CORPORATE PARTICIPANTS

Liz Grausam  
Amdocs Limited - VP - IR

Eli Gelman  
Amdocs Limited - Incoming President & CEO

Tamar Rapaport-Dagim  
Amdocs Limited - CFO

CONFERENCE CALL PARTICIPANTS

Chris Koh  
Stifel Nicolaus - Analyst

Shaul Eyal  
Oppenheimer - Analyst

Ashwin Shirvaikar  
Citigroup - Analyst

Julio Quinteros  
Goldman Sachs - Analyst

Sterling Auty  
JPMorgan - Analyst

Amir Rozwadowski  
Barclays Capital - Analyst

Jason Kupferberg  
UBS - Analyst

Shyam Patil  
Raymond James - Analyst

Daniel Meron  
RBC Capital Markets - Analyst

Suhail Chandry  
Sutherland Securities - Analyst

Michael Bauer  
FBR Capital Markets - Analyst

PRESENTATION

Operator

Good day, everyone, and welcome to this Amdocs fourth-quarter 2010 earnings release conference call. Today’s call is being recorded and webcast. At this time I would like to turn the conference over to Ms. Liz Grausam, Vice President of investor relations for Amdocs. Please go ahead.

Liz Grausam - Amdocs Limited - VP - IR

Thank you. 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 effect of acquisitions and other significant items that may have a disproportionate effect in a particular period.
Accordingly, management believes that isolating the effects of such events enables management and investors to consistently analyze the critical components and results of operations of the Company’s business and to have a meaningful comparison to prior periods. For more information regarding our use of non-GAAP financial measures including reconciliations of these measures, we refer you to today's earnings release, which also will be furnished to 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 with the Company's filings with the Security and Exchange Commission, including in our annual report in Form 20-F for fiscal year ended September 30, 2009 as filed on December 7, 2009, and in our quarterly 6-K’s filed February 8, May 13 and August 9, 2010. Amdocs may elect to update these forward-looking statements at some point in the future, however, the Company specifically disclaims any obligation to do so.

Participating on the call today are Eli Gelman, incoming President and Chief Executive Officer of Amdocs Management Limited, and Tamar Rapaport-Dagim, Chief Financial Officer. Following our prepared comments we'll open the call to Q&A. I would just like to call your attention to the change in date of our analyst day, which will now be on February 23, 2011 at the New York Stock Exchange instead of our previously-scheduled date of December 8, 2010, in light of the transition of leadership from Dov to Eli happening later this month.

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

Eli Gelman - Amdocs Limited - Incoming President & CEO

Thank you, Liz, and good afternoon to our guests on the call. As I shared in September I was very excited and humbled to be asked by the board to lead Amdocs and I can assure that now, after my first seven weeks in the Company, I am even more excited by the opportunity to lead this organization to new heights. I am ready to embrace this position head on, and therefore, the Board, Dov, and I have decided to accelerate my position to the CEO to November 15th. I will leave the review of the fourth quarter to Tamar, but I will simply say that we closed fiscal-year 2010 on [same footing]. We won several important deals during quarter four, including a system organization deal with US cellular; a managed service contract for billing customer care ordering for Cellcom; an important contract for changing goals with a wireless provider in North America; and the expansion of our business with an existing customer in Southeast Asia through a large-scale managed services deal.

During my recent review of the business, I was excited to learn about the significant growth in both our marketing -- emerging markets and managed services groups. In the emerging markets, excluding the effect of the Longshine divestiture, our revenues were up over 30% year over year. These results are a validation that our solutions have been well accepted in these markets. This is the type of growth I would like to cultivate, as I believe the emerging markets are, and will be an important growth engine for Amdocs.

As for our managed service practice we had another outstanding year with revenue up roughly 20% year over year. Revenue for managed services customers now represents over 45% of our business, providing us with good visibility into our future results. Moreover, I believe the managed services platform will continue to be an important growth driver for Amdocs going forward. The success of our managed services group is a direct result of the software-driven operation improvements we achieve for our customers. These improvements are realized through software modifications, which in many cases can include full modernization. I cannot overstate the importance of this approach, which combines our strengthen software development and service delivery. Moreover, we believe these capabilities are unmatched in the industry today.

However, while I’m encouraged by the overall stability of Amdocs and the momentum in certain parts of the business I believe Amdocs as a whole is capable of much more. As such I am coming to Amdocs with a firm intention to reaccelerate our long-term
growth. Naturally, this focus on growth will require some investment, as well. In our first quarter outlook, which Tamar will describe in more detail, we are expecting that our non-GAAP operating margin will be down by 1% to 3% sequentially as a result of three major reasons. While I realize our emerging outlook is below market expectations, I believe that the actions we are taking are imperative in driving value for our shareholders, customers and employees. Let me try to explain why.

First, we are making several proactive investments to improve our knowledge base and knowledge sharing across the Company. We have hired many people into our organization over the past year to support improved demand. As a result, we are now placing an increased emphasis on training in order to improve our productivity and the quality of our delivery going forward. This is central to our success. Second, we are making investments in several customer-centric initiatives across the Company. Specifically, there are a few implementations with strategic customers, including customers in the cable industry, that warrant incremental efforts and additional resources from Amdocs. On the sales front, we have identified an opportunity in the emerging market, which may require up-front investment in the first fiscal quarter. We’re excited about this deal as it would mark an important milestone in building a long-term relationship with this major emerging markets carrier.

Lastly, due to the changes in their business direction, Clearwire very recently decided to suspend a portion of its billing implementation with Amdocs. This will put further pressure on our profitability. We are disappointed by this direction, given the fact that we have successfully launched one phase of their system over the course of fourth quarter. However, we respect Clearwire’s business decision and we will continue to support all of Clearwire’s customer base under our long-term managed services contract.

I will conclude my remarks by saying that my job certainly comes with some challenges, but these are challenges with solutions. I believe that we have the know-how and the right people to overcome these challenges in the near future. Amdocs is an outstanding organization with a very large market opportunity, and I intend to bring new energy to it.

With that, I will turn the call over to Tamar.

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

Thank you, Eli. Fourth quarter revenue of $762 million was within our guidance range of $755 million to $770 million, with more favorable foreign currency fluctuations providing approximately $3 million benefit to the sequential revenue growth over the third quarter. For the full fiscal year, revenue increased to $3 billion, up 4.2% from $2.9 billion during the year-ago period.

I’ll comment specifically on our fourth-quarter results in our three key geographies, as we expect to receive questions on them. Encouragingly, our European business showed signs of stabilization during the fourth quarter. We remain hesitant to draw hard conclusions from their performance given the volatility observed in Europe over the past three years; however, the region showed signs of improvement relative to where we stood in July. North American and rest of the world revenues were roughly in line with our expectations. I think it’s important to point out that the flat sequential growth in North America was the result of a decrease in our directory business offset by an increase in our telco-related revenue. Also in the rest of the world, as we mentioned last quarter, we completed a major project in Australia in Q3, which placed a drag on our sequential performance in Q4. However, the emerging markets continue to perform very well.

Moving on to profitability, our fiscal fourth quarter non-GAAP operating margin of 18% was down 30-basis points versus the prior quarter, primarily due to an increase in our sales expense and R&D. Non-GAAP EPS of $0.62 was $0.02 above the top end of our guidance range. While our overall operating results were in line with our expectations, we did benefit $0.01 from a higher-than-expected contribution from net interest and other income and a slightly lower tax rate. In addition, our share buyback activity in the fourth quarter contributed roughly $0.01 of upside to our EPS that was not captured in our guidance. While non-GAAP net interest and other income was modestly positive this quarter, for forward guidance purposes we continue to expect that net interest and other income may be negative in the range of a few million dollars quarterly.
Free cash flow continued to be strong, coming in at $120 million in Q4. This was comprised of cash flow from operations of $148 million, less approximately $28 million in its capital expenditures and other. DSO of 69 days increased quarter over quarter by eight days, of which five days were directly related to invoicing milestones with AT&T. Our total deferred revenue, both short and long term, was approximately $10 million sequentially while total unbilled receivables were down modestly. Our cash balance at the end of the fourth quarter was approximately $1.4 billion. However, this includes the benefit of $200 million that we drew down on our credit facility for tactical financing purposes in September. We have since repaid the $200 million, which was only outstanding for a few weeks. Our net cash, therefore, was just over $1.2 billion on September 30.

Our 12-month backlog, which includes anticipated revenue related to contracts, estimated revenue for managed services contracts, letters of intent, maintenance and estimates of ongoing support activities was $2.525 billion at the end of the fourth quarter, up $55 million sequentially, of which about $10 million was the result of favorable currency fluctuations. During the quarter, we repurchased $181 million of our ordinary shares pursuant to our authorized share buyback program, as we felt market positions continued to present an attractive opportunity to be relatively aggressive. As of September 30, we had $311 million remaining outstanding under our current $700 million authorization.

Looking forward we expect revenue to be within a range of $760 million to $780 million for the first fiscal quarter of 2011. In this guidance we expect currency will positively contribute about $7 million compared to Q4. We anticipate our non-GAAP operating margin in the first quarter to be within a range of 15% to 17%. As Eli said in his remarks, the decline in the operating margin is a result of three primary factors; first, our decision to take several proactive investments in our people; second, our investment in certain customers and initiative; and third, Clearwire’s decision to suspend the next stage of its implementation.

To try and frame the relative impact on the margin in the first quarter the majority of the expected sequential decline is related to the customer-centric initiatives, which by nature have a broader spectrum of potential outcome. This is leading to the wider range of expected profitability factored into our guidance. We anticipate that our non-GAAP tax rate will remain in the range of 13% to 15% and expect Q1 non-GAAP EPS to be in the range of $0.49 to $0.58. Incorporated in this view is an expected average diluted share count of roughly 195 million shares in Q1 and the likelihood of negative net interest and other income due to effects from foreign exchange fluctuations. We excluded the impact of incremental share buyback activity during the first quarter, as the level of activity will depend on market condition.

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 Tom Roderick with Stifel Nicolaus.

Chris Koh - Stifel Nicolaus - Analyst

Hi, guys, this is Chris Koh for Tom Roderick.
Hi, Chris, this is Eli.

Chris, thank you very much for the question. So first of all, the second question. No, we actually intend to gradually go back to higher profitability. We don't like this pressure, as you probably don't like it either, and we will try to make it as short as possible. I would imagine it's a short time, it's a few quarters, but I think that towards the end of the year, probably, we'll start seeing it creeping up. And it also depends on some of the activities that we just talked about because some of them asynchronous and they come when they want, like customer initiatives.

In terms of the more color about the activities more than what we said in the call, I would say maybe one emphasis, on the knowledge base and the training of our people. As we said, we recruited a lot of people in the last few quarters, basically to meet demand and we see more demand. We actually had very strong sales in quarter four and we expect those sales to turn into delivery projects within the next couple of quarters. So since we are recruiting people, if on one hand are graduates of computer science and engineering school, but on the other hand we put them into Amdocs schools and we want also to put them through some kind of real-life environment before we actually send them into the project. So this process is definitely a load for us, but we believe that with the amount of projects that we are going to deliver in the next few quarters, it is imperative to have the best people and the most trained people, and since some of them are new, we had to go through such a process. The rest of it I think we -- it's kind of self explanatory.

Great, thanks. And then on my follow up, are you able to share with us roughly how many heads you've added, whether it's to this quarter or next quarter?

We disclosed that we already have over 19,000 employees.

Okay.

If you compare it to where we started the year obviously it's an addition of a couple thousand.
Significant numbers. We're talking about over 1,000 people to go through this process.

We'll take our next question from Shaul Eyal from Oppenheimer.

Thank you, operator. Hey, guys, good afternoon. Eli, welcome on board.

Thank you very much.

Hi, Shaul.

Hi, Tamar. The addition of the headcount that you just indicated, is that mainly in India, or can you provide some more color about the geographic break down of this headcount addition?

We actually recruited massively in several places in the world, in the US, in Israel, as well as India, so I would say it's across the board. India being a very large development center for us so naturally we've recruited a lot there, as well, but I would say it's spread out more over different geographies.

Got it. And Tamar, any indications, any thinking about potential annual guidance, or are you going to keep it for the February analyst day timeframe?

So, when Eli's transitioning in we feel we need to review the full-year 2011 plans so we don't want to commit now for when exactly we will give annual guidance. Definitely the analyst day would be a great opportunity in February to talk about long-term plans, a strategy, and giving further term -- a longer-term outlook.

We'll go next to Ashwin Shirvaikar with Citigroup.
Hi, thanks, and Eli, my congratulations, as well, and welcome back.

Thank you, Ashwin.

My first question is with regards to the sizing of the three pieces that are hurting your margins and Tamar, I know you gave some very rough guideline that the customer-centric initiatives are the bigger piece, but if you could look at each of the pieces and size order or rank them and say some words on the timing? Because, for example, the Clearwire billing impact I would imagine it's a one-quarter impact and you would presumably make the cost adjustments needed right away to adapt to it. So can you provide that?

I would say that the -- definitely the customer-related initiatives are the ones that are creating the broader possibilities in terms of the different outcomes that can happen, both in terms of our own decisions, as well as the opportunities that are impacted also by the customers decision, not only our own side. Looking on the Clearwire specific item, it's not necessarily just a Q1 issue. Yes, definitely Q1 is the worst as it takes time to ramp down certain investments and workforce that was deployed into that specific project, but it's a reset of the overall scope that we had originally planned with Clearwire and it's something that we'll need to consider going forward of what is the exact impact. It's relatively new decision of Clearwire to take a different business direction that impacted our own implementation there and something that we'll need to evaluate going forward in terms of the arrangement with them, as well.

Okay. And in terms of the follow up I have, again going back to the customer-centric initiative, I want to clarify that it is -- is it driven by the customer, is this a problem contract type of a situation, or is it driven by Amdocs based on feedback? And then related question, when you pursue that strategic emerging market carrier I'm not quite sure what you mean. Does it hurt your buyback at all? Is it a investment -- a capital investment involved?

Ashwin, let me try to add some color to the customer centric. Under the customer centric there is A and B. We tried to distinguish between the two. The B is a new deal that we are pursuing in the emerging markets. Based on the nature of this deal, it's clear that we'll need to realize some losses up front, but this is one of these penetration deals that we believe that once we all have it and once we deliver it, it will open up many opportunities for us in this specific geographies. So for us, it's absolutely an investment in our growth. This is exactly why we have a financially-sound Company and these are the type of things, but it creates the short-term pressure on the EBIT.

A, the first component that we just mentioned, are a set of implementations and I can give you just again in generic terms because when we are talking about implementation with customers, it's always something that we would require the customer's consent to share more information, which we would like to do some time. But when you go into strategic replacement of large systems, which are usually legacy system, when we replace something we don't replace it ourselves. We replace usually legacy...
systems, so these are the type of investments that you can estimate the best you can, but when you actually do the project, especially if it’s something new and it’s something that hasn’t been done before, and sometimes software engineering is -- there is some component of art into it and in these specific cases, these are projects that we found out that we’d better invest right now up front, improve the quality of the delivery that we have. And the reason why we also see it as part of our growth is because especially, for example in the cable, once we are done with the implementations of this type of stake we will have actually the -- we will be actually the only one on earth that would have an A-to-Z cable offering.

A to Z meaning CRM and billing and rating and workforce management, dealing with the technician and the set top boxes and activation and the whole nine yards. You need to remember that, unfortunately for this industry, for the MSOs mainly, no one until now actually invested in their future. So we decided to invest in it, we put our money and mind to it, and some of the implementations we are having some difficulties, so we think that we better do it now instead of just prolong it and it will create for us offerings that is second to none. So I hope that I gave you some better color on both end of the customer centric.

Operator
We’ll take our next question from Julio Quinteros with Goldman Sachs.

Julio Quinteros - Goldman Sachs - Analyst
Great. Hey, guys, thanks. Just going back to August of this year, in the Clearwire statements, there had been some disclosures about billing systems and I think in one of our conversations about those disclosures it sounded like you guys were comfortable that there was nothing incremental in those developments and in some of the comments that were made but obviously, that’s changed from where we’re stand right now. Can you walk us through the timing in terms of how things changed from the Clearwire 10-Q filings and their disclosures to where we are now in terms of the impact that this is now expected to have as we move into Fiscal 2011?

Tamar Rapaport-Dagim - Amdocs Limited - CFO
Sure. Thank you, Julio, for the question. Actually, when we, to be honest, saw this disclosure in the Clearwire’s filings we were very surprised because it was coming just after we completed a very important milestone of implementation there very successfully and you may recall that afterwards they actually came out with some clarification that, indeed, those issues they refer to in their filings are a part of the past. At the same time, and irrespective of this at all, they made a different business decision recently regarding some part of the implementation to suspend it is, not because of Amdocs delivery but because of their own business direction. So this is very recent development and we will continue to serve them on a managed services basis with their current subscriber base, as well as the potential growth. At the same time we need to reset now and discuss with Clearwire the implications of their business decision on the future implementation that we originally were tasked to do.

Eli Gelman - Amdocs Limited - Incoming President & CEO
Julio, maybe just one additional comment. When we started the project with Clearwire, we knew that Clearwire was actually very early adopter. They are trying to promote new technologies around the WiMAX and new offering to the market, so the fact that they are adjusting some of their business directions is not a big surprise. It’s not a regular carrier from this respect and I would imagine that in the near future, they probably would provide to the world better exposure to some of the changes that they are making, but we are basically sharing with you the derivatives of this changes and the implication on Amdocs.
Julio Quinteros - Goldman Sachs - Analyst

Okay, great. And just for my quick follow up, the pace of the impact to sales in terms of the changes and I think relative to your comments about trying to get back to a different growth path or an acceleration, how fast do you guys expect to see that through 2011? Is that -- or is that more of a longer-term payback in terms of getting some of these investments to show some benefit to your top line as you move into fiscal 2011 and beyond?

Eli Gelman - Amdocs Limited - Incoming President & CEO

Well, as a matter of fact, I don't really know right now. I suspect that some of it is longer term and not necessarily will be reflected in 2011 and I can share with you why. If you think about it, the telecom market is growing very slowly in some parts of the world, in some other parts it's actually declining, so that's the ocean that we are sailing in. The world economy is nearly stalling, going up, down, you know it better than we do. We basically decided to have different plans for the Company and, therefore, we're trying to regain growth in many areas with the expectation that will pay off as we move forward, so that's why we are -- we bent and we're building completely modern cable stacks, that's why we're investing in digital services applications, and we will share with you more about that in the analyst day. We're investing in OSS. In prepaid and postpaid convergence -- in convergence we are actually the only one that is going to address this specific market. It is small but it is growing the fastest -- these are the fastest component of wireless growth today in the world, and we're doing it because, first of all, we think we need to grow.

We built this Company for growth. I would say this is the DNA of the Company and while other people are either buying growth through M&A or cutting costs every day, we will actually watch very carefully our profitability. But the aim is to gain growth to the Company, this, I think, will be the most natural, stable position for this Company for years to come. Now part of it I hope to see in 2011, part of it I know we're a bending Company and the Company for many years moving forward as well.

Tamar Rapaport-Dagim - Amdocs Limited - CFO

In a way to complement on that, I would give as an example our investment into sales and emerging markets. If you recall in 2009 we were actually reducing aggressively the cost structure of the Company. We talked about the shift in the sales effort to emerging markets. Now a year later we definitely saw very positive results coming for that and we continued to realign where we invest in our sales efforts, in addition to other type of investments that Eli mentioned, to the areas where we see growth; managed services, emerging markets and so forth.

Operator

We'll take our next question from Sterling Auty with JPMorgan.

Sterling Auty - JPMorgan - Analyst

Yes, thanks, hi guys. I apologize, jumped on late so if I ask something repetitive I apologize. But in terms of the issue with Clearwire did you actually make any adjustment to your backlog for the situation?

Tamar Rapaport-Dagim - Amdocs Limited - CFO

Yes, we did, but it wasn’t hugely significant relative to the other new signed deals that we saw in the quarter, therefore you see in net terms growth of the back of this quarter.
Okay. And then the comment about the emerging markets I kind of caught briefly, are you suggesting this is like a typical managed service where you’re taking on a system that you know is not as profitable, may have some margin impact but it has a good impact to revenue and then you expect that to contribute positively over some period of time over the contract?

Not necessarily. That actually it could be one option, or one solution, and I really hate to treat it as a puzzle, it’s not. It’s just that some things we can share with you and some things are -- with new sales it’s under negotiation, so we don’t want to reveal all of our cards. But the other option, for example, could be just a deal that has a long-term implication -- positive implication for Amdocs, but the first deal is an investment in some components that are relevant to a specific region, for example. So some of the -- just to give an example, some of the localization activity of our system into a certain area could be an investment and later on we can replicate it in other places. It’s not necessarily that this is the case in this specific deal, but I’m just giving you some color that will make you more comfortable with the type of things that we are talking about. So it’s very specific things that we are investing first, knowing that maybe the first deal is a bit tougher for us to swallow in terms of the P&L, but the longer term really worth it.

We’ll take our next question from Amir Rozwadowski with Barclays Capital.

Thank you very much and good afternoon, folks.

Hi, Amir.

Good afternoon, Amil.

Eli, we were talking about -- you were talking about reaccelerating growth on the top line and some of the investments that you’re making. I was wondering, could you talk to us about what type of parameters you’re thinking about in terms of growth for the top line once these investments pay out? And the other question I had was, obviously you’re investing in driving traction with another partner or another customer here causing some of the pressure on your operating margin structure. Is this the new price of entry in trying to win additional footprints? Are we going to see this happen on a consistent basis as you go after additional carrier customers?

In terms of the specifics on the growth and rates and stuff that would help you model the Company, I think it’s a little bit premature for us to say something quite intelligent about it, so we will have to give us some more time there. But in terms of
the -- both components of the customer centric are not necessarily something that you will see on an ongoing basis. Sometimes it's just coincidence that we have a couple of them at the same time, but they are quite different in nature, as well. As I tried to explain that one of them is more -- one component of it is actually more of implementations that we want to -- we need to invest additional resources to get to where we were. These are new completely -- I would say some of them are groundbreaking projects and this is one type and we don't have groundbreaking projects every other day, fortunately I would say. And the second one is penetration but it's not always so costly. The penetration is not necessarily always so costly, but here it's not the penetration only for one customer, it actually could be something that will lead to expansion in the business in the whole region. So it is worthwhile, the effort, so don't get -- we want to get used to it all. We would not try to get used to it and you should not get used to it either.

Amir Rozwadowski - Barclays Capital - Analyst

Thank you for the incremental color.

Liz Grausam - Amdocs Limited - VP - IR

Thank you.

Operator

We'll go next to Jason Kupferberg with UBS.

Jason Kupferberg - UBS - Analyst

Hey, thanks, good afternoon, guys. Just a couple of questions. One, I was just hoping you could give a little bit more color or flavor in terms of what really catalyze the acceleration of the CEO transition? We certainly appreciate Eli, from your perspective your being anxious to jump into the job, given all of your prior work at Amdocs, but I guess when the announcement was made in early September it seemed like there was going to be a little bit more of a transition period. So was it just that you guys realized you needed to make some changes in the business and you figured why not just jump in and start doing that sooner rather than later, or just any other dynamics we should be aware of?

Eli Gelman - Amdocs Limited - Incoming President & CEO

Thank you, Jason, for the question. I would say it's probably a combination of several things. First of all, I took a nap for about two years but I've been with the Company for 20 years. I started as software engineer in development and then to customer activity and sales and marketing and M&A and in the last few years I ran the whole P&L of the Company. So it didn't really -- it's not exactly like bicycle. It's a modern bicycle but once you get into it, I was quite shocked to -- that everything came back to me in terms of customer names and then the P&L numbers and products and everything else. I mainly had to augment the new stuff that I didn't see before. I think that I am ready, I'm quite there, it's not a mathematical statement. So on one hand, we just started the transition. Six, seven weeks into the transition we just felt that actually there's no need for two CEOs for the Company.

The second component is definitely some things that I want to do differently. Every CEO comes with their own agenda or their own vision, and although I was number two to Dov for many years -- more than six years -- and we share a lot of common goals and common view of the world, still, we did not become one person, so we have independent opinions on different things. So these changes were naturally better executed by the new CEO, which is me. And from Dov's perspective, he did not try to slow it down. On the contrary, once he decide to move on with his life, so there was no point in slowing it. So in a way, if you think about it, no one wants a very long transition period, if you can avoid it, and here we are just taking advantage of the fact that
I've been there before. I wish to say that I'm a quick learner but it's mainly because I was there before and I could do it faster than maybe the original plan, and that ended up with the result that you see right now.

Jason Kupferberg - UBS - Analyst

Okay. No, that color is terrific, and just a follow up on the revenue side. How would you guys characterize your revenue visibility on fiscal 2011 now for the full year versus what your visibility was on fiscal 2010 a year ago? And just as we think about the second through fourth quarters of fiscal 2011, would you expect revenue to be up sequentially each quarter or could there be some hiccups in there related to Clearwire or any other factors?

Tamar Rapaport-Dagim - Amdocs Limited - CFO

I would say that generally speaking visibility entering 2011 is similar to what we've seen entering 2010. Then to the second part of the question, we're still reviewing the old plan for 2011 and I don't want to commit now to specific trends sequentially in the last few parts of the year so we will update you as we progress, probably next quarter. As we come to the analyst day, I'm sure we will be able to provide much more color on what are our plans going forward.

Jason Kupferberg - UBS - Analyst

Okay, great, look forward to it. Thanks, guys.

Eli Gelman - Amdocs Limited - Incoming President & CEO

Thank you.

Operator

We'll go next to Shyam Patil with Raymond James.

Shyam Patil - Raymond James - Analyst

Hi, thank you, guys. First question, in the life cycle when you guys saw strong top-line growth, the margin performance seemed like it was a little inconsistent. In this new cycle, Eli, as you talk about getting back to strong top-line growth, do you expect that to be accompanied by margin expansion, as well?

Tamar Rapaport-Dagim - Amdocs Limited - CFO

Shyam, I'm not sure what you're refer to as being inconsistent, can you clarify that?

Shyam Patil - Raymond James - Analyst

Just in the last cycle when you guys saw the strong top-line growth, it didn't seem like we saw a terrible amount of operating leverage and I'm just curious, as we look out to this new cycle, do you expect the top-line growth to be accompanied by operating leverage?
Tamar Rapaport-Dagim - Amdocs Limited - CFO

Generally speaking the business model of Amdocs is service intensive and being a Company with 95% of its revenue coming from service, you shouldn’t expect the margin leverage like in the fixed assets model or an Intel, for sake of comparison something totally different. So yes, we do expect to see some leverage coming from efficiencies. For example, if I'm looking on a managed service practice, definitely the fact we've created one organization that is handling managed services on a global basis, creating a very efficient operation, it means that once we will see more and more growth in that business, we should be able to see economies of scale. But I won't expect the magnitude you may have seen in other kinds of business models.

Shyam Patil - Raymond James - Analyst

Okay thanks and then my follow up. Eli, could you just maybe give your view on M&A. Amdocs does have a large cash collar and just kind of curious how you're thinking about M&A, what's your appetite for larger deals versus smaller ones? Thank you.

Eli Gelman - Amdocs Limited - Incoming President & CEO

Shyam, in terms of the M&A, I can say the following maybe data points. Since I've made actually probably ten different deals for the Company in the 2000-to-2008 timeframe it is something that we feel comfortable in doing. On the other hand, we do not rush to do things just to make sure that we keep on doing M&A. We are very careful about choosing the targets, and especially the strategic importance and even more important, how we're going to integrate it into the Company. So on one hand, I feel very comfortable with acquisitions as a way to grow by new technology, some time getting into a new segment or a market or whatever. But we are very careful because M&A is great only if you actually did your homework properly and I think that we have a good track record on that and I want to keep this track record alive.

I would say that we are not under huge pressure to augment our products. We are, by far, the best provider of products and services in the market. The [middle] strategy of our competitors still have a long way to go and every time they get closer to us we just open another step forward and getting away from the pack. So we do have competition but it's not that we are missing really heavily certain components. On the other hand, if we find components that can, again, contribute to the value that we provide to our customers and have meaning to our growth eventually, we will use our capital to do it. So in terms of specifics, obviously, we cannot relate it but we are not after -- in our space, at least, we are not after spending big money just to try to compete with Amdocs. We are the ones that other people are competing with.

Operator

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

Eli Gelman - Amdocs Limited - Incoming President & CEO

Hello, Tamar and Eli, and, Eli, congrats again on joining back Amdocs ranks. Thank you.

Daniel Meron - RBC Capital Markets - Analyst

A couple of questions -- sure. A couple of questions of mine, and the first one, just to follow up on the prior question. I think that Amdocs does have the best products out there, the best solutions, the most visionary player in the communications software space when it comes to billing and customer care, and OSS. But is there anything that right now is in the way of carriers adopting your solutions? Is there a trigger that we're waiting for, like LTE transition or something else, that prevents them from doing that? And then (inaudible) Amdocs growth going forward and seeing more adoption of your solutions?
Eli Gelman - Amdocs Limited - Incoming President & CEO

No, I would say that we don’t feel like it. Our system -- as far as tell right now in know implementation for LTE, for example, it’s a good example that you gave, not that many or fast -- they will get there but as far as we know, most of our systems are there already and I would say that if we’ll -- that we are not that worried about compatibility of our core systems, like CRM or revenue management or even OSS the current needs of the carriers, most of our questions right now is what type of platform and what type of application or services we can provide them. Mainly [they’re using the services area] because their struggling to define themselves there. So it’s not necessarily in the core normal course of doing business in the BSS the OSS, but augmentation to this core. But even then we completed several transactions in the last two years of technology mainly and we are integrating it. And once we be ready to share it, and I hope that maybe it will be even in February, we’ll give you some better exposure to some of the new things that we are doing. But in terms of our main products, I think we are ready.

Daniel Meron - RBC Capital Markets - Analyst

Okay. And then as far as -- and maybe it’s a little bit too early in the process, but where do you see Amdocs several years out as far as the vision for the industry and how do you see Amdocs evolving to that? Are you going to expand to additional areas or do you think that Amdocs is pretty much where it needs to be as far as businesses or markets, but you just need to do a little bit more to compel your customers to adopt your solutions?

Eli Gelman - Amdocs Limited - Incoming President & CEO

In general I would ask you to be patient, at least until February analyst day, but I would also say that I would not exclude any one of the ideas that you just mentioned. We have some ideas and directions how to grow within our market. With the geographies that we are and we can keep on growing into new services new telecom services that we can support and also outside of telecom eventually. So it’s be probably be better to discuss it as time goes by. Most likely we’ll give more color on that on February and then probably on the following quarters, as well, but I would say that eventually growth is in our blood and we’ll seek growth in a profitable way in many directions.

Operator

We’ll take our next question from Scott Sutherland with Wedbush Securities.

Suhail Chandry - Sutherland Securities - Analyst

Thank you for taking the question. This is Suhail sitting in for Scott. Congratulations, Eli, and welcome back.

Eli Gelman - Amdocs Limited - Incoming President & CEO

Thank you, Sohail.

Suhail Chandry - Sutherland Securities - Analyst

To go back to Clearwire, a question on the long-term managed services contract, I believe this is a seven-year agreement starting in 2009. Is that still the case or has anything changed?
Tamar Rapaport-Dagim - Amdocs Limited - CFO

The duration of the agreement has not changed, it remains in place. It’s the direction in terms of the scope that this agreement will cover. This is where Clearwire has made a different decision recently so we will continue to serve them on other parts that were planned originally and we’ll continue to remain in place going forward.

Suhail Chandry - Sutherland Securities - Analyst

Okay. And managed services as a percent of revenue for Q4 is that still about 45% or so, or has that kind of mix changed?

Tamar Rapaport-Dagim - Amdocs Limited - CFO

No, we haven’t seen any significant change in mix in Q4.

Suhail Chandry - Sutherland Securities - Analyst

Okay. And I noticed the wording, and you’d also mentioned this, so the Clearwire engagement, the implementation program the portion has been suspended. Is there any chance of that resuming at some point? Obviously the difference of customers priorities, et cetera, but other [arrange], is there a chance at that?

Eli Gelman - Amdocs Limited - Incoming President & CEO

Only if Clearwire will change their business direction. Suhail, at the end of the day IT is about mechanizing the business processes in a better way for our customers. If they go in direction A, we provide them products and services in direction A. If they go in direction C, we provide them product and service in direction C. Luckily for us we can provide them help in almost any direction they would go, but they have to make up their mind where they're go and since they need to make some changes, it affected us.

Suhail Chandry - Sutherland Securities - Analyst

Okay, thank you.

Eli Gelman - Amdocs Limited - Incoming President & CEO

Thank you.

Operator

We’ll go next to Daniel Ives with FBR Capital markets.

Michael Bauer - FBR Capital Markets - Analyst

Hi guys, this is actually Mike for Daniel. Just a quick question around the transition. Did anything within the competitive environment facilitate or really make you look at this transition? And then secondly, would it be unreasonable to assume an 18% operating margin by the conclusion of 2011? Thanks.
Tamar Rapaport-Dagim - Amdocs Limited - CFO

I don’t see anything in terms of the competitive environment that actually created different minds with regarding the transition. We are a well positioned against competition. We continue to, obviously, overlook our shoulders to make sure that we are ahead of the curve in terms of our solutions and offerings to the market, so there wasn’t any competitive development recently that created any triggering event here. With respect to your second question on the margin side, we obviously talked about some tough decisions that we took and in order to get to the right investment, the right, let’s call it customer-related activities. In terms of the full year, obviously, our plans is to try and improve those margins but we don’t want to over-commit now. We don’t see 15% to 17% of the new line where we want to remain. It’s a short-term related activities and we will come later with more plans and more details on when exactly this is going to be going up again.

Michael Bauer - FBR Capital Markets - Analyst

Thanks.

Operator

And we have no further time for questions on today’s conference. I’d like to turn the call back over to Ms. Liz Grausam. Please go ahead.

Liz Grausam - Amdocs Limited - VP - IR

Thank you very much for joining the call this afternoon. We’ll be around this evening if you want to call my office for follow ups and we look forward to talking to you in the future. Take care.

Eli Gelman - Amdocs Limited - Incoming President & CEO

Thank you.

Operator

Ladies and gentlemen, that does conclude today’s conference call. We’d like to thank you all for your participation.