 to $0.58. Share buyback
activity in the quarter benefited EPS by roughly $0.005 compared to guidance.

Free cash flow continued to be strong at $127 million in Q1. This was comprised of cash flow from operations of $162 million,
less approximately $35 million in net capital expenditures and other. We would like to remind you that we will pay annual
bonuses for fiscal 2010 in the second fiscal quarter of 2011. We expect this will affect cash flow by approximately $60 million in
Q2. DSO of 64 days improved quarter over quarter by approximately five days, due to strong collections across our customer
base and are back within our normal target range. Our total deferred revenue, both short and long-term, was up $39 million
sequentially, while total unbilled receivables were relatively flat, as compared to the fourth quarter of 2010. As we have discussed
in past quarters, deferred revenue fluctuations can be lumpy. Our cash balance at the end of first quarter with approximately
$1.3 billion. Our 12 month backlog, which includes anticipated revenue related to contracts, estimated revenue from managed services contracts, letters of intent, maintenance and estimated ongoing support activities was $2.560 billion at the end of first quarter, up $35 million sequentially.

During the quarter, we repurchased $130 million of our ordinary shares, pursuant to our authorized share buyback program. As of December 31, we had $198 million remaining outstanding out of our current $700 million authorization which extends through April 21, 2011. We are currently in the process of reviewing our capital structure and forming a long-term view, which we plan on sharing with you at the analyst day on February 23 in New York City. Looking forward, we expect revenue to be within a range of $775 million $790 million for the second fiscal quarter of 2011. In developing this estimate, we have not made any assumption about foreign currency and back to sequential revenue growth positively or negatively. We anticipate our non-GAAP operating margin in second quarter to be within a range of 16% to 17%. As compared to Q1, we expect margin improvement, primarily as a result of two factors. First, as discussed earlier, we had a nonrecurring costs in Q1, associated with the signing of the emerging markets customer deal. Second, with regards to Clearwire, while we do not expect the profitability to return to levels prior to the rescoping, we do expect improvements from Q1 levels. beginning in Q2.

Looking beyond Q2, we believe fiscal 2011 revenue will be up 4% to 6% year-over-year, based on the current demand trends we are observing. Additionally, we believe margins will move modestly upward staring during fiscal 2011. However, we still have several areas of increased investment of the Company, internally and in our customer deployments. As a result, margins are unlikely to expand much beyond 17% in any quarter of this fiscal year. And, we want to be clear that the progression may not be linear, quarter to quarter. We anticipate that our non-GAAP tax rate will be in the range of 13% to 15%, and we expect Q2 non-GAAP EPS to be in a range of $0.53 to $0.60. Incorporated in this view is an expected average diluted share count of roughly 191 million shares in Q2 and the likelihood of negative net interest and other income, due to effects from foreign exchange fluctuations. We excluded the impact of incremental future share buyback activity during the second quarter, as the level of activity will depend on market conditions. With that, we can turn it back to the operator to begin our question-and-answer session.

QUESTIONS AND ANSWERS

Operator

Thank you. (Operator Instructions)We'll go first to Sterling Auty with JPMorgan.

Sterling Auty - JPMorgan Chase & Co. - Analyst

Yes, thanks. Hi, guys. Unfortunately, I had to jump on a little bit late, but two questions. First, glad to hear the talk about Europe. Can you give me some indication in terms of the types of projects and deals that are starting to flow into the pipeline out of Europe that you’re hopeful to be able to help growth?

Eli Gelman - Amdocs Limited - President, CEO

Thank you Sterling. Yes, actually, surprisingly, we see all the types of projects we usually engage in in the pipeline in Europe. For managed services, all the way to transformational projects, components, we see some new demands to some of our newer product, and so I would say, most of them from different customers of course, but in all, across the continent, from the west and east and the south.
Okay, and then just a follow-up, if you said in the beginning, I apologise, but the emerging market deal that you won, I think the talk last quarter was it would start out small but then build and have a real long-term component to it. Is there any -- can you give us additional color as to how we should think about that opportunity ramping and what is included in the backlog? Thanks.

When we look on the deal itself, yes, it starts small. The main importance of that is the strategic importance putting a foothold in a very meaningful customer in an emerging market. I would say a high likelihood at that this beginning will expand to a meaningful relationship over the next several years. Therefore, the contribution to backlog is currently, I would say immaterial relative to the importance of the deal.

If you want to think about it as a -- when you think about the model of Amdocs, when we penetrate to relatively large carriers, we usually start small. Either it’s a certain market that we are going after or one component that we are going after. And usually when we do a good job, and in most cases we do a very good job, we expand the relationship either on the product access or on services or going into other carriers of the same group or the same region. So, we believe it is a penetration into something that can grow many, many times over many years. More than 10 years, actually.

Next up we will hear from Jason Kupferberg with UBS.

Thanks, guys. Eli, it seems that your initial focus here on organic growth is already paying some nice dividends between the emerging markets win, and I think you had a couple other separate announcements today, like with US Cellular, for example. Now, at the same time, there has been some chatter in the marketplace regarding Amdocs as a possible interested party for a sizable asset that is up for sale in the OSS space. So, how should we think about the Company’s appetite for large M&A. At this time, it seems to be focused on internal execution and growth.

Jason, thanks for the question. I would say that we think in parallel. In other words, on one hand we have to focus on some of the short-term things we need to do and we gave some report on some of the progress, and we will continue to do that in the next few quarters. And in parallel, we are already forming more of, let’s say pieces of the bigger picture. We will share with you some of these in the initial discussion in the analyst day in February.

We do not -- on that end, I would say we are not after splashy M&A deals. If it will support our strategy 100% and it will have a very good picture for PMI, post-merger integration plan, we won’t be shy in carrying M&A activity as well. But the order that we see things is that we are in parallel thinking about the future and doing the short-term activities and on the other hand, we will do M&A only when we are ready and we have a very clear strategy of what we want to do with this asset. Regardless, regarding the rumors about this, the number of permeations in our industry is relatively limited. So, any reporter can write anything they want.
Jason Kupferberg - UBS - Analyst

That's a fair point. So, for my follow-up, I wanted to talk a little bit more about some of those cable implementations that you guys have been discussing. I understand that there’s still some complexities, so you’re making the investments. Can you just talk about how those projects are trending in terms of an underlying execution standpoint and client satisfaction on those projects? And do you expect that some or all of these would be in a position to go live before the end of the current fiscal year, or are we looking at a longer implementation cycle than that? If your current project plans are achieved.

Eli Gelman - Amdocs Limited - President, CEO

Well, in terms of the, specifically that cable implementations, the reason why we are more confident is because we crossed the two major milestones. Usually when you cross them successfully, that customer is happy. And obviously, we are happier. On the other hand, it’s not in full production yet, so we need to keep a very high focus on these implementations. As for the timing, I think we will let the customer relate it, but it is within the next, let’s say 12 months it’s going to be in production. Those are the intentions we are relating to.

Jason Kupferberg - UBS - Analyst

Okay. Sounds good, look forward to seeing you at the analyst meeting.

Eli Gelman - Amdocs Limited - President, CEO

Same here, thank you, Jason.

Operator

Our next question will come from Shaul Eyal with Oppenheimer & Company.

Shaul Eyal - Oppenheimer & Co. - Analyst

Thank you. Hi, good afternoon, guys. Two quick questions on my end. Eli, rescoping Clearwire, can you provide us with more color? Is it kind of available ASP’s concession, maybe the duration of the contract?

Eli Gelman - Amdocs Limited - President, CEO

Shaul, no, actually, Clearwire made the clear statement about some of the changes in the way that they are going into the market. As a result, we had several components in our project with Clearwire. So, one is the managed services of all of their customer base, but modernization was cut into several pieces. One of them became, in a way, redundant or irrelevant with the change of business that they had. So, it’s basically rescoping of some of the components that were part of this overall deal. It was not about concession or about renegotiating something. We just had to adjust the scoping and the commercial agreement to adjust to their new business needs. It’s something that happens with customers from time to time, and that’s what we did there.
That’s fair, that’s fair. And just a follow up. One more point, Eli, about the assumed implementations, that kind of still carry incremental investments. How long are we talking here? A couple of quarters? One, two or beyond that?

Eli Gelman - Amdocs Limited - President, CEO

We are talking about a handful of quarters. We are not talking about two years and we’re not talking about one quarter. So, it also depends on which one of them since we have kind of a surge in the number of projects that we are doing concurrently. Which is a good sign, but some of the challenges come with it as well. So, some of them will go almost away within the next quarter, some of them will probably take, probably three to four quarters. So, you can figure out any number you want, but it really depends on reach, implementation you’re talking about. But it is the order of magnitude that we are talking about.

Operator

And our next question will come with Ashwin Shirvaikar with Citi.

Ashwin Shirvaikar - Citigroup - Analyst

Thanks. Hi Eli, Hi Tamar.

Eli Gelman - Amdocs Limited - President, CEO

Hi, Ashwin.

Ashwin Shirvaikar - Citigroup - Analyst

So, in the first quarter just completed, the primary achievement seems to have been a reduction in the financial uncertainty in the Amdocs model. The managed service contract in the bag, Clearwire and so on. My overriding question really is what is the cost of resolving that uncertainty in terms of dollars or margins, EPS, whichever way you could quantify it? And is that cost now fully behind us? In other words, can we consider Clearwire completely settled? Can we -- is there incremental investment on the managed service contract that will flow through over time? Any color on that would be great.

Tamar Rapaport-Dagim - Amdocs Limited - SVP and CFO

I think the issue of settling those uncertainty was more about putting the timings to negotiations and getting into amicable agreement with the customer. So, in the case of Clearwire for example, it’s behind us. We have an agreement of terms, and we can move forward and continue to serve them and all their subscriber base on the managed services, as well as the smaller scope of organization that we will need. So, I don't think it's a matter of quantifying an investment here rather than just getting progress in place and putting this thing behind us and continuing to serve the customer in the best way we can.

Eli Gelman - Amdocs Limited - President, CEO

And Ashwin, just additional one comment. It is true that reducing or removing a lot of the uncertainty that we had, going into the quarter, we had a lot of uncertainty, and that is why we gave a relatively wide range. I think in retrospect, we plan quite well to the outcome of the quarter. And that’s -- I think was a decent achievement for the quarter. But also, on the operational aspect, the investment of the knowledge of our people is nothing to be underestimated. It’s extremely important improving relationship
with customers and meeting milestones. But we had a bunch of them and we had to deal with them, so that’s part of the progress of the quarter. And not to mention, some of the design and some of the progress which we didn’t share yet, but we will start discussing at the analyst day, about the bigger picture and the growth for the future, capital structure, certain things like this will affect the Company in the years to come, not only the quarters to come.

**Ashwin Shirvaikar - Citigroup - Analyst**

Okay, and as a follow-up, when you look at the multiple contracts, I guess, that -- where you have to put extra attention, is there any commonality in terms of a specific issue or set of issues that various different clients might be raising on a specific product? Any color there?

**Eli Gelman - Amdocs Limited - President, CEO**

No, not really. If you analyze it, each one of these complex implementation had its own flavor, and they come from different angles. And the good thing about it is that we absolutely know how to resolve them, we just need to put the effort and the energy and the planning to resolve them. So, these are not things that are in the feasibility stage, like that we have some doubts whether we can solve it or not. It’s just a matter of putting the plan together, put it into execution and execute as we know how.

**Ashwin Shirvaikar - Citigroup - Analyst**

Okay. Thank you.

**Eli Gelman - Amdocs Limited - President, CEO**

Thank you.

**Operator**

Next we will hear from Tom Roderick with Stifel Nicolaus.

**Thomas Roderick - Stifel Nicolaus - Analyst**

Hi, guys. Good afternoon. Eli, if we look back, going way back to the nuclear winter of 2002, 2003, way back when, it seemed to me that the big deals in your space lagged the broader economic recovery. So -- but at that time, Amdocs was very well positioned to capitalize on those deals when they came around. Should we be thinking about 2011 as a year when we start to see more of these transformational RFPs finally come back around, more of these consolidation opportunities on the managed services side come back around? And is that part of the impetus for the investment dollars that you’re put in place, or is 2011 too early to think about seeing some of those bigger transformational deals coming back around?

**Eli Gelman - Amdocs Limited - President, CEO**

That’s a great question Tom. I don’t know if we can quantify it whether it’s within 2011 or within the first part of 2012 or whatever. I would say that we believe that we will see, and we see in some cases in the pipeline, but we actually think that we will see more transformational projects getting our way. When you look around, when a communication provider, regardless if it’s a wireless or wireline cable quadruple play, triple play, anywhere in the world, when they look around, basically there is one company they can go to. And they are reliable in a consistent way, which is Amdocs. And therefore, since we don’t think that the transformation has completed and some different regions have different flavors, so in the emerging market, it is mainly in
growth and in some other areas it's mainly around joint ventures and consolidation to cope with competition, and in other cases as well. But we believe that we will see more projects coming our way. I don't know if I can depict it in terms of the timing, necessarily, that you mentioned, but as a trend, we think it will come.

**Thomas Roderick - Stifel Nicolaus - Analyst**

Okay, and then maybe shifting the attention strictly to the cable opportunity, and you talked about some recent investments you've been making there. Looking across the landscape at cable, CSG obviously recently locked down Dish for another few years, and it seems like the Comcast opportunity had sort of been in limbo for a few years. Should we expect to see any meaningful share shifts in cable over the next few years? Do you expect that there will be opportunities to do so? And if not major share shift opportunities, how do you grow in cable?

**Eli Gelman - Amdocs Limited - President, CEO**

Well, that links back to your first part of the question, the first question. That's exactly why it is sometimes hard to predict that when the transformation will occur. But we believe that cable and video in general will transform. It may take some time, so yes, maybe Dish would've responded to decision by a couple of years, but they had to start earlier rather than later. And when you look at it, the cable and the video industry is under certain pressure from the IPPV implementation from the broadband wireless and the over-the-top Netflix and any other component that you can think of. And, their systems are very old. So, we believe that the investment that we are making today with the early adopters will turn into transformational projects in other places as well. Again, the timing here is the question. But whether it will happen, we are quite convinced that it will happen.

**Thomas Roderick - Stifel Nicolaus - Analyst**

Okay, great. And Tamar, just a brief financial question if you don't mind. The CapEx this quarter was up a little bit. Was that -- should we think about that being related to the emerging markets deal? What’s the natural level for CapEx going forward?

**Tamar Rapaport-Dagim - Amdocs Limited - SVP and CFO**

Not necessarily reacted to the emerging market deal, but overall, as we see it pick up in the business demand, we do expect CapEx to be higher than just the maintenance level we were holding in 2009 and even through 2010. So, not necessarily saying the Q1 level is the new norm, but I don’t think we can track just by investing to the small levels we have had in the last two years. If we’ll – just going back maybe to the cable question, just one thing to clarify. When we are looking at our growth potential on the cable, I would say it is much more than just zero some game. Whether we take market share from other billing providers in the cable industry, because what we offer to them is a much wider portfolio including CRM, OSS and so forth, which is something to keep in mind. But we are thinking about our own potential versus some of the competitors you mentioned.

**Thomas Roderick - Stifel Nicolaus - Analyst**

Great. That's great detail. Thank you guys.

**Eli Gelman - Amdocs Limited - President, CEO**

Thank you.
Tamar Rapaport-Dagim - Amdocs Limited - SVP and CFO

Thank you.

Operator

Next we will hear from Amir Rozwadowski with Barclays Capital.

Amir Rozwadowski - Barclays Capital - Analyst

Hello, and thank you very much. Good afternoon Eli, Tamar and Liz.

Tamar Rapaport-Dagim - Amdocs Limited - SVP and CFO

Hello.

Amir Rozwadowski - Barclays Capital - Analyst

One question, Eli, that I wanted to ask about, your group trajectory for this year. Granted it’s sort of early stages, but if I take a look at your year-over-year growth here in the first quarter, we are talking about a 7% growth, and obviously, your longer-term growth outlook for the year is 4% to 6%. Is there anything -- it sounds like the pipeline of business is improving, it does sound as though you are encouraged by some of the deal activity in the market place, but is there anything out there that gives you concern that your year-over-year growth would ebb in the back half of this year?

Eli Gelman - Amdocs Limited - President, CEO

How may hours do we have (laughter)? Of course, we have concerns as well. I would say that we are encouraged by the progress that we have made. Much more than we are set back by the concerns. But when you build this model, you are trying to take into account all the way, all the permeations, all the different environments that we have, and we have a lot of business today in many regions of the world. So, that gives you -- that’s the end result of it, is bottom-up model that ended up with the 4% to 6%, and that’s what we are guiding the market for. To specifically mention one or two concerns, I don’t think so.

Amir Rozwadowski - Barclays Capital - Analyst

Okay. That’s helpful. And then if I may shift gears a bit to the North American business. You have talked a lot about the opportunities for growth in the emerging markets and some improvement in Europe. But if I take a look at your North American business for the last couple of quarters, growth there seems to have been below sort of the overall corporate average. I was wondering, now that the Clearwire situation is resolved, do you think that that could recover for you, or what are the key factors there to sort of bring in that business a bit more up in terms of the growth rate?

Tamar Rapaport-Dagim - Amdocs Limited - SVP and CFO

When we look at our business in North America, it is comprised of a large amount of customers and within those customers, multiple amounts of activities. So, I would say that it’s nothing specific that we see in terms a trend this early. It’s all a matter of multiple deals, when they are at their peak, when did we start, when did we end? Many, many things under the number that you are seeing reported at the end of the day that has to do with many of those activities. So, I wouldn’t put too much onto Clearwire per se. I would say it’s much more broader than that in terms of the overall activity we see in North America.
Amir Rozwadowski - Barclays Capital - Analyst

Great. In do you see then, going forward, improving activity in North America? Obviously, you saw the US Cellular deal announced recently, and I just wanted to understand your thought process for that business going forward?

Tamar Rapaport-Dagim - Amdocs Limited - SVP and CFO

In general, we are not guiding to specifically geography trend, but I don’t see any reason why, not necessarily looking from quarter to quarter basis, we should see continuation of momentum in North America. As we have talked about it in the past, the last two years actually proved that we have the right offering within North America also for the tier 2, tier 3 carriers. We believe that some of the wins we have had over the last two years, beginning with Metro PCS, even smaller players like Mobilicity in Canada and now such larger names such as US Cellular prove that we can address different carrier needs within the region.

Operator

And now we will go to Julio Quinteros with Goldman Sachs.

Julio Quinteros - Goldman Sachs - Analyst

Thanks, guys. Real quickly on the services revenue Tamar, just trying to get my arms around the two pieces. If we think about sort of project-based revenues versus managed services revenue, can you characterize a little bit about what we’re seeing on the project side versus the managed services side as it relates to the overall contribution to your services revenue growth?

Tamar Rapaport-Dagim - Amdocs Limited - SVP and CFO

We continue to see very good momentum, both in managed services and projects. While in the managed services the revenue stream is more constant relative to the project related revenue, I would say that both are performing managed services has been performing that more strongly in the last several quarters. But we need to remember also that when we say managed services, we are talking about managed services customers, some of which are actually contracting that simultaneously to do modernization and managed services. So, it’s not necessarily that one versus the other in the way we actually sell and serve our customers.

Julio Quinteros - Goldman Sachs - Analyst

Yes, and I guess I’m just asking more specifically, as we look back over the course of 2010, 2009, there was always that -- that that was where all the concerns were as you thought about where the big pull backs were. So, as you think about the projects themselves now going into 2011, at least what you guys can see, it feels like there’s a lot more comfort around project revenues being there as opposed to being canceled, delayed or pushed out or anything along those lines?

Tamar Rapaport-Dagim - Amdocs Limited - SVP and CFO

We don’t see any cancellations or any delays. And by the way, we haven’t seen cancellation of projects per se. Even during the downturn, it was more about how much commitments for new projects are coming in. So, we do see actually a better pipeline now, beginning to see good signs in Europe. We talked about emerging markets quite a lot as being in an area where we are very encouraged to see our success and actually transforming pipeline into specific deals. So overall, we are encouraged about the ability of getting new projects in. At the same time, we continue to see good momentum in managed services.
Hi, Eli, Tamar and Liz. Maybe switching gears here just to business that you haven’t talked about a little bit more. The content side, what are the trends that you’re seeing there? It seems like underneath the surface there is a lot of activity going on, and we have been hearing that your position there remains pretty strong, but it is a fragmented market. But can you provide us with a little bit more color on what is the segment size within your business, what are the trends that you’re seeing there? Thank you.

Well, we basically have two components, if you will, under the heading or category of content. We see progress with the open market business that we have in North America and through the acquisition in the UK as well. With growth end a very nice EBIT. And there is another new component that we did not release official yet, which is a lot of activity that we did on new product around this space. And that would probably -- and we see some, let’s say interest in this new offering. They are very new, we may share with you some of it at the analyst day or if not, in the near future. It’s not necessarily affecting our revenue so significantly right now, but it is a component that is cooking and hopefully, will turn in to nice growth engines for us in the future content offering.

Okay. And as a follow-up, can you give us a sense on what is the relative size of this business within the scope and then the growth and where you think you guys can get this business to over the next several years, just give us some broad strokes around that, that would be helpful.

Regarding the sizing of that, that’s a few tens of millions of dollars. We talked in the past also about that the fact that it is growing faster than the Company average in the double-digit range, producing nice margins. Regarding of future plan and relative sizing of the growth opportunities, we will talk about that in the context of the analyst day in discussion of our long-term model.

Okay, thank you. Good luck.
Shyam Patil - Raymond James & Associates - Analyst
Hi, good evening.

Eli Gelman - Amdocs Limited - President, CEO
Hi, good evening.

Shyam Patil - Raymond James & Associates - Analyst
Eli, when you at your -- can you talk a little bit about how you view the OSS business as an opportunity and if Amdocs has a complete product portfolio to address it, or if you think you need additional capabilities there?

Eli Gelman - Amdocs Limited - President, CEO
Shyam, thanks for the question on OSS. I would say that we definitely have a very strong offering on the service fulfillment side. It's not only to the acquisition of Cramer and a lot of new products and services that been developed around it. There are a few other components that we added throughout the last few years. So, it comes to service fulfillment and certain only very specific components of service assurance, we have a very strong offering, modern and up-to-date. On the service, the rest of the services showing is a network assurance and stuff like this. We don't -- but we don't necessarily declare that we want to be there. So, again, that's part of the strategy that we are making right now. But, we are missing pieces where we wanted to be (inaudible). In terms of the business in general, we are not happy with the current growth of the OSS, and we are making some adjustments internally to the operation strategically, hopefully it will turn into better growth engines for us in the future.

Shyam Patil - Raymond James & Associates - Analyst
Could you talk about some of the changes you've made strategically? Are you guys -- are you going after certain geographies, or new additional area that you weren't before? Any color you can provide there?

Eli Gelman - Amdocs Limited - President, CEO
Well, maybe I should say that both, because the requirements are from different angles. We try to offer today the OSS offering in the emerging markets because there, they need it for growth and to cope with the more complex network that they had. One specific deal we mentioned, that we have this quarter was in Latin America. So, we hope to see more of that. And on the mature market, more like Europe and North America, they mainly need it to -- for consolidation, if you will, of the networks and to drive some cost efficiencies. So, it's the same product set that are coming into this deal from a different angle. And, there is nothing to prevent us from also offering it into the cable industry and the video industry. So, that's a kind of data points that may help you to get a better feeling for it.
Shyam Patil - Raymond James & Associates - Analyst

Thank you, and then if I could just sneak in a modeling question. Tamar, How should we think about the services growth margin in the second quarter and for the balance of the year?

Tamar Rapaport-Dagim - Amdocs Limited - SVP and CFO

We look actually on the whole revenue together and the whole growth margin I would say together more than separately looking on license and service margin. Most of our license is sold in conjunction with new project activity, so negotiated as a full deal where the license is just an element within that. So, I wouldn't put too much attention into the granularity of service margins per se more looking on the growth margin overall.

Operator

Next, we'll hear from Will Power with Robert W. Baird.


Great, thanks. You all announced the, I think the portal contract with Metro PCS. Can you talk about the larger portal opportunities that might be out there? Because this feels like this might be an newer opportunity for you all, particularly in emerging markets, as long as markets start to focus on data in a bigger way.

Tamar Rapaport-Dagim - Amdocs Limited - SVP and CFO

When we had -- when we announced the portal project, actually, that's a very nice opportunity for us where we can leverage the acquisition we've done of Changing World a couple years back. Integrating to a full portfolio and sending that to an existing customer in this case, leveraging both the relationship and the strength of the product. We do see more opportunities like that, currently smaller size, so we do not count on these from this stage to be a large business for us. But definitely a nice add on. In terms of our portfolio, to things that can excite customers and help them actually support the overall customer experience, being more on the front line on the overall offering that we have.


Okay. And then on the directory business, that's a business that's obviously had some ups and downs. Is this now kind of an expected run rate as we kind of look at the Q1 results? Any kind of puts and takes we should be thinking about there?

Tamar Rapaport-Dagim - Amdocs Limited - SVP and CFO

I'd say that overall we have been tracking around this area for several quarters now except the one quarter that was stronger where we talked about major milestone completion. It's hard to guide on a quarter to quarter basis what exactly will be the behavior. But I would say generally looking on the overall industry trend of the publishing industry, this is definitely not going to be an area for growth. At best, we can stabilize and have some, maybe fluctuations from quarter to quarter. But, I would say it best considers stabilization for the longer-term.
Operator

Next we will hear from Dan Cummins with ThinkEquity.

Daniel Cummins - Thinkequity - Analyst

Thanks. Just a couple questions. I'm not sure, you mentioned what your headcount, where it stands today. But if you could give us a sense of how much you expect to grow according to the 4% to 6% revenue growth plan. And I also wanted to ask if you would be willing to tell us how much growth contribution towards that 4% to 6% would come outside of tier 1 North America customers. Thanks.

Tamar Rapaport-Dagim - Amdocs Limited - SVP and CFO

Headcount today is slightly above 19,000. It's quite similar level to where we were last quarter. We are not guiding specifically to the headcount, actually. We are trying -- to be honest, we're trying to manage the business more on the absolute value we provide our customers rather than counting heads. Our main focus internally, as we talked about, is building the knowledge making sure we can utilize and create the best productivity out of the current workforce of the Company rather than focusing on increasing the size of the work force. When we are looking in terms of the customers other than the top three North America, we believe there is room for growth within that. As I mentioned before, we have seen success stories in penetrating new logos in North America and addressing different needs and different sizes of carriers with the North American, and we believe we can continue to do so. We are not guiding specifically to the number per se, but definitely an area of focus for us.

Daniel Cummins - Thinkequity - Analyst

Okay thank you.

Eli Gelman - Amdocs Limited - President, CEO

Thank you, Dan.

Operator

We have a question from Scott Sutherland with Wedbush Securities.

Scott Sutherland - Wedbush Securities - Analyst

Great, thank you. Good afternoon, Eli and Tamar. First of all, question, years ago, Amdocs goal was getting to about 20% operating margin. With the growth of the managed services and emerging market goals, is that something we can think about still like a long-term target you're getting towards, or is that going to be reset at analyst day.

Tamar Rapaport-Dagim - Amdocs Limited - SVP and CFO

I think we will have the best opportunity at the analyst day to talk about our expectations regarding the long-term, both in terms of top line growth, profitability and other financial metrics.
Okay. As you look at the telecom market, especially in wireless, there has been a big move toward tiered billing and usage based billing. What kind of opportunities does this present to you? Does this create transformational type deals, or is this new products that need to address this like policy management, or is this just ongoing projects that will address this?

Eli Gelman - Amdocs Limited - President, CEO

Scott, most of it is built into our current product, so it's not major R&D work for us. Maybe some adjustment in some areas. We kind of wrote the book of -- on tier pricing and all permeations of price plans. Most likely anything you can think of right now. Policy management and stuff like this is slightly different angle of the way the market is evolving. But in terms of the move for tiered billing, uses based, especially on data, southern Europe and coming actually permeate throughout the world, is something that we support today.

Operator

Next we will hear from Kiera Kilkowski with Bank of America Merrill Lynch.

Kiera Kilkowski - BofA Merrill Lynch - Analyst

Hi, guys. I just wanted to ask you a little bit more about the US Cellular deal. I know they had been an outsourcing customer in the past. I wanted to know if you could possibly tell me how the contract is different, if there is any up front investment needed and if it is a turnkey solution? Thank you.

Eli Gelman - Amdocs Limited - President, CEO

Thank you, Kiera. Actually, US Cellular it was not managed services customer for us. In the past, they have served in components of our system today in operation, but the specific contract that they announced today is transformational project that will include many of the components that we are offering, including a new service activation and customer care and billing and retail solution. Many components there. Interestingly enough, for both the post paid and prepaid customers of US Cellular. So, it's a significant project for us, a transformational project. They have more than 6 million customers, so it's going to be an important project.

Kiera Kilkowski - BofA Merrill Lynch - Analyst

Great. Thanks. Thank you.

Operator

With no further questions in the queue, I'd like to turn the call back to Elizabeth Grausam for additional closing or additional comments.

Elizabeth Grausam - Amdocs Limited - VP of IR

Thank you all for joining the call tonight, and we look forward to talking to you in the next few days. Take care.
Eli Gelman - Amdocs Limited - President, CEO

Thank you.

Operator

Once again, that does conclude our conference call today. We thank you for your participation.

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