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PRESENTATION

Timothy Kelly Horan - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

Good morning, everybody. It's Tim Horan, the Cloud and Communications Analyst here at Oppenheimer. Thank you all for joining me for our 25th tech conference. I've been involved with, I think, 24 of the 25. I think Amdocs has been involved with many, many, many of them going back years and years, and we really appreciate their participation.

Amdocs has been our top pick this year. Luckily, it's worked out pretty well. Mostly because -- well, we think the stock is incredibly inexpensive, is well positioned and is executing really, really well for reasons that we're going to get into here.

So we have Tamar Rapaport, the long-standing CFO from Amdocs. And with that, I just want to say, Tamar, if you wanted any opening statements or any lawyer language or anything or we can fire right away?

Tamar Rapaport-Dagim - *Amdocs Limited - CFO & COO*

Maybe a few words about who we are for those that are not familiar with us, we are a technology and services provider for the communications and media industry, enabling our customers, provide great experience for their customers, whether those are consumers or businesses.

We have been in business for many decades, of which, more than 20 years as a public company in the states. Revenue of about \$4 billion, 75% of our revenue is recurring. So a pretty consistent business model in which we have both the software and technology, the deployment services and the IT operations that follow later, hence the high level of recurring revenue.

And we've been enjoying intentionally an accelerated growth in the past couple of years and guided also for the years '22 to '24 for revenue growth of 6% to 10%, and we are targeting to finish this year at a 10% growth of the top line, 12% EPS. And if you add to that a 2% dividend yield, that gets you to 14% shareholders' return, which is the second year running in which we're providing the double-digit returns.

And we are here to provide the additional context theme for those who want to know more. So let's shoot ahead with the questions.

QUESTIONS AND ANSWERS

Timothy Kelly Horan - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

Well, and I forgot to mention you have an impeccable balance sheet and great free cash flow, yes. So there's a lot of reasons to like the company.

But probably the most important reason is just the fundamentals, the whole -- our whole economy is going through a digital transformation and communications and media are right in the middle of that themselves. And I think you're a really, really key company in enabling that digital transformation to 5G and the cloud.

And no one wants to hear from me, Tamar, but can you maybe talk about how you fit into that digital transformation why it's so important?

Tamar Rapaport-Dagim - *Amdocs Limited - CFO & COO*

Absolutely. So I think that all of us feel, as consumers, why the digital transformation is meaningful in the sense of providing us the personal and contextual touch point that we would like to have with our service providers, whether it's through the mobile phone, through the desktop, walking into the store or let's say, we are elderly consumers that don't like digital interaction, even if we call the call center, you want to have a very good customer experience that is based on the same digital tools in the background that will enable the agent representative to provide us a great service.

So when we think about all of that, we are enabling the service providers actually to provide this great experience and monetize for that in a smart way.

It means that also the flexibility of how to move and how -- in which place to move or marketing ideas to launch to market of new services, how to refine the time it takes to deal with any issues that the customer may have. How do we deal with the same service provider environment with every consumer, whether this consumer is living in a big city or in a rural area, all the way to a small, medium business, all the way to the big enterprises or government customers.

Enabling all of that based on a very advanced technology and software stack, that's Amdocs. So we go to customers such as AT&T or Vodafone in Europe or SingTel in APAC and actually provide them the next-generation software stack that they need in order to provide effectively these kind of services.

And then we take responsibility to take them to the next-generation architecture that they need in order to do that. Because when we think about the digital experience, often time, again as the consumers, what we see is like the front end that is touching us. The design of the screen, the agent talking to us, the person of the store coming to us with an iPad to provide us the answers to our questions or maybe take a new order.

But in the background of all of that, there are significant business processes that have to be automated in order to make all of this a seamless and fast experience for the end customer.

And we do all of that. And when you think about the new architecture that has to deal with cloud, that has to deal with 5G networks, all of that are things that we enable. So when service providers are moving today to a cloud environment or if T-Mobile is launching a 5G network, we are making them future-ready to be able to do all of that based on these new networks, based on this new architecture on the cloud et cetera.

It's not just about making them ready. We actually enable the shift. We plan and help them to move from their existing environment, whatever that environment is, oftentimes on premise data center, prior generations of networks into the future that they are going to.

And we enable to do that both in a rip -- what we call the rip and replace, meaning they take out all the legacy, they put in a new stack altogether all in a gradual and modular manner, where they want to do it in a phased approach, and our software stack will enable to do that as well.

So it's a very flexible, I would say, set of options that we provide the service providers in terms of how they want to reach that end state.

Maybe I'll stop here and see what is the follow-up question.

Timothy Kelly Horan - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

And what is your core competency that allows you to do this? Like why are you guys better at this than almost anybody and better at this than the carriers themselves doing this?

Tamar Rapaport-Dagim - *Amdocs Limited - CFO & COO*

So I want to define better because I think this distinction is important. When we look on deploying this kind of software stack into production, in a complex environment of the service providers, the industry success rate is roughly 50%, which is very bad, as you can imagine.

Our success rate is over 95%. The way we do it is by providing, first of all, a very strong technology and software. Secondly, we are taking full accountability to deploy that software into the customer environment so there is no finger pointing. We take that accountability. We take our software stack and we deploy it at the customer environment until it goes live in production, providing service to their end customers.

And if the customer desires, we are also taking the responsibility to run it under a multiyear agreement we call Managed Services and we will run the IT operations of that system, including ongoing enhancements and taking responsibility for predefined success criteria, a predefined service level. So the customer can enjoy all of that from us as well.

The way we do it is by having continuous innovation, investing year after year significant amounts of money into R&D, roughly, to give you a quantification, of 7%. Now we're actually in an accelerated R&D level of 7.5%.

We are training and skilling our employees to be focused on the needs of the communication service providers. So it's not just a generic software that is sold to many, many verticals. We are very focused on how to solve the challenges and the needs of the communication and media service providers.

And then we are continuing to operate the IT systems. And by having the experience of actually operating the software we ourselves deployed, we have a continuous learning loop that feeds back the R&D guys and the people who are building the automation to create the continuous improvement, not only on the functionality of the systems but also how to run it in a best operational excellence that is possible.

And by doing that for many years and continuing to invest in that, mainly organically, but also for acquisitions that augment our capabilities. We are continuing to improve and expand both geographically into additional countries, additional logos and also to upsell in our existing customer base.

Again and again, as some of the examples we just announced last week, for example, renewing and expanding our services and the technology we will deploy with Cricket in the U.S. market, with PLDT in the Filipino market, which is a leading carrier in the Philippines. Vodafone Germany, another example, we just expanded our engagement with an existing important customer.

So there are many examples in which we upsell to our existing customers and renew the relationships with them. And by the way, our renewal rate on the Managed Services engagement is close to 100%. And in addition to that, we continue to expand into many new countries.

So just to give you some context for that, if a decade ago, 5 out of the 10 top customers were in the U.S. market, now it's already 50-50. Sorry, 8 years ago, 8 out of the 10, now it's 50-50. So we continue to expand geographically and create meaningful relationship also with international customers to expand our business outside of the North American business, while generating a lot of revenue.

Actually, we just had another record revenue in North America as we're experiencing a very good momentum of continuing to sell into our existing customer base also in North America.

Timothy Kelly Horan - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

That's great color. And the communications industry, too, has a lot of unique characteristics in terms of needing to be incredibly secure. You have billions of customers. You have to work with law enforcement agencies and you have to interact with your competitors oftentimes.

I mean there's a lot of unique things about the industry that I would assume you -- helps kind of create more barriers to entry for you guys also because it seems like a lot of your competitors sort of many other industries where you're much more focused. Can you add a little bit more context on some of the barriers to entry -- yes.

Tamar Rapaport-Dagim - Amdocs Limited - CFO & COO

I think it's a great point, Tim. The industry has certain characteristics. First of all, it's a national infrastructure, right, in every country that you can think about. The connectivity has always been and definitely in the pandemic, we felt it more even than before, how connectivity is becoming the basic of society. Whether it's for work, for entertainment, for education, you cannot run life without this kind of connectivity. So it's a critical infrastructure in every country.

It means that when we deal with the mission-critical systems of the service providers, it has to be -- there's a term called carrier grade, excellent, it needs to run smoothly. There needs to be high reliability level of the service provider on us to run the systems for them in the best way possible and to provide them with the technology and the resilience of the technology to run their operations in the best way.

It also means that by this focus, we understand very well, not only the mission-critical nature of the systems we need to provide, but also the business processes of that industry. Understanding very well the different nuances of what does it mean to intake an order, fulfill that order. What does it mean to interact between the layer that is supporting the end customer and between the network, what needs to happen in terms of the fulfillment of these services in the network side. So it's quite a complex environment that we know very well.

And I think the last point that is critical is our unique business model. You don't see many companies that do both the software itself, and great software, and take the accountability on deploying and providing the services on that software.

Oftentimes, you're either a software company or you're a system integrator. Or sometimes it's the in-house IT guys that take the software from a third party and deploy it themselves and run it themselves. We actually provide a business model that provides all of that together and take the accountability against providing successful outcomes in a very challenging environment, which is creating a major barrier of entry to others.

Yes, we are competing with many people. By the way, we ourselves expanded the addressable markets in the domains we go after so we also created new type of competitors. For example, we went strategically into the whole domain of network automation.

As networks are becoming more software-based and cloud-based, we feel we have a great opportunity to expand our solutions, to expand our relevance for the network automation where maybe 20 years ago, we were focusing more on the -- just the business -- the business services aspect, the business processes, addressing the monetization and the e-commerce.

So now we are going also into network automation. By going into network automation, we are facing more different kind of competitors like the Ericssons of the world, the Nokia, et cetera. So it's true that we have quite, I would say, robust competitive environment in the sense that we are competing both with the software vendors, we are competing with the system integrators.

Now we're competing with the network guys, although, again, we do not provide any network equipment. We do not provide any switches or radio access, we are providing just software to run the network effectively. But still, this is a domain that historically was reserved for the network operators, for the networks themselves.

So I think that when we look on all these competitors in aggregate, we have a very high win rate. And frankly speaking, when I think about addressable market, and where is the biggest share to grab, it's still with the in-house IT organizations of our customers.

Still about half of the spend in our domains is done by the in-house organizations of our customers. And over the years, we believe that by showing them the value proposition of Amdocs, we are managing to take a bigger share of that pie and move it to our directions with -- the very important attribute that once we do, we do a great job. We show the value and then we get into a close to 100% renewal rates. So it's not going backwards into the in-house IT.

Timothy Kelly Horan - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

And you think -- well, I have about 10 questions for you. But I think you said about half the spend is still done in-house. Is that global? Or is that the United States? I thought it was still larger than that globally.

Tamar Rapaport-Dagim - *Amdocs Limited - CFO & COO*

It's global. It's global, but over in the U.S., we are still seeing big pieces of work done in-house. And again, it's different from carrier to carrier, the different approaches in the U.S. market between different service providers. But the data point is global.

Timothy Kelly Horan - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

And are you -- it would seem to me it's going to get more and more difficult for the systems integrators, for the Ericssons in the world to compete with you guys because of what you said that you do the software, and it's not just billing or business processes, it's also network processes integrated. I don't think too many other people are doing that and it's also running at an ongoing basis. I guess, is anyone else doing this complete suite of services like you are?

Tamar Rapaport-Dagim - *Amdocs Limited - CFO & COO*

We don't believe there is any one name in particular that does what we do in the way we do. Obviously, there are very strong competitors, and we are considering ourselves paranoid against some of the big names that are competing with pieces of what we do. Whether it's large software companies or largest size, but each one of them is doing a certain piece of what we do.

So oftentimes when we compete, for example, in the transformation project, it's against some kind of combination of several names that will bring the value proposition that we do. So it will be, for example, a net style like Accenture working with a couple of software vendors trying to stitch all of that together as a solution that is trying to be comparable to what we bring under one name called Amdocs with a full accountability model, the best product, the best deployment services. So it's a very different proposition indeed, Tim. And obviously, we are continuing to invest in order to stay ahead.

So we are not standing still. We're continuing to invest significantly. We believe we have strong strategic domains identified for the growth, and we believe that by continuing to invest in being ready to capture this opportunity, we will keep the gap vis-a-vis the competitors.

Timothy Kelly Horan - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

And you think over time, the communications industry is still incredibly fragmented in many ways and very vertically integrated and extremely inefficient. Do you think there's a way for you guys to kind of create more of a platform strategy where customers can customize themselves around many, many different products but everyone kind of takes a little bit more advantage of the scale at this point and scope. Are you starting to do that with certain products, a more of a platform strategy?

Tamar Rapaport-Dagim - *Amdocs Limited - CFO & COO*

The whole one notion of who we are is doing that in the sense that we are capturing needs from all over the world, working in APAC, in Europe, in North America, in Latin America, in Africa, capturing needs of all over the world and trying to optimize all of that into a generic product. The software product that we deliver is trying to give the answers to all those needs and the learning from different parts in the world.

So for example, we have experience now working with 5G deployments in South Korea, the most advanced market in the world in terms of 5G. Obviously, we are taking this learning and taking that into the rest of the world, and the same goes with many other things that we are doing.

Then it's about creating an open architecture that will enable our customers to use the core product and actually build on top of that different things that they need. And then it's about taking the automation that we are continuously improving in terms of how to run these systems in order to provide our customers the best tools and the best outcome in terms of the service level and different KPIs, et cetera, in terms of how to effectively run this in order to address what they measure as the success criteria.

So we continuously do that. It's not as simple. If I'm taking the extreme of like one platform that is SaaS-based, the people will just plug in and operate, not fitting the service providers' ecosystem and complexity. In some, I would say, niche cases, it does, but that's relatively -- imagine for example, market -- a platform to enable OTT onboarding, settlement and monetization. That's more of a SaaS platform. But it's a very specific use case that fits the SaaS platform characteristics.

The vast majority of what we do is not fitting such a simple platform where you can just plug it in and start running. It requires more adjustments and deployment with some integration points to the existing environment of the service provider with some customization to their needs. So we are trying to create a software product that is modular and open, but still, it's not a plug-and-play kind of solution.

Timothy Kelly Horan - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

And where are you in that process of creating a software platform?

Tamar Rapaport-Dagim - *Amdocs Limited - CFO & COO*

I believe -- when you say platform, I just want to be accurate. If you're talking about having one generic software code to be deployed all over the world, whether the service provider is wireless or fixed wireless or cable or satellite or whatever, that exists already.

That's our product, that's CES, our product suite, the customer experience solutions that we provide to the market today fit that description. Whether you are a carrier in Malaysia or Vodafone in Europe or AT&T in the U.S. market, it's the same code that will be deployed with you. Now how you decide to use it, it's up to the customer.

One of the big advantages that we have is with services providers that -- let's say you're a service provider that is wireless only today. And you want the strategic optionality to launch with 5G fixed wireless, you want to launch maybe or maybe acquire a cable company. If you deploy Amdocs, you deploy once and then you just activate those kind of capabilities later on. So this kind of platform exists today. This is what we sell, Tim.

Timothy Kelly Horan - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

Got it. Got it. I just didn't know how automated it was or how developed it was and how much -- how transportable it is. I mean I know you have to do massive customization for each company. But if you build some software once, it sounds like you can use it over many, many different customers, which should give you a massive, frankly, cost advantage.

Tamar Rapaport-Dagim - *Amdocs Limited - CFO & COO*

It's a cost advantage, but I think it's the power of innovation globally that then in turn enable our customers to be their best at their markets.

So if we have an idea from a customer in APAC, and it's a great idea and maybe something that evolved in that specific market and not yet relevant maybe today for the U.S. market, once the functionality makes sense, we put it into the product, and that's it. It's there. It's available to everyone. Everybody can enjoy it, everybody can launch to market using these kind of capabilities.

And it's also about the scalability. I think that is important to mention. We talked about mission-critical systems. It's about making sure our system is running day in, day out, no down time, extremely critical.

So having a scalable system that can fit the size of the major carriers around the world, including peak times, including holidays, including any kind of situation that happens -- let's take as an example, COVID happened, comes March 2020, massive amounts of people moving to work from home.

Suddenly, broadband is consumed from homes instead of from the office, very different requirements, very different loads are happening. It's about supporting our customers as they have to go through these kind of transitions in a smooth manner. And indeed, that's what happened.

Everything was running smooth in terms of the production environment, in terms of continuing to deploy a project, in terms of helping them run their connectivity and their systems and their customer interactions and in a smooth manner.

So this kind of capabilities is beyond just a functionality, just to be clear in terms of where the uniqueness is in what we provide.

Timothy Kelly Horan - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

And I mean, Tamar, I could talk to you for hours about this stuff. Every time you answer a question, I get like 50 more questions. But just focusing a bit on the cloud. I'm assuming the cloud makes it a little bit easier and more transportable. You have more common infrastructure you can work on, you're able to collect more data, you can apply more AI onto this data.

Can you talk about the cloud opportunity for Amdocs as well as the telcos? And where are you in that process? Where are they? Are you starting to use more artificial intelligence? Are you starting to collect data better?

Tamar Rapaport-Dagim - *Amdocs Limited - CFO & COO*

So I think the cloud presents a great opportunity both for our customers and for us. When you think about the domains we support, the mission-critical domains of the service providers, the journey to the cloud has just started. It depends on the analyst estimated between 5% in to 10% in. So the vast majority of the move to the cloud in this kind of applications is yet to happen.

Now we are trying to provide our customers with the software applications that will provide them the flexibility to choose which cloud they want to run, whether it's external, one of the hyperscalers, whether it's their own private cloud and whether for some time, probably they will still have a hybrid environment of something still running on their own data center in parallel to some things running on the cloud.

So we need to provide them a journey that is practical. When we go about it, we, first of all, have a high-end consulting capabilities to design the cloud journey with each one of our customers. A lot of that is based on acquisitions we've done on, for example, sourced in APAC and the DevOps scope in Europe, et cetera, of high-end consultants that are working with our customers to help them with this journey.

And then it's about do they want to go with rip and replace, like putting in place a new cloud-native software applications or do it in a gradual manner. Again, that's a very specific process that we design and execute with our customers.

And then it's about running the IT operations on the cloud. And again, for many years, we may see hybrid IT operations, some on the cloud, some on-prem. So we have all this expertise. So the opportunity for us is in selling our customers the new software stack that is all cloud native, but of course, in taking them through this journey, including the migration that we need to happen from the legacy applications to the new applications.

So all of that, for us, is an opportunity. What's the opportunity for them? The opportunity for them is flexibility and agility when they move to the cloud, more secure. Maybe -- I'm saying maybe cost reduction. Again, depending on the scenario, it's not clear. Initially, everybody start by moving to the cloud. The cost reduction is clear that depending on the scenarios, sometimes it is a cost reduction move, sometimes not. Again, time will

tell the percentages kind of the statistics around that. But we definitely feel it's giving a lot of advantages to our customers, and we are there to support them as they go about it.

And as I said before, the whole journey is just starting. So we are coming ready with the software stack. We're coming ready with the consulting capabilities, the cloud migration. And back to your point about the opportunity for automation. When we are moving now with the new applications that are coming already, cloud-native, and we can invest, and we are, in many tools and many capabilities that we'll be able to automate the operations of the applications on the cloud.

Ideally, it's what's called zero touch, no human intervention. So for example, we announced the deal with T-Mobile a couple of quarters ago for running zero-touch operations for T-Mobile. This is the North Star.

Now is it something that will happen overnight? Probably not. But in terms of building the capabilities, artificial intelligence and all of these capabilities we will enable to identify problem ideally before it even happens by running all kind of rules that try to detect anomalies, by identifying a problem once it does happen and analyzing what needs to be done to fix it. And ideally, also the fix that will be done automatically without human intervention.

I can tell you that with some customers today, we reached about 30%, what's called self healing, 30% of the processes that are run in self healing. So it's there. It's not a dream. But in order to get to 100%, it will take time. And this is exactly the journey that we are having.

Timothy Kelly Horan - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

And Tamar, is that -- that automation, is that on the back end on the network side? Or is it on the customer experience side or both?

Tamar Rapaport-Dagim - *Amdocs Limited - CFO & COO*

So until now, our focus was on the business processes and the customer experience, including the monetization. Recently, with the acquisition of MYCOM OSI that we announced, we are expanding to try to do it also in the network assurance side. MYCOM OSI is a company that is coming with the leading product and technology that trying to do that on the network assurance, assuring the quality of the network by using sophisticated tools, artificial intelligence, et cetera. And this is a piece we were missing. And by getting that through the MYCOM OSI acquisition, we now have a holistic network automation solution that we'll try to do the same also on the network domain.

Timothy Kelly Horan - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

And over time, it would seem like you can collect data from hundreds or if not thousands of carriers. Will they allow you to collect that data to kind of apply artificial intelligence learning models on that? And will you be able to own that and share it with other people?

Tamar Rapaport-Dagim - *Amdocs Limited - CFO & COO*

The data is theirs, it's not ours. We can definitely provide them services how to create unique learnings and insights from this data. So for example, the deal we announced recently with T-Mobile and with others, in which we are providing tools and capabilities to analyze in a smart way using artificial intelligence and other methodologies in order to create meaningful insights for them.

It's not about us taking the data from everyone. But definitely, the experience we are having from using and working with massive databases of many large customers around the world provide us, I would say, with observations and insights, we can, in turn, take and improve how we are doing things and how we are suggesting our customers to go about solving different issues, whether those are, let's call it, operational challenges they're trying to overcome or whether those are how to best serve the customer or what's the next best investment in terms of ROI. So there are different kind of use cases for that. And that's something we definitely focus on.

Timothy Kelly Horan - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

And it seems like a lot of your -- do you think about -- and I'm sure you use this from a marketing perspective, a lot of your customers that use you a lot, I'm not going to mention names, seem to be operating pretty well. They seem to be gaining share, lowering expenses as opposed to maybe other telcos aren't using you as much.

I mean is that a -- do you kind of study that and point that out to your customers or potential future customers?

Tamar Rapaport-Dagim - *Amdocs Limited - CFO & COO*

We actually -- absolutely do that. We are very much focused to try and see and show, of course, our customers how using Amdocs improves the outcome of what they do. Their ability to provide a better customer experience, their ability to improve time to market, their ability to improve the operations.

So we're trying to look all the time on what's the value of the outcome that we enable our customers to have and use that, of course, in our dialogue with them, but also in sharing those kind of use cases and success stories as a reference to other customers that we have a dialogue with.

In terms of how -- oftentimes, we are getting these questions also from the other challenges, like you serving multiple competitors in the same market. So how does it work? We are providing the tools, we are providing the enabling engines in a way, and they decide how to deploy it.

Of course, there are wall guidance between the teams. Big ones, very thick walls in terms of who is the team that is -- let's take Philippines. We are serving PLDT and we are serving Globe, the two leading carriers in the country. Same goes in the U.S., where we are serving competitors and in Canada and in many other countries. So we need a very thick wall between the teams that are working directly with the customers.

And in terms of the ability to serve them, yes, we provide them the best technology, the best capabilities, and it's up to them how they decide to use it, how they decide to deploy it. So eventually, it's not that every customer that is taking Amdocs is using it in the same exact manner. There could be variances in terms of how they decide to go about it.

And also in terms of what is the focus. Some carriers may have a focus on the consumer segment. Some carriers may have a focus on the business segment. So we are seeing a lot of nuances. And again, given what I explained before that the same stack with different kind of functionalities can support multiple lines of business and different kind of end customers, you can understand we are providing a very rich opportunity to the service provider with our technology to support many, many different things and do many things with that.

Timothy Kelly Horan - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

And when you listen to Microsoft and Amazon, they would like to help the telcos move much more of their operations onto the cloud, and frankly, even a lot of their networking. Do you work with Microsoft and Amazon? Or they -- do you think they might be competitors over time? How do you see that playing out?

Tamar Rapaport-Dagim - *Amdocs Limited - CFO & COO*

We definitely work with them. We have a partnership with AWS, with Microsoft Azure. We have to be agnostic in the sense that we need to support our customers, the service providers, whatever their decision will be.

Some customers may decide to use AWS, some may decide to use Google or Microsoft. So we need to be able and open to support and work in partnership with all of them. But I think it's very important also for them, as we understand the telecom industry very well, and we understand the

application layer very well. These partnerships enable a win-win scenario where we can come in an optimized solution to the customers, the service providers.

So for example, you mentioned, Microsoft. We talked about working in AT&T, helping AT&T build their consumer mobility next-gen stack. This is done on Microsoft. At the same time, we were working with T-Mobile, now it's AWS. And again, some carriers have also a dual cloud vendor report where certain things are run on Cloud A, certain things are run on cloud B.

So there are different opportunities for us even within the same service provider to work with multiple cloud providers, and we partner with all of them.

Timothy Kelly Horan - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

Absolute makes a huge amount of sense. Can we maybe just talk about some of the new products that are coming out with 5G? I mean why do customers have to use you for 5G? And are you helping them with things like fixed wireless or with new enterprise networks or private networks?

Tamar Rapaport-Dagim - *Amdocs Limited - CFO & COO*

So when you think about the 5G opportunity beyond -- okay, it's another generation of a network, faster, lower latency, there's a big opportunity in terms of the sense that you can actually launch new use cases that are enabling reliance on a committed quality of service. Until now, before 5G, everything was best effort. So I can be running, let's say, I'm a big enterprise and running all hands meeting with 100,000 employees around the world. I don't have a committed quality for this peak event in which I need it. Or if I'm running now the Super Bowl broadcast, it's a best effort.

With 5G, it could be committed quality. And that means that there could be different use cases, including charging differently in terms of the monetization to do that.

Without getting into the technicalities, connecting between the network capability in terms of how it's going to be designed out of the 5G and understanding how to run the rules around it and between monetizing for that and charging smartly for these kind of services requires different kind of software applications than the one that exists today with the service providers. So to really benefit from that, they need to change their software.

We believe we have the best software to offer for what they need. So that's a compelling event in a way. And we think we are the best in market in terms of the capabilities. So once they have this compelling event, we hope to be the one that they will choose to do so.

There are other compelling events. Again, not just 5G, the digital transformation, the journey to the cloud. So there are other compelling events, sometimes it's about the service provider is going for the consolidation of different entities that they've acquired, and they want to create one customer view, one customer experience and a much more operationally smart system rather than a couple of systems serving each one of them, different lines of business.

So it really -- the trigger may be different in terms of why a customer decides to invest now and choose Amdocs to be deployed. But definitely, what you mentioned about 5G is something we're seeing more and more. The U.S. market, after software, the U.S. market is pretty advancing in moving forward and investing in this kind of software applications that will make them 5G ready. But we are starting to see more and more RFPs and even early signs of deals on the European continent, and we believe APAC and Latin America will follow.

Timothy Kelly Horan - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

Well, Tamar, as usual, you did a great job. I could spend another hour with you, but we're out of time. And Matt Smith does a good job kind of educating me and keeping up on what's going on, but this has been extremely helpful. It's a very exciting opportunity for you guys, and thanks so much for your time.

Tamar Rapaport-Dagim - *Amdocs Limited - CFO & COO*

Thank you, Tim. Thank you very much, and thank you, everyone, for being here.

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