OVERVIEW:
Co. reported 3Q15 revenue of $908m and diluted non-GAAP EPS of $0.84. Expects FY15 YoY reported revenue growth to be 2-3% and diluted non-GAAP EPS growth towards midpoint of previously guided range of 4.5-7.5%. Expects 4Q15 revenue to be $915-955m and diluted non-GAAP EPS to be $0.79-0.85.
As a reminder, today's conference call is being recorded. I would now like to turn the conference over to Mr. Matthew Smith, Head of Investor Relations. Please go ahead, sir.

**Matt Smith - Amdocs Limited - Head of IR**

Thank you, Candace. 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 of results of operations of the Company's business and to have a meaningful comparison to prior periods many 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 with the SEC on Form 6-K.

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 obtained 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 Securities and Exchange Commission including in our annual report on Form 20-F for the fiscal year ended September 30, 2014, filed on December 8, 2014, or Form 6-K furnished for the first quarter of FY15 on February 9, 2015, and our Form 6-K furnished for the second fiscal quarter of 2015 on May 11, 2015. 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 with me today are Eli Gelman, President and Chief Executive Officer of Amdocs Management Limited, and Tamar Rapaport Dagim, Chief Financial Officer. With that, I'll turn it over to Eli.

**Eli Gelman - Amdocs Limited - President & CEO, Amdocs Management Limited, Director of Amdocs Limited**

Thank you, Matt, and good afternoon to everyone joining us on the call today. We are pleased with our solid results for the third fiscal quarter and the continued progress we have made executing on our various initiatives. These include the launch of Amdocs CES9.3, expanding our product set to bring new functionality around online commerce, interactive care, big data marketing and network analytics, maintaining a healthy win rate amongst our competitors while also expanding the scope of those customer relationships. Additionally, our long-term strategy to penetrate new customers and geographies resulted in a second consecutive quarter of record revenue in rest of the world.

As usual, let me first provide some regional color with respect to the Company activity in the third quarter. Beginning with North America, performance was affected by uncertainty resulting from the consolidation activity, the potential impact of which we have discussed with you several times in the recent quarters. North American market dynamics supported growth at several customers, but the slow regulatory environment translated into holding pattern behavior with some others.

Specific among them was AT&T, where we saw some signs of hesitation in certain discretionary programs that we believe mainly related to the protracted approval process for its measure we drive to (it), which was finally completed last week. It is too early to say exactly how AT&T's plans will evolve in the next few quarters, but we remain confident in the value and the service we can provide AT&T over the long term.

Now that the active measure has been approved, we will continue working hard to demonstrate our world class product functionality to AT&T as well as our capabilities in areas such as system consolidation, migration, and realization of synergies. Naturally, the activity is not the only component of AT&T's growth strategy, and we have recently been working to support AT&T in some of other of its new initiatives. For instance, in the area of prepaid and contract offering, Amdocs continues to support Cricket Wireless as a relationship that began two years ago when AT&T wireless selected Amdocs for its IT support.

To summarize North America, I would say the long-term market dynamics remain favorable for our -- but our immediate outlook still holds many moving parts and unknowns which may cause revenue to fluctuate in the coming quarters. Additionally, we remain subject to customer consolidation deals currently in progress or which may be contemplated among wireless and Pay TV operators in North America.

Moving to Europe, we saw normal fluctuations in customer activity, [with] overall performance in line with our expectations. During the quarter, we strengthened long-term relationships with some of the region's largest service providers. For instance, Bulgaria's Mtel, a subsidiary of Telekom Austria Group, which is controlled by American Mobile, has expanded and [expended] its multiyear managed services engagement through to 2021. Amdocs will assume responsibility for (inaudible) entire BSS operation across four lines of businesses, including some of (inaudible) legacy and third party business support systems. We're also focused on strategic markets including Russia where we successfully deployed an Amdocs customer management solution for, to improve call center agent efficiency, boost call center revenue and increase customer satisfaction and retention rate.

Looking ahead, we believe our product and service offering position us for the long term growth in Europe. But at the same time, we must be cognizant of the regional regulatory conditions which we expect to remain challenging over the next quarters.

Turning finally to the rest of the world, we are delighted to report a second consecutive quarter of revenue, record revenue, and meticulous execution bringing large and highly complex (organization)projects towards production on behalf of our customers. Let me take a moment to add some color about our recent activity in rest of the world. In Taiwan, Amdocs has just completed the migration of Firestone prepaid subscribers to an advanced Amdocs charging and billing system. This is part of a larger charging and billing modernization program announced in April last year in which Firestone selected Amdocs products and services to modernizing charging and billing system with real-time capability and capabilities to support launch of 4G LTE services in Taiwan. As part of this project, Amdocs will also migrate Firestone post paid customers onto an [upgraded end of] system.
During the third quarter, we also won important strategic awards within new lines of businesses such as Amdocs mobile financial services, where our solution was selected by a subsidiary of one of the world’s largest mobile operators to drive financial inclusion in its market in Southeast Asia. Regarding our outlook in the rest of the world, we continue to see positive long-term growth trajectory ahead, although we remind you that sequential trends are likely to remain lumpy, given the project orientation of our customers’ engagement in this region.

Now let me take a moment to update you on our acquisition of the Comverse BSS assets, which we closed shortly after the end of the third quarter. First, the integration progress is now underway and we are committed to ensure business continuity and support of all dimensions of the customers' relationships we acquired from Comverse. Along these lines, a leading service provider in Latin America recently upgraded the Business Support System based on Comverse clean technology we acquired to deliver new services, and reduce cost in support of its growing customer base.

At the same time, we have now turned your attention towards building a pipeline of opportunities for cross-sell and up-sell to the customer base that we acquired from Comverse. This buildup naturally takes time, but we are confident that our superior offering and world class services can be beneficiary for this customer.

To wrap up, we are pleased with our performance in the third fiscal quarter. Our win rate for the year-to-date has been strong, and we remain focused on our operation and execution in all areas, including product development, delivery, employee recruitment, and retention. Uncertainty persists in all markets, primarily as a result of consolidation activity, but in general we feel competitively well positioned and therefore ready to benefit as trends improve.

Overall, we now expect to deliver diluted non-GAAP earnings per share growth for the full FY15 towards the midpoint of our previously guided range of 4.5% to 7.5%. Incorporated in this guidance is our commitment to the balance and [practice] allocation of capital over the short and long term. With the Comverse transaction behind us, and recognition of our strong cash flow generated in Q3, we plan to return cash to shareholders at levels substantially above [those] suggested by our flexible 50/50 free cash flow framework in Q4. At the same time, we would like to retain a significant capacity to fund additional M&A, which we intend to do when we find the right strategic opportunities at the right price and time.

With that, let me turn the call over to Tamar.

Tamar Rapaport-Dagim - Amdocs Limited - SVP & CFO, Amdocs Management Limited

Thank you, Eli. I'll begin with our third fiscal quarter revenue which was in line with the midpoint of our expectations on a constant currency basis. Third fiscal quarter revenue of $908 million included a small positive impact from foreign currency fluctuation of about $1 million, relative to the second quarter of FY15, while our third quarter guidance range is better than negative sequential impact of approximately $2 million. So revenue performance was therefore in line with the midpoint of our expectations, after adjusting for the additional positive impact of foreign currency fluctuation.

Our third fiscal quarter non-GAAP operating margin was 17.1%, an increase of 10 basis points compared to the second fiscal quarter of 2015, and towards the high end of our long-term target range of 16.2 to 17.2%. Below the operating line, non-GAAP net interest and other expense was $1 million in Q3. For forward-looking purposes, we continue to expect the non-GAAP net interest and other expense in the range of $3 million quarterly, due to foreign currency fluctuations.

Diluted non-GAAP EPS was $0.84 in Q3, compared to guidance range of $0.79 to $0.85. Our non-GAAP effective tax rate of 14.9% in Q3 was within our expected annual range of 13% to 15%. Free cash flow was strong at $290 million in Q3. (sic - see press Release "$190"). This was comprised of cash flow from operations of approximately $222 million, less $32 million in net capital expenditures and other. As a reminder, over the long term free cash flow tends to convert at the rate on par with our non-GAAP net income.

DSO of 74 days were flat with the prior quarter. This is consistent with our historic range. Total unbilled receivables were down by $7 million as compared to the second fiscal quarter of 2015. Our total deferred revenue short and long term decreased by $12 million sequentially in Q3. As indicated in the past, both of these items may fluctuate from quarter to quarter.
Our cash balance at the end of the third fiscal quarter was approximately $1.4 billion. Please note that this balance does not reflect acquisition of Comverse BSS assets which was closed on July 2nd for $273 million in cash. Our 12 months backlog, which includes anticipated revenue related to contracts estimated revenue for managed services contract, letters of intent, maintenance, and estimated ongoing support activities, was $3.1 billion at the end of third fiscal quarter, up $10 million sequentially. (sic - see press release "$3.01 billion"), That [for] Q3 does not include a contribution from Comverse BSS, since this transaction did not close until shortly after the end of the quarter.

During the third fiscal quarter, we repurchased $60 million of our ordinary shares under our common $750 million authorization plan. We have $442 million remaining under this authorization as of June 30.

Now turning to our outlook. We expect revenue to be within a range of $915 million to $955 million for the fourth fiscal quarter of 2015. Embedded within this guidance we anticipate minimal sequential impact from foreign currency fluctuations as compared to Q3 and a contribution in the low tens of millions of dollars from the consolidation of the Comverse BSS asset. For the full fiscal year, we now expect total revenue growth will track toward the mid point of our previously stated range of 2.5% to 5.5% year over year on a constant currency basis, relative to when we initially provided this guidance on November 4, 2014.

As a reminder, this range already included an anticipated drag for foreign currency fluctuations of about 1%, based on the exchange rate (inaudible) at the end of our [first] quarter of [FY14]. Focusing the total revenue after looking for the full fiscal year 2015 remains challenging, as a result of continued volatility in foreign currency market. However, based on what we know as of the end of Q3, we expect Q4 revenue growth in the range of 2% to 3% year over year for the full fiscal year 2015.

This outlook includes a negative impact from foreign currency fluctuations of about 3% year over year, as well as the previously mentioned contribution from the Comverse BSS assets. Also within this outlook and consistent with our prior expectation, we anticipate revenue from our directory business in FY15 to increase in a double-digit percentage range, placing a drag of about 1% on total Company results.

We anticipate our non-GAAP operating margin for fiscal Q4 2015 to be within our long-term target range of 16.2% to 17.2%. As expected, this outlook includes a modest sequential headwind in Q4 resulting from the consolidation of the Comverse BSS assets. Beyond Q4, we remind you that operating margins may fluctuate within our long-term target range from quarter to quarter. We expect the fourth fiscal quarter diluted non-GAAP EPS to be within the range of $0.79 to $0.85.

As a reminder, our effective tax rate was unusually low in the first fiscal quarter. We expect our non-GAAP effective tax rate to remain within the target range of 13% to 15% for the full FY15, which implies a tax rate in Q4 will be above the high end of our target range by a couple of points. Our fourth fiscal quarter non-GAAP EPS guidance also incorporates an expected average diluted share count of roughly 157 million shares, and the [likelihood] of a negative impact from foreign currency fluctuations in non-GAAP net interest and other expense. We excluded the impact of incremental future share buyback activity during the fourth fiscal quarter, as the level of activity will depend on market conditions.

For the full FY15, we are narrowing our expected diluted non-GAAP EPS growth rate towards the midpoint of our previously guided range of 4.5% to 7.5% year over year. As Eli mentioned in his prepared remarks, and based on what we know as of today, we plan to return cash to shareholders at levels substantially above that suggested by our 50/50 framework in the fourth fiscal quarter. Our fourth fiscal quarter diluted non-GAAP EPS guidance and our full FY15 diluted non-GAAP EPS growth guidance incorporates the consolidation of the Comverse business assets, but excludes $0.09 per share of one-time restructuring charges related to commerce net of the related tax effect. Based on current estimates, we continue to expect Comverse will be neutral to non-GAAP earnings per share in the first full year following completion of the deal, and accretive thereafter.

With that, we can turn it back now to the Operator to begin our question-and-answer session.
QUESTIONS AND ANSWERS

Operator
Thank you.

(Operator Instructions)

And our first question comes from the line of S.K. Prasad Borra from Goldman Sachs. Your line is now open.

S.K. Prasad Borra - Goldman Sachs - Analyst
Thanks for taking my question. Couple, if I may. First, to probably start off on the Comverse BSS acquisition, can you give us a final split of revenues which you're recognizing across various geographies.

Tamar Rapaport-Dagim - Amdocs Limited - SVP & CFO, Amdocs Management Limited
[Inaudible] in terms of the revenue breakdown, but I can tell you they're customer based and accordingly the revenue was very complementary to the Amdocs prior to the acquisition. As you know, we are having the majority of our revenue in North America, then Europe and rest of the world has been a growing region for us. And then Comverse is bringing actually something that is almost like a mirror, bringing revenue in [call], in APAC, the majority of the revenues is actually coming in Europe, which is complementary both in revenue and more importantly in new customers that were not part of our own customer base and now present in up-sell and cross-sell opportunity for the new offering we can bring to the table.

Eli Gelman - Amdocs Limited - President & CEO, Amdocs Management Limited
In other words, like two-thirds, maybe 70%, of the customers do not overlap our customers. So we're talking about dozens and dozens of customers that we're getting with this acquisition and the opportunity to serve them, and then provide better services and new products and capabilities that Comverse did not have, and that's why we believe this deal is going to be a good one.

S.K. Prasad Borra - Goldman Sachs - Analyst
Probably on the remark you made around for the first 12 months you expect deal of to be earnings neutral, can you provide some guide on what kind of operating margins are you assuming? Are you planning any cost reductions? Any cost rationalization? Any color would be very helpful.

Tamar Rapaport-Dagim - Amdocs Limited - SVP & CFO, Amdocs Management Limited
So we saw this basically in Q4, we think it will be modestly negative in terms of the impact on the operating margin, but as you can see even though this is the case, we can maintain our annual guidance for the EPS and we are tracking towards midpoint. So, yes, it has some impact and obviously over time we expect things to improve as we create the right synergies and the up-sell opportunities as [they] come along. But like every sales cycle, these things can save time. So probably we will start having an impact in terms of synergy on the top line more towards Q3 and probably even Q4 of next year. And regarding specifically in FY16 and guidance for next year, I think, we will have to wait until we give as a whole the guidance for the Company.

S.K. Prasad Borra - Goldman Sachs - Analyst
So better way to think about this is for the first half of the next 12 months you're probably expecting the deal to be slightly dilutive on earnings and second half --
Tamar Rapaport-Dagim - Amdocs Limited - SVP & CFO, Amdocs Management Limited

I don’t want you to take it too technically because it sounds like we have very projection now with a crystal ball exactly how things will be in each one of the quarters. It’s portraying too much of an accurate picture. Over time we should see improvement, that would be the more accurate way to say it.

Operator

Thank you. And our next question comes from Ashwin Shrivaikar of Citi. Your line is now open.

Ashwin Shirvaikar - Citigroup - Analyst

Thank you. Good quarter. My question is as we look at the Comverse asset that you acquired --

Tamar Rapaport-Dagim - Amdocs Limited - SVP & CFO, Amdocs Management Limited

Sorry. It’s not possible to hear you. There’s a lot of --

Ashwin Shirvaikar - Citigroup - Analyst

Is this better?

Tamar Rapaport-Dagim - Amdocs Limited - SVP & CFO, Amdocs Management Limited

Try again.

Ashwin Shirvaikar - Citigroup - Analyst

Can you hear me now?

Tamar Rapaport-Dagim - Amdocs Limited - SVP & CFO, Amdocs Management Limited

I don’t think we can hear it well. Can you try from another phone maybe?

Ashwin Shirvaikar - Citigroup - Analyst

Can you hear me now?

Tamar Rapaport-Dagim - Amdocs Limited - SVP & CFO, Amdocs Management Limited

Let’s try again and see if we can understand.
Ashwin Shirvaikar - Citigroup - Analyst

Can you hear me now?

Tamar Rapaport-Dagim - Amdocs Limited - SVP & CFO, Amdocs Management Limited

Yes.

Ashwin Shirvaikar - Citigroup - Analyst

Okay. Sorry about that. So I guess the question is with regards to just the long-term potential from Comverse. Given that it's my impression from looking at it is that they underinvested in product for a variety of reasons. You can bring a better product portfolio to their customers. What is the overall opportunity set that they kind of left on the table? Not a 2016 number but overall, what can you do with the asset that you acquired?

Eli Gelman - Amdocs Limited - President & CEO, Amdocs Management Limited, Director of Amdocs Limited

So, thanks for the question and sorry for the technical aspect that we could not hear you before because of the static. As for the long-term view on the Comverse deal, the best way to look at it is that we're getting access to dozens of customers, vast majority of them would be the customers that we will pursue and in the way we get the opportunity to talk and serve this customer, talk to this customer and serve them better. And Comverse in a way, you can think about it was a revenue management engine, more about the charging and billing and aspects like this. But this is probably maybe one-fourth of - maybe even less of our offering.

So first of all, in terms of the product set, we can upsell and cross-sell the customer management, the self service, dealership, CRM application from call centers all the way to e-commerce. Then we have the network applications, then we have the OSS applications, and so on and so forth. So we can definitely expand dramatically the product set.

The second layer would be services. On each one of the product sets that we just talked about including revenue [management]. Comverse would stay away from services, they could not generate the revenue or the quality that is required and, therefore, they would provide minimum services whereas we actually provide the maximum services possible because we like to have the capability and overall, with some stability for our services, regardless if it's ongoing support, or transformation or adding capabilities and so on and so forth.

All the way to managed services, they have very little managed services and we offer managed services to about 50% of our revenue comes from managed services. So when you think about the potential in all dimensions of product services, managed services, and general capability, we believe that the opportunity that Comverse represents for us or this acquisition is quite significant. The only reason why we are cautious a little bit in the beginning is, a, we are just acquiring the Company. We're going through the post-merger integration. Most of the people we got, the engineers are in Boston and New Jersey which are very comfortable for us.

Some other people are in India and other places. So we are accommodating all these engineers right now and accepting them into the Company. We are building the pipeline for the future across upsell, which takes some time, [probably] measured in quarters. But all together from the initial signs we got and the first few purchase orders that we signed right after the acquisitions, we are quite bullish on this acquisition.

Ashwin Shirvaikar - Citigroup - Analyst

That's very detailed and thank you for those buckets and [how] to think about them. The second question is with regards to AT&T the activity in particular. Does it present any opportunity for you in terms of product upsell?
Eli Gelman - Amdocs Limited - President & CEO, Amdocs Management Limited, Director of Amdocs Limited

Yes, definitely. Everything that AT&T does represents opportunity for us because we have this long-term relationship with them and a very established credibility with AT&T throughout the years on product set and on execution. The activities specifically is of an interest for us. Today we are providing some revenue management, billing component of the legacy (inaudible), but no customer management and this acquisition most likely will have to be built upon the notion of streamlining back end systems. We don't believe AT&T can present and execute a smooth transformation of customer base as well as the synergies that are expected without a well established (inaudible) consolidation. We hope to prove to AT&T that we are the pest partner in this domain.

We have a lot of credit with AT&T, both on the product and the activities in this regard because we have been their partner for many years, throughout the years of other consolidation activities that they had. Obviously, at the same time we're trying to work with AT&T and to provide or kind of convince them that they can help them in their activities south of the border, which is mainly Mexico. And at last we can basically tell you that we are now serving them on the prepaid on the Cricket deal, something that we started quite some time ago but something that we can release today.

Ashwin Shirvaikar - Citigroup - Analyst

That's great to hear. Thank you and congratulations.

Eli Gelman - Amdocs Limited - President & CEO, Amdocs Management Limited, Director of Amdocs Limited

Thank you.

Operator

Thank you. And our next question comes from Shaul Eyal of Oppenheimer. Your line is open.

Shaul Eyal - Oppenheimer & Co. - Analyst

Good afternoon, Eli and Matt. Eli, maybe on the heels of Ashwin's prior question, I want to relate to your AT&T comment you've made during the prepared remarks. If I'm not mistaken, please forgive me if I am, I think you used the terms, a little bit of hesitation, by AT&T and you from everybody you have known AT&T for 25 years now. Is this hesitation specifically related to the near term potential bump driven by DirecTV or just typical macro concerns?

Eli Gelman - Amdocs Limited - President & CEO, Amdocs Management Limited, Director of Amdocs Limited

Well, Shaul, thanks for the question. I think that also in the prepared remarks I referred to it that we believe that it's primarily related to the slow approval process of the DirecTV deal. When such a major deal is hanging in the air, obviously a lot of discretionary programs take a different priority. We believe it is a part of this and we'll know a few quarters from now but that's our belief, again based on the intimate relationship we have with AT&T.

AT&T by no means is hesitating to go and attack the market. So I think it's in context of specific deal and now that the deal has been approved. We hope it will go back to higher expansion and more projects on the - discretionary projects. We have to emphasize it. It's all new discretionary projects. We are not talking about any hesitation on day-to-day on operation, on ongoing mobility project and stuff like this. So we talk about the new project, the potential project.

And so it's quite natural and we've seen it by the way before a few years ago, eventually did not go through. But we saw the same thing towards the decision about T-Mobile projected deal at that time. So we don't think it's something so unnatural. But this is the reality and we're dealing with
this reality. At the same time, we are, as I said, we are actively pursuing opportunities that have been accelerated, like obviously they made the acquisition of SSL and they are active in Mexico and we’re trying to be relevant and helpful in this project. The Cricket we have done and the (inaudible) is now completely new.

Shaul Eyal - Oppenheimer & Co. - Analyst

Got it. This is great. Thank you for that. I think you also mentioned intention to potentially return cash substantially above your planned 50/50 plan. Is it something in the neighborhood of I think the 80% you've returned, if I'm not mistaken two, three quarters ago most likely. Should we be thinking along these lines, give or take?

Tamar Rapaport-Dagim - Amdocs Limited - SVP & CFO, Amdocs Management Limited

I don’t want to (inaudible) a number, but if you look -- as we were preparing for the Comverse acquisition and we’re kind of reorganizing our cash we were relatively light in Q3 and even with this light activity of the one on cumulative basis, I think we’re already over 70. So it would not be a stretch to get much higher, let’s put at it this way. And definitely we’re encouraged by the continued free cash flow performance that has been going well. And of course we continue to push forward [aggressively] on collections, and making sure we continue to generate the cash and make the right allocation of capital thereafter.

Shaul Eyal - Oppenheimer & Co. - Analyst

Got it. Got it. This is great. Thank you so much. Good luck.

Tamar Rapaport-Dagim - Amdocs Limited - SVP & CFO, Amdocs Management Limited

I don’t want to (inaudible) a number, but if you look -- as we were preparing for the Comverse acquisition and we’re kind of reorganizing our cash we were relatively light in Q3 and even with this light activity of the one on cumulative basis, I think we’re already over 70. So it would not be a stretch to get much higher, let’s put at it this way. And definitely we’re encouraged by the continued free cash flow performance that has been going well. And of course we continue to push forward [aggressively] on collections, and making sure we continue to generate the cash and make the right allocation of capital thereafter.

Shaul Eyal - Oppenheimer & Co. - Analyst

Got it. Got it. This is great. Thank you so much. Good luck.

Operator

Thank you. And our next question comes from Mark Sue of RBC. Your line is now open.

Unidentified Participant - - Analyst

Hi, good afternoon. Thanks for taking our call. This is Spencer for Mark Sue. You talked quite a bit about consolidation and customer dynamics. But could you talk a little about the competitive environment, who you’re seeing out there for deals and then as well as some of the pricing dynamics that you might be seeing for some of the renewals that you mentioned you won during the quarter? And also how that might compare to new contracts that you’re going after?

Eli Gelman - Amdocs Limited - President & CEO, Amdocs Management Limited, Director of Amdocs Limited

So, Spencer, thanks for the question. In terms of the competitive landscape, I think that in the prepared remarks we related that we're relatively comfortable with our competitive position in all regions. Our win rates year-to-date has been strong, maybe even very strong. We cannot have 100% market share of new business or anything close to it, but it has been very strong. And I would say more than that, even in the few cases when customers going with some of our competitors, we always have a chance to come back to it because the execution of this project is completely different story in comparison to the sales of it. You can always drop the price and be aggressive and bundle it with something and we - but it's a very different story when it comes to execution and we have seen it. We are seeing it today. We've seen in the past.

That's reality. So I think that both our winning capabilities and win rate is very high, but also our ability to execute a win to production is basically 100%. It's almost going to guaranteed if you can call it this way. Our competitors win rate is low and execution after winning is very low. So, this is kind of the competitive environment. And it's quite broad comments to all of our competitors. As a matter of fact, there are only few guys have managed from time to time to carry a project with Converse, but now it's part of Amdocs.
So in terms of the pricing in renewal and so on, so forth, look, we are providing mission critical systems. We always had to be cognizant to the fact that we improve our operation as time goes by so we’re getting to better EBIT. Our operating margins at the end of the contracts and this kind of customer have to give a little bit back to the customer, what usually we are doing is since we are expanding for all this deal, of the contract though offering of the capabilities. We usually translated the renewal into an opportunity to cross sale and up sale and expand the capabilities and that’s why we are usually saying, and its not immune, it’s a big topic that we are extending but also expanding our relationship with customer.

And price is usually not the major factor, we are not a price related company. This is maybe our customer, competitor. In terms of new contracts look, it has always been a competitive environment, it is always being the case that - we are not winning on price, sometime we are more aggressive, sometime we are less. But usually we win on value and on the fact that we can execute so the risk is low. And when you calculate usually the risk to fail a project with someone else and not with us; and capability that we have in terms of functionality and richness and the services. And you compound with that our experience of actually doing this day in and day out, this is usually the winning combination.

Just to give an idea, we are producing major milestones, go live milestones in the rate of about 30, 35 a quarter. This is a huge achievement that very few IT companies can actually talk about even. So this is more than 120 a year. Major milestones for major carriers that rely on our software. You’re getting quite used to quite experienced when you do that. So all together, price is usually not the leading factor for us.

Unidentified Participant - - Analyst
Great. Appreciate it. Thank you. Good luck.

Eli Gelman - Amdocs Limited - President & CEO, Amdocs Management Limited, Director of Amdocs Limited
Thank you.

Operator
Thank you. And our next question comes from Tom Roderick of Stifel. Your line is now open.

Tom Roderick - Stifel Nicolaus - Analyst
Hi, guys, good afternoon.

Eli Gelman - Amdocs Limited - President & CEO, Amdocs Management Limited, Director of Amdocs Limited
Hi.

Tom Roderick - Stifel Nicolaus - Analyst
Hi, so looking at the operating margins, you’ve gotten right up near the high end of your sort of longer term range, at 15 to 17. So kind of butting up against the high end of that already. And I hear you talking about some accretion as we look out a year into the Comverse deal. Is there a potential for you to sort of bump that margin, those longer term margin targets up? And how do we think about some of the puts and takes with other managed, longer term managed services contacts, as they come up for renewal and expiration over the next several years as it impacts the margins?
Tamar Rapaport-Dagim - Amdocs Limited - SVP & CFO, Amdocs Management Limited

Thanks Tom, I want to be clear, EPS opportunity for accretion after the first year post the deal closure is not necessarily coming from margin expansion. It’s coming from top line synergies at a good margin. So that’s the main opportunity we’re seeing here, again going back to Eli’s comments about the customer base we’re taking and the opportunities of coming to this customer base with the rich offering of (inaudible) products and services. Of course this thesis is translates to revenue and then to bottom line.

In terms of the margin, per se, in the immediate and we spoke about Q4 specifically, actually Congress is going to put a modest margin pressure. I don't think there's anything that we should worry about because as we move along and we get into the right cost structures, as well this opportunity to continue to upsell things, we can still be within our regular range. So I don't think it's talking us anywhere out of that in any sense. And that was comment that I was trying to make. I hope that’s clear enough.

In general, going back to the managed services question -- look, about half of their revenue of the Company is already under managed services arrangements. That means that, we have customers in which the majority of activities are under managed services agreement there could be some discretionary spending always in these customers that are accounted in these numbers as well. But we see all the time and then we have enough mileage by now to go through this extension and expansion cycle as Eli mentioned, to create on the one hand the cost improvements and efficiencies and the operational excellence; and on the other hand to continue to bring value to the customer and (inaudible) try and expand the envelope in terms of what we do, within any one of this engagements [which is] creating the balance overtime and how to protect the margins.

But yes there could be specific points in the given arrangement with the customer where we go from and margin of X to slightly down as we renegotiate and then get it up again. So there could be some cycles like that within any given deal, but we need to remember at the end of the day we have a portfolio of many deals that are comprising the top line and the margin of the Company.

Tom Roderick - Stifel Nicolaus - Analyst

That’s great feedback, thank you. Eli, quick follow-up for you in terms of a topic, I don't think we spent too much talking about this call or lately. But the emerging markets still a nice growth opportunity for you. Can you kind of provide an update in light of some recent macro changes and developments around the world, but particularly in some emerging markets. How is that impacting your business, what's the opportunity look like and what's the execution look like in that segment of the business?

Eli Gelman - Amdocs Limited - President & CEO, Amdocs Management Limited, Director of Amdocs Limited

So, some in general we still look at the emerging markets and we have been looking at the emerging markets for quite some time. There's a significant growth engine for the Company. I'm not sure that 30% year over year or 27% or whatever is sustainable necessarily, but double-digit is. And that was the overall thesis and we're executing right now a little better than that. And we see opportunities in the emerging markets of any kind and sort.

And this is a beautiful thing about it, because we proved at our product set are the relevant one and the best one there. We proved that services of the quality we provide are appreciated and needed. We proved that many services is possible and as a result we also became significant player in this market both Latin America, Central America, Southeast Asia and the like. Including (inaudible) the emerging components of these regions.

So the way we look at it right now that the more established they are becoming – suppose, we supposed to keep on penetrating this markets. So if we have one customer in a given region, we would try to go to the second one or the third one. In North America to remind you, we are working with almost everyone.

The same goes in England, the same goes in many other markets of the world, and we want to imitate the same thing in other places; and we continue to see opportunities in every aspect of the business. Our competitive position is also quite strong. Again, we cannot get 100% market share and what have you, but our position against all the rest of the competitors in this market is very strong.
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And as these markets are moving in the food chain from simple prepaid to converge prepaid and postpaid, to their customer experience, all the way to some markets going into the most modern digital first thesis, which is basically providing all the customer management online service, e-commerce and becoming almost an Internet company, our offering is already there. So we don’t see a difference between offering this newest technology to AT&T, or Telefonica or Vodafone and providing it to some carriers in the emerging market or the rest of the world in general.

So all together we see strong pipeline. We see good execution. We think we ticked all the boxes and we should enjoy this investment that we have done in the last few years and keep monetizing it. I just want to remind you that most of these activities are project related. These are regions that behave a little bit differently, so lumpiness should be expected and it should not be too worried about it right now.

We are not getting out of our way in terms of celebration when we have a very good few quarters. It may slowdown. But altogether we are very bullish about the rest of the world.

Tom Roderick - Stifel Nicolaus - Analyst
That’s great detail. Thank you, Eli. Nice job.

Eli Gelman - Amdocs Limited - President & CEO, Amdocs Management Limited, Director of Amdocs Limited
Thank you.

Operator
Thank you.

(Operator Instructions)

And our next question comes from Will Power of Robert Baird. Your line is now open.

Wil Power - Robert W. Baird & Company, Inc. - Analyst
Thanks for taking the question. Maybe first just a clarification. Did you give us the Comverse contribution in the Q4 revenue guidance?

Tamar Rapaport-Dagim - Amdocs Limited - SVP & CFO, Amdocs Management Limited
Talking about millions of dollars per quarter, just to remind you, they were reporting standalone segment, the revenue has been continually going down. I think the last quarter they reported on a standalone basis was already in the 40s. First of all, we are not acquiring all of the assets that they have in that segment and, B, we are going through purchase accounting adjustments that are actually trimming some of the deferred revenue they could enjoy. So our starting base is somewhat lower and the idea of course is over time as we push the whole rational of the deal towards the upsell opportunities we’ll start getting it higher.

Wil Power - Robert W. Baird & Company, Inc. - Analyst
No, I understand that part. Okay. The second question, just coming back to North America and looking at some of the weakness there, I guess I just want to be clear. Is that really entire AT&T in the pause you’re seeing there which presumably should reverse at some point or are there other sources of weakness, either Sprint, the Canadian carriers, anything else you might call out you’re seeing in North America that might be negatively impacting you?
Tamar Rapaport-Dagim - Amdocs Limited - SVP & CFO, Amdocs Management Limited

It’s never one -- only one thing because that would not be mathematically accurate but it’s the vast majority of the impact is around AT&T. As a matter of fact, we have seen some growth in a few other customers at the same time. So this environment -- and again, there was a very clear explanation for that. We expect it to go away over time now that the specific deal has been approved.

By the way, it’s not only the impact of this approval of AT&T only, because it’s the market dynamics that may change because I would expect that the entire Pay TV industry will take it quite seriously. Because AT&T with DirecTV is a completely different animal. It’s a strong player in the Pay TV industry. We didn’t have it for a long time in North America market.

So I would -- and we’re talking about Charter giving up to buy one or two companies. So we hopefully should see some movement and some movement translating to some projects hopefully with Amdocs of the Pay TV industry, and maybe that will be the beginning of a bigger swing of activities. So obviously, we are relating right now to the stuff that we know, which is within the AT&T context, and that’s why I’m saying the majority. But it may have effect on other things as well in North America.

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

Okay. Thanks. Good luck.

Tamar Rapaport-Dagim - Amdocs Limited - SVP & CFO, Amdocs Management Limited

Thank you.

Operator

Thank you. And our next question comes from Jason Kupferberg of Jefferies. Your line is now open.

Amit Singh - Jefferies LLC - Analyst

Hi, guys, this is Amit Singh for Jason Kupferberg. Just maybe talk about your capital deployment. I know you talked about M&A that you’re going to continuously look into any available target. So you want to talk about like size that you’re looking at? Are you primarily going to be focusing on tuck-in type acquisitions or we could even see some bigger transformational-type acquisitions from you guys?

Eli Gelman - Amdocs Limited - President & CEO, Amdocs Management Limited, Director of Amdocs Limited

So Amit, we have said more than once that we are not limiting ourselves to the size. We’re just limiting ourselves to the strategic rational and to the ability to execute the deal and mainly the post-merger integration. We have been very careful about this throughout the years and therefore we have a very good track record in buying technology companies and we have bought throughout the years technology. Comverse is about customer base. So it’s basically consolidation. We’ve bought our way into the pay TV industry so and we’re doing some acquisitions that will accelerate our activity in certain markets. So we are open to anything, technology, people, diversification, all of the above. And the size as long as it makes sense.

So we should not expect this to pay billions of dollars for something that is (inaudible) you know, generate (inaudible) EBIT. If we go to big deals, we’ll go after things that have revenue and we just believe in it. And if we go into the smaller deals, it will come with a certain characteristics and anything in between. So it’s more about the strategy, and the size, and the price accordingly, will be according to the quality of what we are buying and the ability to generate revenue and EBIT for Amdocs.
Amit Singh - Jefferies LLC - Analyst

All right, perfect. And just quickly if you could - you have previously highlighted network optimization as one of the avenue of growth. And I believe a few quarters ago you had even said that it could be about $100 million plus revenue this year. So just wanted to get a sense of how that business or the growth in that business is playing out and what is your expectation going forward from here?

Eli Gelman - Amdocs Limited - President & CEO, Amdocs Management Limited, Director of Amdocs Limited

So network software in general, including network optimization, is moving along well. Its lumpy, because the deals there are not so smooth I would say, in terms of the deals, the deal flow, not the execution. So we see progress. We actually expanding the offering, so it’s not only specific in the network optimization, it’s not only around that product that we acquired we are now talking about more services, a broader view of the problem, not only the [rate] optimization other network optimization as well. And as we are talk about that we are also trying to make our first moves into the network visualization which is the even the bigger potential in this network software space.

But it’s slow, its - we are executing on some development, we have some dialogue with some customers. But these are completely new topics. So the ones that we have already are progressing well. The new ones are a big unknown. And what we are learning is that it is lumpy as many other projects.

Amit Singh - Jefferies LLC - Analyst

Thank you very much.

Eli Gelman - Amdocs Limited - President & CEO, Amdocs Management Limited, Director of Amdocs Limited

Thank you.

Operator

Thank you. And I’m showing no further questions at this time. I’d like to turn the conference back over to Mr. Matthew Smith for closing remarks.

Matt Smith - Amdocs Limited - Head of IR

Thank you very much for joining our call this evening and for your continued interest in Amdocs. We look forward to hearing from you in the coming days. And if you do have any additional questions, please call the Investor Relations group. Have a great evening and with that we will conclude the call.

Operator

Ladies and gentlemen, thank you for participating in today’s conference. This does conclude the program and you may disconnect. Have a great day everyone.