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DOX - Q1 2012 AMDOCS LIMITED EARNINGS CONFERENCE CALL

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OVERVIEW:

DOX reported 1Q12 revenue of $807m and non-GAAP EPS of $0.64. Expects FY12 revenue to increase 5-6% on constant currency basis and 4-5% on reported basis. Expects 2Q12 revenue to be $800-820m and non-GAAP EPS to be $0.62-0.68.

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Eli Gelman *Amdocs Ltd - President and CEO*

Tamar Rapaport-Dagim *Amdocs Ltd - CFO*

CONFERENCE CALL PARTICIPANTS

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PRESENTATION

Operator

Good day, everyone, and welcome to this Amdocs first-quarter 2012 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 Investor Relations for Amdocs. Please go ahead, ma'am.

Elizabeth Grausam - *Amdocs Ltd - VP of IR*

Thank you, Melanie. 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 any particular period. Accordingly, Management believes that isolating the effect 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 with the SEC on a 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, 2011, filed on December 8, 2011. Amdocs may elect to update these forward-looking statements at some point in 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 will open the call to Q&A.

With that, let me turn the call over to Eli Gelman.

Eli Gelman - *Amdocs Ltd - President and CEO*

Thank you, Liz, and good afternoon to everyone on the call. Today, we are pleased to announce that our first fiscal quarter results were within our guidance for revenue, EPS, and margins. I would like to discuss our business trends in two distinct parts. First, I will quickly discuss our business with AT&T, in light of the termination of the merger with T-Mobile. We expect this topic is at the top of your minds. Second, I would like to discuss the rest of our business. All together, we believe trends remains quite healthy for Amdocs.

Starting with AT&T, as we discussed on our last quarterly earning call in early November, we planned for various scenarios around the pending mergers in our outlook for 2012. While we factored in potential for the deal to be delayed or cancelled, to be frank, we were surprised by the timing of the deal termination in mid-December. As a result of this timing, AT&T naturally put certain programs on hold until after the holiday season. As we speak, we are working with AT&T as the customer is refocusing its [IT] and other priorities. Due to the fact that these discussions are still in progress, the type and label of spending of AT&T is currently one of the largest variables between the low and the high end of our full year guidance range. We expect to have more clarity on this topic next quarter.

Now I'll turn to the discussion of the majority of our business. We continue to see solid demand trends and strong signings during the first quarter. Let me provide some color on the emerging markets, European and managed services components of our Business, which continues to be particularly a bright spot. In Q1, our presence and reputation in the emerging markets continued to strengthen after winning several major transformation programs during 2011 and early 2012. This quarter, we had especially impressive performance in CALA, our Central and Latin American region (sic - see website), with three strategic wins. These deals spans new and existing customers across the region, both with operating companies that are part of a larger telecom galaxy and with independent operators. We believe these recent wins are another strong proof point that the investment we have been making in the emerging markets are paying off.

In Europe, we are seeing good business traction across diverse array of products and services, including a growing willingness to discuss managed services. We remain mindful of the macroeconomics and the environment in Europe, but to date we have not observed a slowdown. As a result, we believe that Europe will continue to be a growth engine for us in 2012. As for our managed services practice, we had a good quarter in Q1. We announced today that Comcast has signed a multi-year managed services contract with us. This deal increases our visibility with highly strategic customer and creates a stronger foundation for the evolution of our long-term relationship. Additionally, we are engaging with Comcast on other new initiatives within our CES portfolio.

From a product portfolio standpoint, we are encouraged to see that our best-in-suite approach remains a key differentiator. This is true both in the developed markets and increasingly in the emerging markets. Customers have high appreciation for the coherence of design in our integrated offering. As a vindication of our best-in-suite approach, many of our recent deals have included multiple components of our software. While continuing to expand our footprint in 2012, we remain laser-focused on the successful implementation of our recent wins. As a result, we continue to expect acceleration of our revenues in the second half of the year, as many of the deals begin to ramp up. We believe that the high quality of our newly-launched version 8.1 of CES, coupled with the investment we made in our people, provide a strong base for our success. As a recent example of this strength of delivery, during Q1 we put in production a major billing system transformation that now serves many tens of millions of subscribers, both prepaid and postpaid on one platform in Southeast Asia. Additionally, we have recently launched several innovative solutions in the market that I would like to briefly touch upon.

During the quarter, we successfully launched our Data Experience Solutions, DES, which combines the assets of Amdocs and Bridgewater. Initial feedback from our customers had been positive as service providers increasingly provide improved capabilities to monetize data. On a different front, just this morning, we announced solutions for machine-to-machine and connected homes as part of our broader digital services offering. While small today, each of these offerings contributes to our position in the market and our long-term growth potential. So, all in all, we continue to experience healthy demand and good momentum across most of our Business. As a result, we are reiterating our full year guidance for 2012 of

5% to 6% of constant currency revenue growth. Not less important, we are updating our fiscal 2012 non-GAAP EPS guidance to at least 11% to 13% growth from at least 10% to 12% growth last quarter. Tamar will walk you through more details on this guidance shortly.

In summary, we continue to monitor the macro situation, as we are not immune from external factors. However, we feel good about our Business and the momentum we have seen over the last few quarters. Furthermore, we remain confident in the value of our unique business model and the clear need for our products and services in the industry. With that, I would now like to turn the call to Tamar.

Tamar Rapaport-Dagim - *Amdocs Ltd - CFO*

Thank you, Eli. Fourth quarter revenue of $807 million was within our guidance range of $805 million to $825 million, with foreign currency fluctuations negatively impacting revenue by approximately $6 million relative to fourth fiscal quarter of 2011. The majority of the FX impact was not included in our guidance. Excluding the effect of currency, we ended the quarter just slightly below the midpoint of our range. Our fiscal first quarter non-GAAP operating margin was 16.5%, sequentially flat from the fourth fiscal quarter, and within our expected range of 16% to 17%. Non-GAAP EPS was $0.64 in Q1, compared to our guidance range of $0.61 to $0.67. Below the operating line, net interest and other expense was negative $3.6 million in Q1, primarily driven by the significant levels of foreign exchange volatility during the quarter. For forward-looking purposes, we continue to expect that net interest and other expense may be negative in the range of a few million dollars quarterly, primarily due to foreign currency fluctuations.

Free cash flow was $121 million in Q1. This was comprised of cash flow from operations of approximately $150 million, less $29 million in net capital expenditures and other. We would like to remind you that we will pay annual bonuses for fiscal 2011 in the second fiscal quarter of 2012. DSO of 67 days increased quarter-over-quarter by 3 days, tracking within our normal range. Our total deferred revenue, both short and long-term, was down $7 million sequentially, while total unbilled receivable were up $23 million as compared to the fourth quarter of 2011. The increasing unbilled receivable was primarily related to timing differences between invoicing and delivery milestones and projects.

Our cash balance at the end of the first quarter was approximately $925 million. 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 $2.069 billion(Sic-see press release) at the end of the first quarter, up $20 million sequentially. Our backlog, similar to our top line, was also affected negatively by about 1% from currency fluctuations during the quarter, consistent to the change in our outlook for reported revenue in fiscal 2012. During the first quarter, we repurchased $140 million of our ordinary shares, pursuant to our authorized share buyback program. As of December 31, we had $547 million of remaining repurchase authority, under our current $1 billion authorization, which extends through February 2013.

Looking forward, we expect revenue to be within a range of $800 million to $820 million for the second fiscal quarter of 2012. This range includes a [$3.050 million painted] negative sequential impact from foreign currency fluctuations as compared to Q1. Given the rather significant impact of currency in the first quarter and on our expectations for the year, I just want to make sure all of the numbers are clear. We had roughly a $6 million negative impact in Q1 relative to Q4. From that lower base, there is an additional $3 million drag we expect in Q2. So as I think of our Q2 guidance, the FX impact, relative to where we started the year, lowered our Q2 outlook by about $9 million. Adjusting for the FX, our Q2 current guidance range is relatively consistent with our prior internal expectations.

As we mentioned on last quarter's call, our Q2 ranges also include the Bell Canada contract repricing, which takes effect in this quarter. As anticipated, this item by itself will produce some sequential weakness from Q1 to Q2 in both our revenue and margin progression. We anticipate our non-GAAP operating margin in the second quarter to continue to be within a range of 16% to 17%. We also 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 $0.62 to $0.68. Incorporated into this view is an expected average diluted share count of roughly 172 million shares in Q2, and the likelihood of negative net interest and other expense 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.

Looking beyond Q2, we continue to expect fiscal 2012 revenue growth of 5% to 6% on a constant currency basis, with the case of recovery of AT&T being the largest source of variance in the range. We expect to gain greater clarity on AT&T's plans over the course of the current quarter. Our forecast for reported revenue assumes a 1% negative impact as a result of foreign currency movements, so reported revenue growth is now expected to be 4% to 5%. We have updated our non-GAAP EPS growth outlook to at least 11% to 13% from at least 10% to 12% as we factored in the benefit of our Q1 repurchase activity. Consistent with our practice, this EPS outlook does not include any future repurchase activity. Finally, we anticipate fiscal 2012 non-GAAP operating margins to remain within a range of 16% to 17% for the year.

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 Shaul Eyal with Oppenheimer.

Shaul Eyal - *Oppenheimer & Co. - Analyst*

Thank you and hello, guys.

Eli Gelman - *Amdocs Ltd - President and CEO*

Hello, Shaul.

Shaul Eyal - *Oppenheimer & Co. - Analyst*

Two quick questions on my end. Eli, with respect to the Comcast renewal, was that signed basically on typical or basically on all similar terms to the prior ones?

Eli Gelman - *Amdocs Ltd - President and CEO*

It's not only renewal. It includes a renewal, some of the existing businesses we have but we have other components there and I would say it's more than this in deal for us, and the overall implication of it is obviously strong relation with Comcast with some visibility to the future, and it is coupled, as I mentioned, with a few other components that we cannot elaborate at this point.

Shaul Eyal - *Oppenheimer & Co. - Analyst*

Got it. With respect to the cash utilization, so you guys already repurchased about 20% of your shares outstanding. Is dividends something that you might like to consider apart from the ongoing M&A from time to time?

Eli Gelman - *Amdocs Ltd - President and CEO*

Shaul, we said a thing about a year ago in our Analyst Day that we do appreciate the fact that we need to put more emphasis on the use of capital and we started with a buyback and we said that within the next couple of years we'll probably develop a view about it. We do not exclude it. But we do not obviously announce anything. We see dividend as a, if you will, a [non-regret] move and we want to be careful about the way we treat it. But we are not excluding it and it's part of the overall equation of capital structure and different ways to improve the value of our shareholders.

Operator

We will go next to Tom Roderick with Stifel Nicolaus.

Tom Roderick - *Stifel Nicolaus - Analyst*

Good afternoon. So I wanted to take the opposite side of the question on AT&T and T-Mobile. So certainly I understand that there's some uncertainty with respect to AT&T's spending plans. On the flip side, I guess T-Mobile has another $4 billion in their back pocket to spend. Do you see any sort of release in pent-up spending on that side of the equation from another customer of yours, being T-Mobile?

Eli Gelman - *Amdocs Ltd - President and CEO*

Tom, thanks for the question. I would say it's like, as we said on AT&T, it's a little bit too early to say because you may need to remember that, effectively, all of that happened you know, almost a couple of weeks ago, because just before the mid-December and the whole holiday season in between kind of put everything on hold. We believe that T-Mobile is a good customer of ours. We provide a lot of services to and offering to T-Mobile and we hope that they will turn some of this extra money into new project now that they know that they are going to stay independent and we need to go and redefine some of their priorities. We expect T-Mobile to be a good customer of us in 2012. Whether they can accelerate some of the plans that we had before because of the extra money or not, it's a little bit too early to say.

Tom Roderick - *Stifel Nicolaus - Analyst*

Okay. Fair enough. Turning to Europe, you indicated that was a pretty good region for you. And I know the headlines are suggesting things should slow down, but I guess if we look at that, that was maybe up 12% year-on-year. Can you just give some data points or anything anecdotal that's working in that region? Do you have some transformational deals that you can talk about? Just be curious what sort of project activity is driving that double-digit growth in that region?

Eli Gelman - *Amdocs Ltd - President and CEO*

Thanks again. It's a very good question. Maybe I would say a few things. First of all, you need to remember that in Europe, we work mainly with the Northern part of Europe, if you can call it this way -- this is the UK, Germany, Scandinavians, Netherlands, Benelux -- not necessarily with the areas that are considered to be part of the headlines like Greece or maybe to some extent Italy and [south sovo]. So that's one thing you need to keep in mind. The second thing is that we see different reasons for business demand for us in Europe. I'll give you maybe two different angles of it. One, most of the European carriers are using mainly our systems and in some cases others for quite some time, more than [16] years. We know that BSS transformations happens about 15 to 20 years. So if they want to transform, they need to start planning and executing in the near future in order to be ready in couple of years.

So we see some transformation projects, not quite significant ones, in certain customers in the middle of Western Europe that just need to augment their capability mainly around the data monetization and better customer experience over the system that they had before and most of them, especially if they're not coming from us, ran out of steam quite some time ago, so it's relatively urgent for them. From a completely different angle, you may see some galaxies or some carriers in Europe that may have, for example, a certain region, let's say what used to be Eastern Europe, they would like to see where they can go into more effective way to run certain small operations in Eastern Europe, maybe from some kind of a cluster or some kind of a common place, so these type of deals are coming from different angles. ¶

Then on top of it, obviously we have the LTE transformation, because LTE is being deployed all over Western Europe. So we see it, as a matter of fact, from different angles. In the UK, very new movements of companies, France Telecom and Deutsche Telekom are trying to -- not trying, joining together to compete with Vodafone and O2. So all these dynamics in these markets create opportunities for Amdocs, and I think they realize that probably we have the best product and services out there. So we see growth and we expect 2012 to be a good year for Europe.

Operator

We'll go next to Ashwin Shrivaikar with Citi.

Ashwin Shirvaikar - *Citigroup - Analyst*

Thank you. I guess my first question is a clarification. So even if AT&T does not accelerate its current pace of spending, you still believe you can do the lower end of the range? Is that what you implied, Eli?

Eli Gelman - *Amdocs Ltd - President and CEO*

Yes.

Tamar Rapaport-Dagim - *Amdocs Ltd - CFO*

What we're looking into is several scenarios, including AT&T. So while we are singling it out of our large factor in the variance within the range, obviously there are other moving parts there as well. So some of the scenarios do take to that assumption, some take higher. So it's not a single scenario that built out the range, just to be clear on that.

Eli Gelman - *Amdocs Ltd - President and CEO*

Yes, but basically, if we take everything constant, and AT&T is the same at the current rate, the question whether we can protect the lower end and the answer is yes. That's exactly why we have this range.

Ashwin Shirvaikar - *Citigroup - Analyst*

Okay. Great. And then the other question is as you sort of consider or are looking at or make progress on better growth in emerging markets, and particularly managed services work, can you discuss how some of these non-North American managed services deals are different in terms of pricing or investment required and what it might mean for your operating cash and CapEx expectations?

Eli Gelman - *Amdocs Ltd - President and CEO*

Thanks for the question, Ashwin. First of all, in the emerging markets, we don't have a lot of managed services deals today, so I'm not sure that we can conclude on a statistical basis. But if you ask from the few that we have, I would say that the overall behavior and our ability to sustain profitable growth on managed services deals in those areas prove to be par to other places. So we are encouraged by the ability to do managed services in the emerging markets. For us, the bigger question was operational -- can we set up the operation and have the right people in place and so on and so forth, and so far we are really doing well, both on delivery and managed services in the emerging markets, and both sides of the emerging markets, the CALA region and the Southeast Asia.

Tamar Rapaport-Dagim - *Amdocs Ltd - CFO*

Ashwin, I will just add to that, you know, naturally whenever we penetrate a new country or a new state, there is a set-up investment involved. So the first project in the Philippines, for example, will involve setting up the site and building our capacity there but that's a natural pattern of penetrating to any country, whether its emerging markets or developed ones.

Operator

We will go next to say Jason Kupferberg with Jefferies & Company.

Jason Kupferberg - *Jefferies & Company - Analyst*

Hello, guys. Thanks for taking the questions. Just a follow-up on AT&T. I know there's been a lot of general noise out there about the pace of AT&T's CapEx spend, but can you give us a sense, when it comes to the, call it, $1 billion a year or so that they're spending with Amdocs, roughly how much of that comes from their OpEx versus their CapEx budgets?

Tamar Rapaport-Dagim - *Amdocs Ltd - CFO*

If I'm looking on the probably $900 million plus last year, I would say the bulk of it is coming actually from OpEx spending. Many of the activities we have with AT&T have been built over the years, so many of them are support functions, managed services, ongoing activities on existing infrastructure. There is always new programs that are part of the CapEx but I would say we are less vulnerable in an unsimilar way to what you hear in the [nets], for example, where CapEx is a major part of the story. In our case it's less so.

Jason Kupferberg - *Jefferies & Company - Analyst*

Okay. That's helpful. And just on Comcast. Eli, it sounded like from one of your previous comments that there is some incremental new work here on top of the renewal and I wanted to get a sense of whether or not that creates any noticeable change in the revenue run rate from Comcast overall this fiscal year, and whether or not the Comcast renewal carries any type of meaningful margin impacts along the lines of the Bell Canada renewal?

Eli Gelman - *Amdocs Ltd - President and CEO*

So the short answer is no and no, but let me give you some color.

Jason Kupferberg - *Jefferies & Company - Analyst*

Okay.

Eli Gelman - *Amdocs Ltd - President and CEO*

This is not the type of renewal that you have seen in Bell or maybe with other people. It's actually something that symbols more than anything else, the long-term relationship with Comcast, the fact that they want to standardize on certain platforms and the fact that they are moving into -- towards more and more one Comcast, in other words, they're moving to less and less regions and they want to standardize under certain regions on systems and we're glad that, in more than one case it's our system. It doesn't have a major impact on revenue or EBIT on this account for 2012, but the importance of it, and we tried to allude to it in our script as well, is the growing and stronger relationship with Comcast, the fact that we engage in several other activities as well and different stages, some of them in design, some of them are in quoting. But we are having a growing relationship with Comcast and for very good, very simple reasons. We basically listen to their needs and we happen to invest in this industry for the last couple of or three years, so we have the right solutions and that's basically it. There's no surprises there. It's not one of these things that you can have without the investment ahead of time. We just have the right solutions and luckily they see the same thing.

Operator

We'll go next to Julio Quinteros with Goldman Sachs.

Julio Quinteros - *Goldman Sachs - Analyst*

Great. Hello. Sorry. On the Comcast extension, when you guys say you're going to a single system effort, is that from other in-house systems or other third party providers. Obviously you guys have co-existed with some other guys there. What's the approach there in terms of going to a single system the way you're describing that?

Eli Gelman - *Amdocs Ltd - President and CEO*

I didn't say single system. I just said Comcast, in general, have declared a vision of one Comcast. They went, I think, from five or six regions into three and, overall, when you see a company, not only in Comcast, when you see it in other places over the world, a standardization of vacant systems and better vacant systems on top of it, is a trend that makes a lot of sense. Whether they will get eventually to single system or not, I don't know, and I do not try to allude to that but you can imagine that within one region, whatever, take the Eastern region or the Northern region, whatever region, it makes sense, in general, to have more and more of your submarkets on to one base. That's a trend that we see not only in Comcast and we hope that Comcast will go in this trend as well.

Julio Quinteros - *Goldman Sachs - Analyst*

Okay. Great. Thank you for the clarification.

Operator

We'll go next to Daniel Meron with RBC Capital Markets.

Daniel Meron - *RBC Capital Markets - Analyst*

Thank you. Hi, Eli and Tamar.

Eli Gelman - *Amdocs Ltd - President and CEO*

Hello, Daniel.

Daniel Meron - *RBC Capital Markets - Analyst*

Couple questions on my end. So first, can you give us a sense on whether or not the 4G rollouts will impact the timing of or declaration of the [compliance] with your solutions in the near future, how much of that is impacting fiscal year 2012? And then the other question relates to any success story that you have so far with Bridgewater?

Eli Gelman - *Amdocs Ltd - President and CEO*

Daniel, did you mean 4G specifically in a certain customer or in general?

Daniel Meron - *RBC Capital Markets - Analyst*

In general, but if you have any specific customers or at least regions that you can share, that would be useful.

Eli Gelman - *Amdocs Ltd - President and CEO*

So in terms of the 4G or LTE, it provides us some opportunities around our OSS offering and this initial thing, because the first wave is usually equipment related and network infrastructure related and that way our inventory and solution management and service management components of our OSS comes to life and we have good implementations, fast and good implementations, that shows good ROI for the carriers on this area. We believe that right now is that what will follow and again, depends on which area of the world, what will follow is some demand for data monetization once we have the LTE, you start actually running applications and services and data stream on it and then you would have to deal with some capabilities of your business, which is the reason why we developed the Turbo Charging and the Bridgewater acquisition and so on and so forth.

So we believe it will be the next wave, which we're starting right now. In terms of the Bridgewater, I cannot relate at that point to specifics. I will just tell you that all the post merger integration of all aspects are going based on the plan. We see momentum in the market. They find very nice deals, they are not huge ones, but we believe that they will be bigger as time goes by and the integration of the people and the engineering aspect of it has been very quick. That's why we could have come together to the market with a prepackaged if you will. There's the digital experience, Data Experience System (sic - see website), which is a preconfigured Bridgewater and Turbo Charging engines combined and we see good momentum in this field and the demand is there. People understand what we are doing. We are a thought leader, in this respect. And all together, we are happy with the way things are turning.

Daniel Meron - *RBC Capital Markets - Analyst*

Okay. Thank you.

Eli Gelman - *Amdocs Ltd - President and CEO*

Thank you, Danny.

Operator

We'll go next to David Kaplan with Barclays.

David Kaplan - *Barclays Capital - Analyst*

Hello. If we can just jump back briefly to the use of cash and looking at the Alcatel-Lucent deal today, divested of its Genesys systems at a $1.5 billion valuation. Are there acquisitions out there that Amdocs is looking at when you look at that space and you look at the Alcatel having jettisoned that out now and what do you think that says about the BSS, OSS space in general?

Eli Gelman - *Amdocs Ltd - President and CEO*

So David, it's a very good question. I'm not sure I have a great answer. But more generic one. I would say the following. In terms of acquisitions, we are actually looking at everything in our space. We know the space well. We are well positioned. Usually if we don't make a noise on certain areas, it means that we looked at it and we just decided to pass. But it's true to some of the assets that has been acquired recently by others, so the number one thing that we are looking in any acquisition is that strategic merit and the strategic fit to Amdocs.

We have a very clear strategy. We have communicated that to our customers, to the investors in a certain way, obviously internally and we do acquisitions that are supporting our strategy only. Not opportunistic ones and definitely not stuff just to generate some activity. After saying all that, there is a balance in terms of the use of cash. We came up with a balanced approach that says that he we will do buyback at a certain level, specifically this year is $500 million a year, more or less, and on the other hand we reserve the capability and the flexibility to use cash for M&A, once we understand that we have a good asset, a good target to acquire. And we have a good track record of this matching and targeting and then execution of it.

David Kaplan - *Barclays Capital - Analyst*

Okay. Great. Thanks very much.

Eli Gelman - *Amdocs Ltd - President and CEO*

Thank you, David.

Operator

We'll go next to Will Power with Robert Baird.

Will Power - *Robert W. Baird & Company, Inc. - Analyst*

Yes, thank you. Good afternoon. Eli, I think you said in your prepared remarks that you expected revenue to accelerate in the second half of 2012, if I heard that right, and I may have missed this, but I wonder if you could elaborate on your confidence around that and what some of the key drivers are there.

Eli Gelman - *Amdocs Ltd - President and CEO*

Yes. Thank you for the question, Will. Yes, I actually said it, quite clear, and I would like to give you some color on that. We knew that this year is going to be a little bit awkward in terms of the overall the slope of growth because of the specifically the headwind we had from Bell Canada renewal. And that's why last quarter we basically said that we are going to see a relatively flattish first half of the year. But if you do the calculation of the overall growth, you will see that we believe in the growth of the second half of the year of an accelerated part to compensate to a certain extent, if you will, for the slower growth at the beginning of the year. The reason why we feel comfortable with that is because majority of the components that we need for this type of accelerated growth are already well in the process. So if we are -- of course we need to sign few more orders and do other things that are always unknowns until we have them signed.

But majority of the activity are things that we have seen in the last few quarters, transformation on deals and other activities that we have around the world that is just, if you will, getting to fruition. So we are ramping up the manpower, ramping up the projects and as we, since these are deals that we signed already, two quarters ago, one quarter ago, three quarters ago, depends on the case, and then we can recognize these revenues because we are using percentage of completion and we are expecting this project to ramp up. So most of the activities that are related to this accelerated growth are execution of wins that we had before and we strongly believe in our ability to execute, especially now that we are equipped with a very good version, 8.1, and really excellent one and both in quality and functionality and richness and so on and so forth. And all these new wins are going to use 8.1 as their base, and we have a much better knowledgeable workforce to execute it on the delivery side which is the Amdocs Global Services, if you will, and the GSS, the managed services component as well. So all these makes us to believe that we can accelerate the growth at the second part of the year.

Will Power - *Robert W. Baird & Company, Inc. - Analyst*

Okay. Thank you.

Eli Gelman - *Amdocs Ltd - President and CEO*

Thank you, Will.

Operator

We'll go next to Arvind Ramnani with UBS.

Arvind Ramnani - *UBS - Analyst*

Hello. Just a follow-up on Ashwin's question earlier. You had indicated that spending at AT&T will determine if you hit the high end or the low end of guidance. Are you referring to quarterly guidance or annual guidance, and are there other clients that could enable you to hit or miss the high end of guidance?

Eli Gelman - *Amdocs Ltd - President and CEO*

Arvind, first of all, we were referring to the yearly guidance and we did not try to say this is the only parameter, like it's a binary thing. We are trying to simplify things in the communication between us but these are -- we would say that the single largest component of the moving parts, so this kind of a clarification for your question. And to second half of it, whether there are other components that may affect the high end or low end, absolutely. Many of them. But they are smaller in size but many in quantity. So, god forbid if all of them turn south, within the next few quarters -- if all of them turn south we may even barely make the low end of the range but we are basically applying some probability to all of these moving parts and what we are giving you is a calculated average on the probability on all of these moving components and we singled out AT&T because just the fact we just want to share with you and for transparency that it's still cooking and it's a large component because of the size of AT&T and because of their -- some refocusing that might change. It's not that we know anything specific, otherwise we would say something specific.

Arvind Ramnani - *UBS - Analyst*

All right. Thank you very much.

Eli Gelman - *Amdocs Ltd - President and CEO*

Thank you, Arvind.

Operator

And we will go next to Dan Cummings with ThinkEquity.

Dan Cummins - *ThinkEquity - Analyst*

Thanks. On the Verizon call, they were calling out their own plans to perhaps be more creative with respect to consumer pricing and, as well they're starting to, or I don't know if they're really going through with this, monetize some of the consumer behaviors. I'm curious just if you assume that some of the other carriers in their region, in their global region will do the same, how stimulative that would be for your business and how soon, if that's the case? Thanks.

Eli Gelman - *Amdocs Ltd - President and CEO*

Dan, thank you. It's a very good question. I don't want to relate specifically to Verizon for two reasons. First of all, we don't like to comment about specific customers and secondly, we have very little business with Verizon so our exposure to their strategy is not as we have with many other carriers in North America, Canada, or the US. But in general, not only in North America, I think the overall trend and the overall shared cognition, if you will, of CEOs and CMOs and CIOs of the industry is that the model of, eat as much as you can on data, ran out of steam. It's not a sustainable model and the question now is more how creative can you get and can you articulate the new offerings to the public. Because the public do not think in gigabytes and in terabytes and in what have you.

But all together, this should fall exactly into our strategy and this is exactly why we were so insistent on having our fifth generation of charging which is a real-time Turbo Charging that can rate everything, data and voice and postpaid and prepaid, at tremendous rates and speeds and that's why we did the acquisition of Bridgewater so we'll have a better exposure to the data flowing on the network and the combination of the two is a very powerful offering. We're trialing already these type of components in certain customers, but I would imagine in terms of the financial implication of that, it will take some time because, as the market is figuring it out, what to do and how to do it and so on and so forth, and what is the receptiveness of the market, of the consumers and the small and medium businesses and so on and so forth, it may take some time. We believe that we are a thought leader in this space and we would have an advantage as these things are growing. But the general direction I believe is quite clear and what you just quoted from Verizon is no exception or no surprise.

Dan Cummins - *ThinkEquity - Analyst*

Thanks. Yes. That's what I was getting at. Yes, we would love to just kind of stay abreast of when you kind of perceive it as a discrete project dollar opportunity for Amdocs. Yes, I understand it will take time. That's great. Thank you.

Eli Gelman - *Amdocs Ltd - President and CEO*

Yes. But it's, all together, Dan, it's very positive trend and is exactly the type of changes that we believe that will happen in the market and that are, if I can say (inaudible) they are very good for Amdocs over time.

Operator

We'll go next to Suhail Chandy with Wedbush.

Suhail Chandy - *Wedbush Securities - Analyst*

Thanks for taking the question. This is Suhail for Scott. If I go to the emerging markets in Southeast Asia, so the Globe Telecom deal hasn't been signed yet and I think the numbers that we've heard so far from Globe, at least, is $90 million for IT transformation, that is a spending. Can you possibly comment on what's the duration over which we could possibly see that. Is it a three year project or is it more like a five year project?

Tamar Rapaport-Dagim - *Amdocs Ltd - CFO*

Typically when we go into a transformational projects, especially if it includes several parts of our portfolio that would run beyond one year, those are very complex projects that has to do not only with our own Implementation of the project but a lot of business change within the customer environment -- businesses process and different roles and possibilities within those organizations are going through tremendous change. Without commenting about specifics, we feel that's no different typically in emerging markets or in any other place where we go through large transformation and, naturally, whenever we go into such projects, we sit down with the customers and have very detailed scoping sessions in the beginning to plan that, to make sure that the whole designed, both technical and change management within the organization is laid out up front.

Suhail Chandy - *Wedbush Securities - Analyst*

Got it. Thanks. And just a follow up, has the deal been signed yet? And the second was you've seen a nice uptick in managed services. Trying to figure out, obviously, there's Europe was robust [as full]. Is there a direct correlation there or was most of managed services uptick you saw in North America?

Tamar Rapaport-Dagim - *Amdocs Ltd - CFO*

The activity we've seen in managed services actually span across different geographies. The new long-term agreements with Comcast now is part of the uptick there as well. Again, not necessarily incremental revenue in total for Amdocs, but definitely now creating different nature of the relationship into the Comcast engagement in such a way that we look at it today as a managed services arrangement. So I would say that other than this specific customer to note within those numbers it will spread across different regions.

Suhail Chandy - *Wedbush Securities - Analyst*

Thanks, Tamar.

Eli Gelman - *Amdocs Ltd - President and CEO*

Thank you.

Operator

And that will conclude today's question-and-answer session. I'd like to turn the call back over to Elizabeth Grausam for any additional or closing remarks.

Elizabeth Grausam - *Amdocs Ltd - VP of IR*

Thank you very much for joining us this evening. We look forward to talking to you all in the next few days and please call our office if you'd like to set up some time. Thank you.

Eli Gelman - *Amdocs Ltd - President and CEO*

Thank you.

Tamar Rapaport-Dagim - *Amdocs Ltd - CFO*

Thank you. Bye-bye.

Operator

That does conclude today's conference. We thank you for your participation.
