Hello, everyone, and welcome to the Amdocs 2014 Analyst and Investor Day. My name is Matthew Smith, head of investor relations for Amdocs and I must say it's wonderful to see so many people in the room. A lot of new and familiar faces as well.

Before I start the -- go through the agenda, just some housekeeping, a quick look of the obligatory Safe Harbor statement. In addition, you should all have received some
information packs on your way in today containing the speaker bios, some press releases that we put out this morning as well as a selection of the slide and material that we'll be going through over the course of the new few hours. These include everything except Tamar's presentation, Tamar being the CFO. He will bring his materials later on today.

So just attending to the agenda, you know, it's been two years since we had our last analyst day and so what we want to do today is really provide with a deep dive and good download of the recent trends that have been affecting Amdocs, the way the market is shaping, some of the new product functionality that we're bringing through CES 9 as well as, of course, giving you an update on our outlook for the next three years including our financial targets.

As you can see from the screen there, Eli will start the day. Eli, our President and CEO I know you should be familiar too many of you in the room and Eli will talk about the market trends and how we've, you know -- our market trends and how we've met our goals over the course of the last two years or so and obviously, the growth opportunities that we see ahead of us for the next three years.

Following Rami -- following Eli will be Rami. Rami is the head of product business group and Rami will talk about a lot of the new functionality that we're bringing to the market through CES 9.2 and a feature of this presentation will be a very nice slick video demo that I think will give you all a very good oversight of the sort of ways in which we'll helping carriers meet an increasingly complex world out there.

Following Rami, we'll break for 10 minutes and I will come back with Shuky Sheffer. Shuky is probably a new face to many of you, but he's a stalwart of Amdocs. He's been with the Company for many, many years and he's the perfect guy to come and talk about our successes and with some of the strategic relationships we're building particularly in the higher growth markets of the world.

Speaking of which, Shuky will then hand over to Phil Jordan, our guest speaker for the day. We are very honor to have Phil here. He's the Group CIO for the Telefonica and we're very much looking forward to hearing Phil's presentation and particularly with respect to the shape of the telecommunications industry, the complexities and, of course, the evolving relationship with Amdocs.

Following Shuky -- sorry, following Phil Jordan, we'll go to Anthony, the man I simply refer to as Anthony, we kind of struggle with his last name, but Anthony is the President of the Amdocs AT&T Division and Anthony will talk a lot about the good things that we've been doing with AT&T in the last two years or so and, of course, the growth opportunities that we have ahead of us over the next years with AT&T.

From there, we'll take another 10-minute break and then we'll invite Tamar Rapaport-Dagim, our CFO to talk about some of the recent financial trends and, of course, to update you on the fresh three-year outlook that we'll be issuing today.
After that, we’ll wrap up with some Q&A and finish you out at 4 p.m. So without further ado, I'll pass it over to Eli. Thank you.

Eli Gelman^ Good afternoon, everybody in the room and [to those who are on the webcast. I'm really happy to be here. I would try to -- in the last 40 minutes or so, I would like to do few things.

First of all, I would like to go with you through some kind of score board-like report for the three years at that time with the New York Stock Exchange and how we did against the list of things that we took upon us to accomplish and how the Company ranked against this list of activities.

I would also like to talk about growth strategy, what we have done up until now in the last couple of years and so our last analyst day in December 2012 and we see going forward as growth is my fetish in the Company lifeline and I want to stress this point and again to kind of share with you where do we see the growth coming from.

And also I would like to go through the investment thesis, kind of what does it mean to own Amdocs or DOX and why do we think it's such really a good thing to own Amdocs. So this will be kind of the three items that I'm going to go through.

Before I got there, with you permission, I want to take a few minutes and kind of recap who we are, what is Amdocs. For some of you, it's kind of trivial but I find out that it's actually important to mind people because they are not that easily compared to other companies in the space.

So first of all I would say we are an advanced IT information technology company. Everything we do, establish software or otherwise intellectual property of some kind. Business processes, methodologies and all the way to a very advanced software.

We do this within the telephone industry the last 25 plus years. The Company's existence for 32 years in IT is a long time. On the other hand, we are not a pure telecom company. In other words, we do not build base stations or fiber optics repeaters or switches.

We build software that helps their carriers to serve their customers better on all aspects of the telephone company. It doesn't really matter if they’re telephone company, wireless company, broadband, internet, cable, satellite and anything in between, fixed line of growth.

That it's to say that we held the carrier, so our obligation to serve customers, customers meaning you and I as any individual, small and medium businesses, law firm or whatever, all the way through big enterprises, you know, the FBI or the U.S. government is a customer.

So by that, we are basically providing their applications that cover the entire space of the activities from designing a network, running a network in an optimized way through
radio optimization all the way to ordering and provisioning, of course, dealing in relation with the banks and everything in between.

So that's one thing that it's very clear, I want to make sure it's kind of clear so our customer experience system and provide them. We do it in a very unique business model. That is to say we develop the core product, the core software in many cases, in most cases.

We implement these services ourselves. In other words, we do not give it to someone else, generic SI because it's so complex. Not only that we want the business. We actually kind of ensure that quality and the viability of the project by the providing the services ourselves.

And about 50% of the cases, we also provide managed services to run the system for this carrier. Running the system is not necessarily the data center. This is not -- it's almost a commodity today.

But running a very good system means that you can monitor, you can actually detect ahead of time issues with the systems and prevent them ahead of time. It means that you can actually decide what to do. It's a very, very complex set of obligations that depends on each other. If one of them fails, what do we do with the rest of them?

We're talking about environment that runs hundreds of jobs at any given time. So this almost artificial intelligent level of saying what to do at any given time, it's part of the operation. So again, we do software-based managed services, we do implementation services and we do code itself.

The end result of this is that we have a very predictable almost guaranteed accountability model. When we start a project, we will finish it. I would like to say on time, on value with no issues. Sometime, there are issues. Sometime, it's sweaty.

But we do provide at the end of the day almost 100% guaranteed that project will be successfully done which is a very, very unique thing in our industry. Most projects in our industry, most many -- more than 50% either fail completely or cannot produce their target, the business targets that have been set for this project.

So we also have with that a recurring and a predictable model going on because when you have managed services, when you have large projects, you usually have projects that you have to understand how they will behave in the next three quarters, four quarters, sometimes four years. So the recurring aspect of our business is actually much better than most IT companies and I'm talking about some of this range on.

The third component I would is what we do. When you thing about it, the environment of the telecom industry, again regardless if it's wireless or cable or triple play or quadruple play, is getting more and more complex.
We're talking about more networks, 2.5G and 3G and 4G and Wi-Fi 2.0 and small cell and what have you, more devices, more services being given or rented on each device and each one of us has different persona at work, at home, as a family, as an enterprise.

When you combine all this logically, it's a very complex environment. The users on the other hand, us, SMBs, they want to click few things and order pizza. Comment, that's it, they expect it up in 20 seconds. Actually my kid expects in 2 seconds. That's their world.

So in a way, we cannot take away the complexity. What Amdocs is doing between this complexity and the simplicity to the end user we'd like to see from the carrier, that's Amdocs.

We hide the complexity. We make it simpler and Rami is going to go through some presentation of simple things that look very simple from the outside underneath their hood to order it, provision it, bill for it and monitor it and so on so it's very complex. That's what Amdocs does in this environment.

So it's a highly connected - hyper-connected world, very complex environment, everybody wants to consume communication more and more and it's really quite complex to do. So that's where Amdocs come into play and as a matter of fact, the problem gets more complex.

There are bigger carriers because they consolidate, we'll talk about it in a minute and therefore, there are fewer and fewer supplier like Amdocs that can actually solve this type of complexity.

I'll go through the details but the nice thing about the Company is that we have multi-dimensional growth strategy. We can go onto product side, on the services side, on geographies, I'll talk about it.

The multi-dimension of the growth strategy of the Company has been demonstrated in the last couple of years and I'll give you more details about it but it's part of who is Amdocs.

Last but not the least, I would say I'm fortunate to have a very experienced, very seasoned management team. Some of the names that are new to you really not new to me. We're working together for 20 years and this is the type of management you want to have in a company like this. And we're going to share with you a few of the new names today, their faces but definitely not the only one.

With that, let me go through the scorecard on how did we do from December 2012 until today. You know most of the data but I will put it in a certain way that will crystallize it.

So I would -- I actually took the slide in 2012 and probably I will take slide today two years from now. So first of all, we said let's focus on the core. On the core, we were set to develop the most sophisticated aspect of applications which include more or less 40
applications in OSS, revenue management, customer management, big chunks of components of software.

And we set to develop the most sophisticated advanced version 9. We call it internally the wow version and it is a wow version and Rami is going to go to some of the details there.

We moved all of our applications, vast majority of them to real time. We don't really have much applications anymore and we did in a very seamless way. We did it in almost the fault tolerant mode. We can talk about high volume of prepaid and postpaid and data crunching for millions and tens of millions actually over 100 million subscribers on one system.

You need to understand this is the volumes that in disguise of what Google would do in a peak hour. So we're talking about very, very high volume on a sophisticated type of application.

We've end up to the emerging markets. That was our strategy in the last two years. We announced this morning a very important project tin APAC with Singapore telecom. That is to say we're going mechanize the entire Singapore Telecom in Singapore and in Australia at the same multination, multi-currency complex and it's multi-play that it's to say wireless and all the way to video and broadband and anything in between alike.

I think that maybe the way to put the achievement of the Company for the last couple of years is that for many years, actually for 2 years, we had one major what they call galaxy, a multi-national and multi-operation top company that was Vodafone for many years.

So in the last two years, not only that we improved the relationship with Vodafone, we expanded it and we have more project with them and we have managed services with them and so on and so forth. But in the last couple of years, two or three years, we basically penetrated and we have significant projects with companies like Singapore Telecom like Telefonica. You will hear Phil Jordan later on talking about their vision how to go about multi-national issue.

It's a big problem. It's not like something that we just need to read the book and implement it in American mobile. So going from one galaxy to four within such a period of time, it's a really a major achievement of the Company.

And obviously, with any - our model is to do something with one of the operators maybe revenue management application in Argentina, maybe the wireless, then you go to Ireland, then you go to Peru, then you go to somewhere else and that's the expansion.

The more the Company provides and we have a very wide breadth of applications and services, the more we can actually do and provide value to these customers and the idea is quite simple, we keep doing the best job we can and the carriers will actually give us more business. It's very value-based type proposition.
It happened to be that the subject we're doing is very, very complex and therefore, there's a better chance that we will win additional business if we do good to walk on the initial launch.

And we said that we are going to expand our software-based managed services. Vodafone ASCC which is the name of the project internally is a good example of that but also Globe in the Philippines which is Singapore Telecom in the Philippines is a good example of managed services.

That is to say that we build an operation 24/7 with all the controls and checks balances so on and so forth in Manila from zero to 260 people within a year and a half, actually a year and since then we're on in state to say. So we really check all the boxes around the core in a very significant way. It's like a big V.

The second component, we say let's leverage market dynamics. Market dynamics in the last two years have been basically two, consolidation and the second one was the emerging line of businesses, new stuff.

So consolidation is a lot of unknown because it's happening as we speak. If I constitute North America, AT&T is big unknown for us. Cricket is unknown. DIRECTV seeming it will be also, it's an unknown domestically and international. It's like two unknowns if you want.

And then they are buying [UCELL] in Mexico and maybe it's part of the strategy to go up to Latin America, we don't know, but these are part of the consolidation. It creates opportunities. Short term could be some pressure as we mentioned more than one time but long term, that notion is that the combined company will have a bigger problem to solve.

It's bigger company. The synergies are not by combining two CFOs into one. The synergies are by aligning beacon system, by aligning, you know, the services, Pan-European service, Pan-Latin America service, these are the types of things that really makes sense of this consolidation.

Multi-play, coming from one wireless company to a multi-play company. That's where the claim to fame for all this consolidation is all about. Same goes with Vodafone, they bought Ono in Spain and Cable & Wireless in the UK and Kabel Deutschland in Germany.

And the same goes with Telefonica, they go after quadruple play as much as they can in any market they're actually going through. That's kind of their notion here.

So consolidation will continue. Again, short term, it might represent some pressure on Amdocs; longer term, we believe that this is on statistically and also proven in the last few years. It has been a good thing for Amdocs. The second one -- so it's like -- actually, we don't -- some of it we don't know yet.
The second one is the emerging business offering. Basically, we announced this morning the new offering from Amdocs on the mobile financial services. This is a focus on the emerging markets mainly.

We don't think that the payment issue in North America is such a big thing. Everybody has credit cards or debit cards or other things and you can swipe it and NFC it. All of these are not really fundamental problem.

In the emerging markets, we are talking about Indonesia, Philippines, Mexico, many other countries. You know, a lot of people walking with phone sometimes even a smart phone but they're unbanked or under banked as a minimum.

They don't -- and there was actually no reason for the banks to be in thousands of branches over the 3,000 islands of Indonesia. So the problem is real and we are trying to solve this mainly in the emerging markets. So we announced this morning the product set. We also emphasized something we did not before mainly because we don't want the competitors to imitate us like they usually do.

And we bought a company called Utiba. We announced some deals in India. We actually believe India is going to be a very important market for all these electronic top-ups, electronic wallet, all the way to mobile financial services. It can get out through all the way through loans.

Different markets will have different regulatory environment. In this specific case, the announcement was between the State Bank of India and BFNL which is the largest infrastructure -- telecom infrastructure in India. But we intend to walk more and more in there.

Where is Patrick? Patrick McGrory is actually the head of this division, he's sitting here. So these are very important components for us. We had some other activities in the connected cost space. Some of them we announced, some of them we do not. I would not go through all the names.

But we give ourselves, you know, a good -- relatively good marks but not perfect on this space. And the last one was let's capitalize on the adjacencies, on stuff that we can do outside of our core.

So in the last three years and a half, we are very active in moving through the network software. Rami is going to talk a little bit about it but we started with RAN optimization, radioactive network optimization. This is very relevant, very well accepted by the market.

This is a mathematical software problem. It's not a base station problem. It's actually hard to use better the frequencies that cost a lot money to all the carriers. With the action prices going through the roof, it's become even more relevant.
And when technology require more boundaries, you need more spectrum, so how to optimize, it's very, very relevant. We did that to do acquisitions. Since then, obviously, we put more money into the R&Ds as well not only the integration, the integration is done.

And we see very nice success so far with this thing. We believe it will continue this way. We also expanded some of our services, IP-led services not only software services. I'll talk about that in the context of continuation of this under the codename service 3.0 for Amdocs and Eric Updyke actually sitting here. He is responsible for all these services 3.0.

And in terms of the video, we basically made video as one more service that the entire CES 9 spec addresses. So we don't have a special system for video. It's part of quadruple play, part of triple play, part of whatever you want.

So it can be a private case. You can implement it as a video or you can implement as multi-play. So it's a very, very fundamental and quite fast thing to do. Rami will demonstrate some again a glimpse of this component and I think we got a good point to that.

All together, the Company did well. We have strategy. We are very, very focused on the strategy. We are not inventing things, some thin air, floating from here. That's not us.

So it's quite persistent, it's quite predictable and I think it's good because companies our size with 22,500 people cannot make short terms and if they do, it's actually wrong terms. So we take, you know, like in morph, we change over time and I think this is the right way to do it.

So the numbers followed. So first of all, the Company is growing in the last three years. The Company is growing in the last couple of years. This year, we came through 3.56 which is about 6.5% year-over-year.

Some of it was acquisition, some of it was organic. We guided the market through continued growth. The market -- IT market on weighted average in the world I at 1% to 2%. We grow 4%, 5%, 6%, depends on which year.

So we grow faster than the market which is a representation of our strong position in the market. Now it's basically said by a very simple rule, high win rate of transformational project, as simple as that.

If we don't win the Singapore Telecom at all and the Telefonica transformation and there are not many of them and every given year, major transformations like this are only few, a dozen maybe, a dozen and a half and we win a large share of these new projects.
Obviously, there is a lot of long terms of home grown and other companies also that we win a line share of the new businesses which is a demonstration of our strength of our product and services and our position.

Now in terms of that EBIT, the EBIT is fairly stable. Both the revenue and the EBIT are very stable but we need to understand on the topline, I talked to some of you one-on-one on that.

Sometimes the Company will grow let's say $200 million for the sake of discussion. It could be plus $310 million, minus $110 million. It does -- it's not -- the $200 million is a net but there is a lot of moving parts underneath this big machine called Amdocs.

But it's natural because before it gets to fruition, we deliver them, they go to OGS, to ongoing support, CRs, so significantly reduction. Now we obviously maintained this because we need these people that are being released and use them differently in other projects.

The same goes about the EBIT. In a way, we have kind of running the Company in such a way that we try to go with this 16% now -- we used to be 16% to 17%, now 16.2% to 17.2% creeping up all the time.

But the idea is that every time we do better on the internal machine, we code better, we develop better products, we deliver better, we gain some of the savings and see some of the growth. Otherwise, I need to go to new guide investors and every time ask for permission, you know, or giving it or whatever that we need to go for two quarters to 16.5% and we're coming back, of course.

No, we don't want to do that. So what we are basically doing is that as the Company is improving internally, we're using some of the sufficiency to feed some of the growth without expanding the R&D in a significant way and by that protecting in a way the investors from all the selection also on the operating margin line.

So we've been cruising with this nice line and we generate throughout the process really nice cash flow. Even if it takes $500 million of those a year and the last couple of years are actually better than that, even that, it's about 7% or whatever from our market kit. It's significant cash flow generation and it's a very consistent one.

Why? Because it provide very consistent value to our customer. There is no magic there. It's the same thing I said before. We just say something, plan it very carefully, execute it very carefully, providing the service, collecting the money and we generate cash.

So it's not a machine that works by itself. It works because we keep on feeding the R&D to improve the product set. We keep improving the delivery and the managed services to do it better. So it's IT professionalism that really drives over that and we just try to run a very tight set.
So that's in terms of the numbers. So how we deal it in terms of what is the magic. There is no magic. I share with you the magic. The magic is that we cannot generate waves of progress. I told you that more than once. This is the term that I use internally.

What we can do is identify trends, a wave and like a good wave surfer, we just basically can ride it. So what was the last two years? So this is kind of the growth story, the rationale behind the growth to show that it's not a magic in the last two years.

So first of all, there is one specific trend which is very applicable with the rest of the world which is prepaid to postpaid trend. The scratch card prepaid is going away over time and more and more people want to have a descent service with its carrier, relationship with the carrier, bundle service, whatever it is.

And there was influx of data both in the emerging market and the developed market. So for both, we basically focused on the emerging markets for the prepaid to postpaid. That's kind of the fundamental reason why Telefonica needs new systems in difference countries. That's why American mobile did the same thing. That's why Singapore Telecom needs project in Philippines and in others.

And on data, we created ahead of time turbo charging and real-time, carrier grade real time, switch over in less than two seconds real time. Anyone who's an engineer would say wow, you know, but I don't expect it.

Nevertheless, this trend is something that we identify usually a year to three years ahead of time. We need to do it. We don't have a crystal ball but we have a very good intimacy with this industry.

The reason why you need to do it ahead of time because when the carriers need it, they need it yesterday and the implementation takes time as well. But carrier grade top software in the high volume that we're talking about, high intensity, takes about a year to two years to develop. That's reality but we usually say 12 to 18 months.

And we need right in this aspect and that's why we monetize it through all the projects that I just mentioned, these two trends, the prepaid to postpaid and the data consumption.

Second one is consolidation, again, the notion here we're identified. We said it two years ago. We are not, you know, magicians but that's the trend we are seeing. So what we did, we basically had a strategy decision for about seven months.

We came to the conclusion that the kings of tomorrow actually are the kinds of today. So we went after the kings, the Telefonica of the world, Vodafone of the world, AT&T of the world. These are the people that are consolidating, that are consolidating in the smaller companies and that was a very good thing to do and as I said, we expanded our relationship with all this and Shuky will actually give you a lot of details about some of these expansions.
And again, some of them as I said before are unknown. They're happening as we speak especially in North America but not only and, you know, the jury is still out. We believe that we will get some piece of it as well.

I mentioned the simplification, the complexity of the infrastructure of the telecom service and the simplification. People want it simple. It's not simple to make a complex thing look like simple. You cannot take away the complexity but you can hide it.

Rami will talk about what is multi-channel self-service. That is to say you can actually do from your own phone, iPad or whatever a lot of activity. You can cover 80% to 90%.

In a multi-channel it means that it doesn't really matter if you stop with your IPTV at home. You stop there, you move to your car and you continue doing it in lunch time. You call the call center to continue from the same point. This is multi-channel. You can get into any touch point and it will be continuous -- seamless continuously sealed.

The other one is multi-play. We term CES 9 to multi-play. It doesn't really matter if it's wireless and wireline, wireline and broadband, broadband and video, video and satellite, all of the above, actually we are preparing the system to support wearable, connected cars, connected home, it's all part of the same multiple.

People do not think about it that multiple service is actually part of our wearable devices. Someone needs to serve all these things. It was quite complex when only us people were using communication. Now every refrigerator, every car, every something gets away, born with a SIM card, SIM card nature now -- in nature.

So the multi-play is a very important component of what we have done. Second thing, SMB, small-medium businesses and enterprises. This is the sweet spot of a lot of the carriers.

A lot of people can channel very simple service. The simpler the service is, the easier is the term. But when you think about multiple services, when you think about SMBs, law firms, pizza chain, whatever it is or a large firm, it's much harder.

So to improve this complexity which is even more complex by order of money did more complex then the consumer aspect is something that we have done in the last two years. And last but not the least, we're all the time addressing the complexity of the environment and how to reduce the cost structure of a telephone company.

So specifically I'm giving two examples, the managed services which is basically running in a better KPI, the operation of the telecom regardless what component it is and RAN optimization. Radioactive network optimization is absolutely not only saving money and making their network more efficient, it's actually providing a better customer service and I can talk about it later because it relates to the future.
So that was kind of the reasoning behind the growth up until the last two years but it continues and I want to kind of convince you or share with you why we believe that the next trends are relevant trends and how we're going to address them.

So this is the future and it's a little bit more complex. This time I chose a lady to surf and the trends are usually more complex, right? What they're going to do? First of all, we are going to keep on expanding geographically. This is kind of the simple thing.

And, of course, we will try to win as many projects as possible with Telefonica group and Vodafone group and American mobile and SingTel and others and if AT&T goes to Latin America, I wish we can convince them to use us in Latin America.

But also there are specific regions that we are not that strong. It just happened to be this way. We have nothing against these regions. That includes India including Mexico, large country, we have very little business there in Mexico, Germany, the heart of Europe, the strongest economy probably in Europe and so on and so forth.

And also what we designed and what we managed to prove to ourselves is that we can take the same CES 9, the same spec of applications and use it all around the world. It's not a simple thing to do the same type of software for here to wireless only operators in one part of the world and to the AT&T and Telefonica on the other end of the world which are multi-play, multi-currency, multi-nation whatever.

Not a lot of software companies can create one stake with one CRM, one billing, one charging, one invoice and one workbook system, one everything. So the fact that we can actually do that in multiple ways is a very, very significant ability for the Company to keep on expanding on regions. Obviously, we plan to get into new region, we find out new things that, you know, there is a tweak here and tweak there but these are usually smaller surf and not big surf.

The second component is actually the consolidation. As I said before, we believe that the kings of tomorrow are the kings of today. So I don't think that someone will come out and push Telefonica out of business or Vodafone out of business. With all due respect, they will not.

And now a few others that we did not have a knowledge because they are not as big in the beginning and we went after and they're really controlling this, the names that I just mentioned but there are VimpelCom group and then TeliaSonera group and few other bodies of very large company. I'm not guiding the market. We don't know that they have projects there at all. I'm just saying as examples of regions that we or mega carriers that we can actually go to.

Consolidation in our opinion will continue in the next few years both in the wireless, in the wireline, the broadband, in pay TV, all around the world, all around the world. This idea to have four, five, six carriers in every given market is not sustainable. We've said it before, it's actually proven as we speak.
And on new lines of businesses, one of them is the mobile financial services. As I mentioned before, it's something that we put a lot of emphasis on. We don't know if it's going to be a big business. We hope so.

We're right now in the beginning of these projects. We own a company. We now accelerate the R&D. Patrick is pushing it all around the world. But it's something that can be in several years from now a major business for the Company.

We're looking to the Internet of Things or internet of everything. We started with the connected cars. We actually have some project on connected home as well that we did not announce yet, we will and we don't know where it's going.

I think we have an idea but again it's part of our -- on the agenda. As always, we do stuff that is very focused on specific problems to solve. Otherwise, it's a very [hype] topic.

Another hype topic is big data analytics. We announced big data analytics recently. Rami will give a few examples of that. We're not trying to solve world hunger. We are trying to address specific used cases and specific segment of a specific industry which is communication.

We do not believe in this entirety we'll solve all the problems of big data, just buy a lot of stuff from us. And we would not develop stuff that we can buy. We do not develop Hadoop databases. We'll take it from IBM, EMC whatever.

But when it comes to intimacy of understanding the data element, we were to book on that. So our data center can do a very, very accurate work. And then we understand the field in the business processes and what the trends and what trends you need to look for in order to identify something.

So Rami will talk about two or three significant projects that we had in this field and again, we'll watch it very carefully. We're going to spend more R&D money into. It's one of the topics that is going to disproportionate amount of energy.

The next layer or the next phase of our customer management is the contextual and actually social multi-channel. Rami will demonstrate again some of these things. But in a way, it doesn't really matter that you only the click box. You need to click the box and you need screens that are relevant to what we are trying to do right now and to this specific service that you're consuming.

It cannot be one type of services to all CSR, one type of screens and flow to anyone of us. It's very different from one place to another. So if you head the social data that we know about people and the activity that they do across the telecom consumption, we actually can come up with a very interesting thing there.
On the big data analytics, I'll also mention another comment too. When you think about
the people that are doing it well like Amazon and Google and so on and so forth, what
identify them is that they're using big data analytics of all information, where we have
been, what we bought, so on and so forth to improve their own business to sell you more
or sell you as a product to an advertising company.

What we believe could be the differentiator for the telecom industry, they have a lot of
information about all of us but they can take it and use it for better customer experience.
Why we want to predict, why are we walking into a store or calling a call center, why we
want to offer you a more tailored package to your life and to what you do rather than to
offer you something generic.

So there is a really strong notion here that the intimacy of the cares with the customers
can to be a very unique proposition using big data analytics for better customer
experience which happened to be our middle name.

Last but not the least, I mentioned network software. We're actually moving slowly but
surely into NFV, network function virtualization. So we just don't only talk about it. We
already took some of the application we have right now.

Network function virtualization basically is turning boxes, hardware that being shipped
and with technicians and connector into software. You can have another instant. You can
have higher volume. You can do whatever you want on software.

So we already took some of our triple AAA applications, our policy applications, RAN
optimization, we virtualize all of that. It's pure software on any machine in a virtualized
world. That's already done, walking in production today, it's another theory.

We are walking into more services, more systems orchestration, more ordering,
provisioning aspect like this in this field and services 3.0 is to provide a lot of services
within our domain of expertise. That is to say, BSS, OSS, network stuff like this.

We could actually be the best SI within the space. We're not trying to implement ERP,
generic ERP, generic HR systems, generic change of management, high level
consumption, we can do that.

But when it comes to our field, we found out in the last three years that we are the best
testers of the world for BSS system before they go in production even though not the
entire aspect is ours but we just do much better one because we understand how to test it.
That became a service for us, that's services 3.0.

So that's kind of the different dimensions of growth. Another way to look at this is not
just a new thing. It's just another way if you want to grasp it differently is so this cube.
The Company can basically grow on three or four dimensions actually. I cannot draw four dimensions so the first one is last. On the product set, started -- we did already, CES 9.1, now we're working on the CES 9.2 and 3, this is the core product.

The Amdocs compact convergence, this is for MVNOs or virtual networks, compact BSS on the cloud. It's another product that we announced this year. The RAN optimization, another product set. Big data analytics, I just mentioned that. Network virtualization also.

So that's one dimension of adding one more product. So you can imagine that if we have all these relationships with all these great companies and we can provide them more value so more product, again, theoretically they would have better opportunities to buy from us.

When Anthony is going to talk about AT&T, he would demonstrate some of the new buying center, not the core, not the activities for CES, for mobile or for wireline or for whatever. I'm talking about additional things that are part of this long tail of products and Rami will continue providing us with these products and we can actually provide this offering to the customer.

On the services side, we're in for managed services to testing as a service to data warehouse, the big data analytics services not application, order-to-activation taking the responsibility of entire piece of business from a carrier. It's a very problematic area of business for carriers.

There's a lot of stock orders because it's very complex to provision an order in a telephone company. We understand the dynamics, we can tweak the software, we can tweak the billing process, we can do better job than most carriers and I mentioned generic services around our BSS and OSS. So there is a dimension of growth into the services angle. You almost all the time need to multiple in your head all the services to all these products because usually they go together.

And you have line of businesses moving from multi-play, [video and centers] to mobile financial services to connected homes, to connected cars all the way to we can actually take CES, customer experience system into another industry. We did not do it up until now because we're so busy in the one industry that needed it the most.

But there is nothing to prevent it from another service provider at the start using this type of customer experience application in other industry. So actually it has no end if you think about, you know, many years down the road and we can do all of that worldwide.

So we can do all of that to all geographies and again as we development the software in one time and deploy it in different places, this is part of that. So these are the dimensions of growth of Amdocs in many dimensions.
I can summarize it in very strong position in the core with very high win rate. We expand on all these services and all these products all the time and around the core and we do IT or IP, international property-driven services.

On the growth pillar, I mentioned network software all the way to NFV. I mentioned big data analytics, mobile financial services and services 3.0, another four dimensions of stuff that is not our core. That's probably will be part of the base for my presentation three years from now.

And on the adjacent market, we're talking about Internet of Things and we need to remember one more thing. We're actually quite good at M&A. We have a good record -- track record. We don't need to do an M&A, sometimes we want to do it.

Now it could be technology, an acceleration of technology because it will save us R&D or time or both. It could be consolidation if we can gain market share not for product because we have the best product set in the world.

And it could be diversification, it could be like MSS, it's a managed diversification. RAN optimization, it's a managed diversification. We can do more of it. We can go to another industry if we need to.

So M&A can be used in more than one dimension. We're relatively known to be prudent. We are not rushing into M&As, if any, people say the other way around. But I think it's good because we're very careful about using shareholders' money to come around and do all kinds of things that are not making sense. So we will first of all look at the strategy then the target then the execution then the PMI and so far, we had done a good job.

Let me just finish very quickly because Tamar is going talk about this a lot and I'm just prepping Tamar's presentation as a teaser. In terms of the investment thesis, so basically, this company is about the balancing act between many partners.

Okay. So we have a long-standing relationship, very sticky relationship with our customers for good reasons. We provide more value and they give us more business.

Another part of it is predictable, high visibility into revenue stream and high cash flow. We have a lot of returning revenues which is a very important for an IT company like us. We can plan the R&D as well.

We have superior industry aspect. It's demonstrated into higher win rate by far, higher win rate against all the competitive combined. The reason I'm not talking about competitors today is because they're not there. They are there on the beginning.

I'm a paranoid person when it comes to the business. But in reality, we created such a gap with all the competitors and we are moving fast all the time. So by the time that, God forbid, Oracle will put out together or anyone else, we were not there where they thought that we are.
That's the way that the Company is going and we're trying to control to win the transformations that made those. Okay. Singapore Telecom is going to do without the project for the next three and a half or three years in these two regions. They are not doing it with someone else. This is -- they are not that many project like this.

Telefonica, they have several projects, that's it. I think the Company itself is an well-oiled machine but the point is that we don't think about ourselves this way. We keep on investing and improving the professionalism of the Company.

There's a lot of wins and cogs and what have you built in this company and we keep on twisting it, we keep on reinventing fast, we don't take it for granted and that's the reason of continues improvement. We'll keep on doing that with stable or improving profitability operating margin.

We have a strong and robust cash flow. I mentioned if before, Tamar is going to talk about it n numbers and we have a strong balance sheet that we can use it. Therefore in M&A, other strategic moves and we have the flexibility on other leaders in our -- the way we are running the Company.

Last but not the least, I think we are engaged, I'm not sure about that we are friendly but we are friendly to investors I think and we really keep very focused eye on shareholder return as we define it as an EPS growth both from operation and buyback and others plus the dividend and consistently in the last three years, we've done high single digits on this shareholder return.

With this type of list of things that are available to me and to my management team that we believe in the conclusion that we are a good -- DOX is a good thing to own. I hope that I kind of put things in framework in the right perspective in the right -- and other presenters who are going to give more details on each one of the elements there.

Thank you very much and thank you and with that, I will invite my friend and colleague, Rami, who dressed up nicely today, usually he's in jeans. He thinks he's in the West Coast.

Rami Schwartz^ Don't trust him right away. I usually dress like that, those of you who don't know me.

Okay. Now, Eli, put me into a challenging position. Every second one of those we will show you. So we need to see how I'm dealing with that. Well, I'm going to talk a bit like 15 minutes or so about where we are and then moving to a demo detecting going to be a bit more dynamic and interesting.

Well, today, about 120 customers already at version 8.1, version 9, and 9.x. Version 8.1 was released November of 2011. And later on, we moved into version 9 and 9.1. Interesting, with version 9 and 9.1, we started to change and 9.2 was started to change the
pace. We are moving now into six to eight months version so every version is six to eight months. Version 8.1 -- I'm sorry -- version 9 was in May 2013.

We are now, in general with 9.2. August next year is 9.3 and so on and so forth. When we are looking into version 9, version 9 was around virtualization. Actually, it was the only and probably still the only CES version, the only suite that is fully virtualized end-to-end from the network all the way to BSS, OSS and so on and so forth. It was all around multi-play. It was all around full convergent. It was all around SMB that later on we kept on adding into version 9.

Now, maybe one word about convergent because Eli didn't mention it so much. You're all aware of it that the time convergent was the right word to say prepaid and postpaid but Eli also said that everything became real-time which is true. So, convergent today, something much more interesting and much more robust. Actually, it's the ability to serve with one system all line business whether this is wireless, wireline, broadband, internet, TV, wearable, connected car, connected home, whatever you have on all networks. And by the way, also consumers and SMBs in one system. Now, this is quite the challenge.

So, all together, we are moving very, very well. We see that the uptake of version 9 is significant. Don't forget, this is old word of mid tier to high tier is about 100 to 150 customers. That's it. This is the mid to high level, to high tiers in our industry. So, altogether, we'll see where acquiring the lion share out of it.

But CES is not the only thing that we are doing. We have started with version 9 with big data. Actually, when we started, it was not call yet big data. It was Proactive Care. Proactive care of the whole idea is reduced the calls into the call centers, most of our customers talking about -- maybe Phil will talk about it later, seven to eight years to shed about 80 of the calls into the call center. Some of those with different channels. Different channels means online, mobile, kiosk, whatever you have.

So two of those applications are already installed in our customers as we speak. It is these goals with those goals in mind. Our multi-channel already in production in North America as we speak.

Interestingly, we mentioned that we are very stronger. We are getting into the SMB. SMB, small and medium businesses, and I say SMB about it's already more than just medium. It's going into the bigger industries, bigger enterprises.

This is our customers most lucrative business. Most of their EBIT is coming from the domain of SMB, small/medium business and enterprises and so on and so forth and not so much from the consumer.

So the ability to serve our customer in this segment is critical. And with version 9 and 9.1, we came very strong with that already in production, serving it over to cash, machine to machine, AT&T published so it's well known that Amdocs is their selected provider, platform for OnStar. OnStar is BMW, Audi, Tesla and so on and so forth. We're already
doing it in two other country -- in two other multicountry vendors in Europe. So the product is nice.

And if we are talking about network technologies, so rolling out technologies is becoming a big deal, right? LTE, small cells, those are big rollouts. Numerous amount of cells and so on and so forth. So we are introducing already the small cell, what we call NRS, network rollout system. In this case, it's small cell, we have other customers not yet announced that we are doing it with LTE.

And the most interesting thing maybe is the omnichannel. While omnichannel is coming only now with version 9.2 and later on increasingly so in version 9.3 and this is interesting. It's picking up so well that one of our North America customer already have it in production. So, they demanded to have a prerelease, if you would like to call it that way in order to get it into production. So, overall, we are very, very happy with the uptake that we are seeing in the market.

Let's talk a bit about the hyperconnected world because -- excuse me, I need to wet up my throat every so a minute. When we are talking about the hyperconnected world, the question is what you are going to do? What our customers are going to do in a world where the only constant thing is change?

Think about it. Our customers are buying system from us. Eli mentioned Telefonica and maybe Phil maybe will talk about it. Telefonica is installing our system right now but not Telefonica and not us, really, know what's going to be in five or seven year or 10 years from now because the change is so fast.

And those systems that they buy from us, need to serve them in the next 10 or 15 minutes. So we need to do most of the impossible, to build system that are so capable that everything is in real-time, that we are serving today about, you know, our biggest customer about 10 billion, billion, events per day. and to do all of that in an environment that is every changing. While the good thing is that we think we are doing it and we are doing it very well.

So, our customers doing it and think about it. That is going to be changed for our customer to win it and we believe that service provider have a good position there in this hyperconnected world. And why is that? Why we believe so?

Because our customer today own the access, own the network assets. On the other hand have good relations and on the customer. So if you do all of that and you rethink the way that you need to provide your customer with best experience and if you think about the best experience of the future, so how I provide the best experience when I have a fleet at home of my wife, two kids, and my four cars all together, each of them from different manufacturer, therefore, the connected car is coming from a different manufacturer and I have a shared allowance and I have a wearable that I just bought and so on and so forth. So, how I deal with all of that being a service provider? It's not trivial.
So we need to rethink the customer experience. Everything that I'm telling you, obviously, is not just in the universe we are doing it as [we would think] new mode of businesses. If everything is -- the change is the only thing that is constant, obviously, the business is going to change.

When you are buying a car today from BMW. Wants of the customer is it BMW? Is it AT&T? Is it both depending on the use cases? Actually, it's both, by the way. But in the future, it's going to be maybe a third company because BMW is going to close, let's say, a deal with Sony Pictures to provide you entertainment in the backseat while you were driving. So it's ever changing.

Big data. Our customer must use data as an asset. They have data. Up until now, we must admit, they didn't use it so much. They must use big data for asset, as an asset in order to improve customer perception and customer benefit and in order to reduce their cost.

Network evolution. I think it's probably closer, those days to network revolution, almost. Think about it. From physical network, we, humanity moved into software-driven network. So, a lot of the network today are driven by software. It's a commodity and we'll talk about it later on when I give some demos about NFV.

The first time in the recent history that our customer, the service providers have a real chance to fight the internet giants through different technology. So taking services for months, today, in order to provision just a firewall over DPN, over VPN, over DDoS, or EPC for machine to machine, it takes five to seven months on average.

But with the new technology, it should take minutes. I'm talking about minutes, not weeks, not days. I'm talking about minutes. This is the difference. So we believe it's going to change a lot and the Internet of Things that Eli talked about.

When we are talking about, we're thinking customer experience, I wanted to give you some examples that we currently have. So A, everything is simplicity. Whatever is on the agent desktop must be on the retail tablet, should be consistent with your online or your device regardless of the phone, different phone feature and phone factors of the device.

You want to make sure that every action around care, about comments, is possible regardless of the channel, regardless where you are, regardless who you are.

And we want to make sure that every interaction and every piece of data and every rule is available in order to drive better experience of the customer and to drive better experience in a way that is easy, is configurable, and also the presentation layer can be adopted. By the way, all of these need to be done in a way that you developed once and you deploy many. Regardless of the channel, regardless of the operating system, regardless of the size, and I'm giving here some wild commitment because the end of the day, I don't know, really, what's going to be out there in five years.
All of that exist today. With version 9.2, we are also introducing a new theme called the customer context. Personalized context, obviously.

So, let's talk about profile for example. The system overtime learn my behavior. System knows that I'm a type of a person that I don't have the patience, I don't have the time to talk to agents. I really like to do it online.

And guess what? Because Eli walked me through this, I can do it only after 10 p.m. at night. Seriously, he's...

So, I can do it only after 10 p.m.

So the system realized that and then my profile update. So, even if I get something proactively, it's much better that I'll get it after 10 p.m. Otherwise, I don't have the time. I don't have the bandwidth in order to look into it. So my profile is updated.

Think about my family and my family, probably Neil's family as well, my wife is taking the decision, right? So my daughters, she dictates what they can buy and what is the limit. If this is the case, why on earth do I need to get all those menus, you know, that I can do things I can't. This is not my role. Okay?

So the role and the profile and the insight of the system dictate automatically the simplicity what the agent -- and by the way, I talk only about customer -- about the end customer but the same too for the agent in the call center or in the kiosk and whatever. This is where we are going to and we are talking about coupling big data, actionable big data, profile roles into a system. So that's just our CES.

Now, we talked about the hyperconnected world. But hyperconnected also means that we need to have hypertime to market. What is hypertime to market? Today, our customer release an offer on average every few months. Some of our customers, especially in APAC, the prepaid guys, we'll use it every few days. When we are talking about hyperconnected everything that you have wearable and you have connected car and connected home and all of that, you need to release new offer sometimes in a matter of days or a matter of hours.

So this dictates a few things. Dictates a master catalogue -- sorry -- dictates a master catalogue that is very sophisticated. It has a lot of information that this information can be shared with the other system whether this is the OSS, whether this is the network, whether this is the billing system, you know, comment system, everything. So one catalogue in which you define the offering.

And this catalogue in real-time, so big thing, in real time, match this information to all the consumers if that consuming system in order to make sure that they update it all the time in real time and therefore we all have the information.
But this is not enough. The catalogue needs to hide the complexity and if you would like, use the lingo of the business. Because at the end of the day, the business people need to use the catalogue in order to say what they want. The business don't talk IT. They talk business terms.

So the catalogue also enable better communication between the business and the IT and we'll see in this catalogue, obviously, we needed to come and we came with best practices of the industry. So think about it. Definition of a customer when you have a household of few people and you have a summer house or a winter house and you have a TV there or you have other services and you have connected everything, it start to become messy.

If you are talking about a production, so wireless and a phone is very simple. But if you are talking about products such as internet for business or VPN or distributed denial of service for businesses, those become much more complex. And the catalogue needs to have the flexibility on one hand and the simplicity on the other hand to hide the complexity and provide the flexibility on the other hand to the business people.

By the way, I was just -- I really felt bad about you so I just put here some very limited sample of the topics in the catalogue. So don't try to memorize it.

Let's talk a bit about big data. Our approach to big data is different, I believe, from the others in two folds. A, as Eli said before, we are not trying to invent data store. Data store is there. Usually, Hadoop, some guys or people try different things but we stick to Hadoop and we are using it. It's available, it's off the shelf, you can buy it.

Where we are unique, we are unique by the fact that we take the information for most of the -- A, from all the sources that you see here. Most of the sources, most of the data sources, if you think about it, are Amdocs data sources. The transactional pieces of them are Amdocs.

Information from demand, this is part of the reason why we bought Actix and cell site is coming from Amdocs system. Not from Amdocs but we know how to get it, very, very well. Inventories are Amdocs. Users then charging these Amdocs CRM and profile is Amdocs Social. It's not Amdocs. Okay. Let's all share. It is not a big thing. We can -- we know how to do it.

So a lot of information that we know we can stream into and we are streaming into our systems in real-time. And let's talk about data intimacy. This tangible thing that Eli mentioned before. Think about it.

For every entity that we are talking about, whether this is a product or a customer, there are thousands of different attributes for the customer where we or she, how they fit in to the hierarchy of the family, let's say we are talking about the family. If you are talking about business, become even more complex.
Connection to addresses, connection to past interactions. Everything. Those are the attributes that the big data system need in order to aggregate, in order to enrich, in order to correlate. This information exist all the time in real-time. I emphasized in real-time, in our data.

So later on, we are building a set of application. I mentioned Proactive Care. Proactive Care is one-third of application. But we have customer care and marketing and so on and so forth so you will see some of those later on. And then it enable us to close the loop in real time with the customer.

Now, again, the customer can be an agent. The customer, sometimes, can be on the network side, on the operational side of the house. The network can be also the administrator of the business or in the end-user customer. So all the [PEP].

But it enables us to close the loop in real-time. In this regard, this is why Amdocs is so unique. Taking the information here, storing it in real-time and closing the loop. No one else can do it, by the way. Really, no one else.

Two examples. One, of big data application. One is our next best network investment. You know what happen today if something goes wrong, really, if something goes wrong in Telefonica span, whatsoever, we're based on the technician to fix it.

Well, it's a bit easier to send a technician. I don't know if there is less traffic jam or we don't if he's buying the area or [departing the truck] up the right path, you know it's by gut feeling. Think about it, it's not the right way.

Actually, if you know the connectivity index and you know the value of the customers that this area serve, this is where you need to put your investment in the network wherever the valuable customers are.

And valuable customer is a very tricky thing because some of them, valuable everyone knows. But, you know, you can have some area that you have valuable customer but they are not so [churned pond]. There are some areas that they are more inclined to churn and so on and so forth. So there are a lot of [talent] that you'll need to consider.

When we are talking about charging -- maybe here, just to mention. In order to -- in order to build something like that, you need the information from the network, obviously, or need the information from the BSS. You need the information from the charging system, at least those, just in order to say, to do what they say.

When we are talking about charging business analytics, think about the following challenge. Market deals all the time need to know in real-time what the uptake of different offers. What's the performance of specific top-ups. What's the usage part when so different devices and so on and so forth.
And they need to do it in real-time, they need to know it in real-time in order to provide value. In order to provide better segmentation, better offering and so on and so forth.

Also here, you need information from them. In this case, you don't need it from the network but you actually need it from overall, the all BSS system. Network is the only thing. Then we move to the network.

Network. So, we all know physical network moved into the IP into the virtual. And, really, this allow Amdocs to get into a domain that up until now, we were not so relevant at. So it enable -- surely, we were very relevant and very strong in the IT. Now, we are reaching out also to the network people.

How we are reaching out, what we are doing there? We first offer the self-optimized networks. So, again, we bought Actix cell site, combining. We heard earlier that that we just won the award of the so on and so forth self-optimized network.

But also, the NFV, the network function virtualization, enable us to take it even further and to be a very credible player in a market that up until one is dominated by the network equipment provider. This was a network hardware game. Now, it's becoming more and more and software game and we're a software company.

So, let's look into the network function virtualization. Basically, NFV is propelling the same type of spread, the same type of turmoil that Linux, [blades] and the virtualization caused in the data center. So it is a go. You all remember the big superdomes and so on and so forth. So it's not like 10 years ago. It was only until about, what, five years ago or so.

So, NFV is doing all of that. It's taking all the hardware devices that you are seeing, that you see here and move it to the cloud as software entities. And those software entities are running on standard, high volume commodity of the share hardware.

Now, you need to manage it. It's not as simple. You all hear issues with interoperability. You have issues here of how to deploy different data centers and so on and so forth.

Why our customers? Why service providers are doing it? For two reasons. One is service agility. As I've said before, it's just turn things from months to minutes, to minutes.

We demonstrated a full VPN, DDoS, and firewall that used to be done in seven months, it's done in five minutes. And to reduce cost dramatically, to reduce cost. In this regard, they now can fight much better with the internet giant.

Now, you must -- you might ask yourself, Okay, great. But except for being a software company, why Amdocs?

And I'll tell you what's the ecosystem around this NFV. In order to have something like that, what -- think about it. What you need to have in order to be very effective in the
world of NFV, you need to have inventory, you need to have a good ordering system, you need to have the catalogue to define the services and the products, the firewall and the VPN and DDoS that I mentioned and so and so forth. You need to have all of those and you need to have a cell service for the SMB to do it and you need to have relation with the SMB. You need to sell to the SMB. Now, we are doing all of that. This is what we discussed before.

This is how the rest of our CES complement our NFV solution. This is why we believe that we are going to be a major force in the era of NFV.

With that, I think, that I'm -- sorry, so (technical difficulty) provider in Netherlands. It's called Next Communication. Obviously, we just needed to take a name so we called it Next Communication.

It's a multi-play provider in Netherlands. It provide wireless, it provide wireline, internet and TV. And despite the fact that next communication invested quite a bit in LTE services, the uptake of the LTE is not great.

So what they are trying to do, obviously, is to increase the uptake. They invested a lot there. And they have heard that Beyonce is coming to see. So the marketing department, trying to see -- Okay, how can we leverage the fact that Beyonce is in the city, in order to increase -- (technical difficulty)

(BREAK)

Matthew Smith^ Speaker is Shuky Sheffer, president of the Amdocs Customer Business Group.

Shuky, take it away.

Shuky Sheffer^ Good afternoon everyone. Rami, great presentation. I'm not sure about the 10 o'clock. I don't see you in the office after five o'clock.

But -- and also a great -- it is great to be after Beyonce. I think I'm in the best spot.

A quick personal introduction...

(Off-mic)

Shuky Sheffer^ Yes. I joined Amdocs many, many years ago, I think before the cellular phone was invented in about '86. I actually come from an engineering background, but relatively quickly, I moved to customer-facing. I spent - started obviously like Amdocs and the Yellow Pages. I spend off most of my professional life actually from customer side. I had the [grade 4 up] here in Stockholm, Sweden, new location. And I was spending other different roles as a division president, spent many times a lot of years in the States, in Dallas, Texas. I'm a Cowboys fan.
And then in -- my last role before I had -- temporarily out of Amdocs, I was in the management of Amdocs managing several divisions in the emerging market.

In 2010, I moved to BSC of a company called Retalix. It's a company that do pretty much similar what Amdocs is doing, not they are the same size but for the retail industry. I've been there for three years. Eventually the Company was sold to NCR in 2012. And then Eli asked me to come back to Amdocs, which was, first of all, I was very excited to do this.

And secondly, I think I can show a bit of my perspective being out of the Company in three years and how the Company in three years and how the Company invest significantly in this two years.

In today's agenda, I'm going to cover two topics. I will give you more deep analysis of the market trends and they share with you more information what is our biggest strategy to address the market needs.

So if we look at the world, North America, Europe and the rest of the world. In North America, obviously, everyone see this -- what we call fierce competition. We see [disruptor] like T-Mobile, they completely changed the landscape of the competition in wireless. And the dynamic of the competition is such that if in the past companies have several months to react, today we have -- and back to the capabilities that Rami was mentioning to date midst of days you need to react. T-Mobile coming free roaming across the world, you need to react. I mean, this is why we see that these sales competition also impact the needs of our customers.

Multi-play, in North America, pretty much the majority of the players are multi-play. There are some which are more a wireless only may be like T-Mobile and Sprint, but the majority of our customers are going to multi-play environment. Actually, this is part of the strategy so it's in the customer.

SMB and enterprise, this segment always exist, but, as Rami mentioned, this segment is really, really under sales. The quality of experience of this customer is terrible, taking months not what they want. So the first one in this market that we're able to give a superior customer experience, so this segment, we'll win this segment.

As I mentioned, faster time to markets the competition is so fierce you need to react quickly. You need to have the tools to do this. Obviously, consolidation happening in North America, I am going to talk a little bit more about the view of how we see the consolidation. Consolidation appears obviously in different aspects, obviously in AT&T, DirecTV, Comcast, et cetera. And there is a lot of pressure on OpEx. So while people considering investments, OpEx become an issue. And I think that we have here a great opportunity to save OpEx to our customer.
And I don't think this is something new to you. Customer experience is the differentiator of our customers.

In Europe it's a big difference. Obviously, Europe in the past was more advanced markets comparing to North America. So he actually -- Europe reached saturation first then all the other markets. There is slow growth, if any. Lot of pressure on Apple in all our customers.

Multi-play is a key. We'll show some of their trends of the consolidation. We'll see that multi-play is actually accelerating in Europe.

Consolidation, also happening in Europe although in a bit different shape. And in Europe, there's both pressure on OpEx and CapEx mainly because Europe today is lagging a bit in the intellectual quality comparing even to North America, so they have to do a major investment both in -- on their network infrastructure.

And then obviously the regulator is not making life easy both from regulation of omnichannel, et cetera, and second also from the perspective outlook that easy in the environment of consolidation. They are not allowing foreign players to come in, so this is a different environment.

In the rest of the world, we see obviously rising of the middle-class, penetration of smart phone. So if it was very, very highly prepaid environment in the past, today it's completely changed. It's much more postpaid, postpaid/prepaid conversion, so we see that the middle class actually change economics of the way that the customers are.

When we say sales competition, I will give you an example. This is much more than, for example, North America.

We have a customer in the Philippines, Globe. So in the Philippines, every morning when you wake up, you take up your smart phone and you decide which SIM card you are going to plug in. Is it going to be Globe or Smart? So you can change between, on a daily basis the side because of the plans which carriers use in this day. This is really a tough competition.

Multi-play, strange enough, actually the emerging market jump to generation. So if you know the developed markets slowly grew from one-play to quadruple play, et cetera, the emerging markets, all our customers moving from wireless to quad-play.

It's amazing how fast everyone is moving. Phil is here. He will talk about this more. And then obviously this is driving increased complexity.

And as I said before, the focus was on the mass. A lot of millions, hundreds of millions of prepaid, very small ARPU customer. Today the focus is the high-end customer. So they are too slowly growing and they are putting a lot of effort on -- so if we see a lot of --
what we call prepaid to postpaid conversion and they are putting a lot of focus of the high-end customers.

This is in short view, how we see the world, the trends in the world. But there was a line that everything here is causing change. And as Eli mentioned before, we like change.

From consolidation, we can see different types of consolidation. So we have what we call in-market consolidation. It's like when Comcast was buying Time Warner, Vodafone is buying Uno to have a complete multi-play. Telefonica in Brazil is buying GVT. So this is a consolidation as we in the market, and all of them are in pretty progressive situation.

We have a consolidation across region. Like for example, the Sky, it was a different entities in Europe, different countries. Now they're collapsing the whole business together.

We have multi-play or cross line of business consolidation. A good example is obviously AT&T and DirecTV, so obviously AT&T have the [uvo] spot for pay TV. Now they are being over all the consumers of DirecTV so they are going to enhance significantly them.

Pay TV, Orange in Spain is going to acquire a broadband provider, and TDC Denmark is buying another broadband provider. So we see that it's very common, and people that are doing it to make sure that they can get faster to a multi-play environment. This is the fastest way to get to a multi-play environment.

There are some digital consolidation. Telstra wants to go to the TV environment so they bought a company, which is giving a superior streaming platform.

And we talk about more the connected world or everything -- most of our customers start to offer cloud services, so Comcast is suddenly buying a company that will give our infrastructure to better deliver cloud services.

This is all the consolidation that we're watching carefully all over the world. Consolidation drives dynamics in the market. Sometimes it, in a short-term, can impact, put some pressure on. But for the most part we see a lot of potential in consolidation.

It creates dynamics in the market. It's a complexity in the offering, and this is the environment that we like to be.

From a business strategy, I wanted to actually try to simplify our business strategy. This is what we are doing at the last year, we are going to do in the next year. And pretty much it's a multi-dimensional business strategy that cover four areas.

Maintain our momentum on key accounts. I am going to give some examples. We have some solid relationships in big accounts for many years, and how we are maintaining the momentum in these accounts.
Establish position in the emerging offering. Eli mentioned some of the emerging offering from MFS to our network offering, et cetera, big data analytics. So how, we are establishing our position in these areas.

Sales and delivery for focus on global groups, they are not too many. Eli mentioned some of the global groups in the world. Obviously, they are Telefonica, America Movil, Vodafone. There is obviously they have the Telia Sonera of the world. There is [Baltic]. There are not too many.

Obviously, the SingTel Group; there are probably six or seven major global groups in the world. And our ability to give them an offering that they can take to the different [ARPU]s that they have is major advances we have.

And the last but not least, we continue to expend in the rest of world, and I'll show some examples. So these are the four pillars of our business strategy. This is what we focus day in and day out.

Okay. So when we talk about momentum of key accounts, you see some of the list of our key accounts. AT&T -- Anthony, my friend, is going to give some more -- a bit close about activity in AT&T.

Sprint, a long-term customer of Amdocs, all the time I think what we do is helping sprint to fight their competition. We've done a successful project phone-care project that they help them to change the perception of the market about their customer care.

We signed with them a long-term agreement to continue our managed services. We are now doing with them a new charging project that will help them to be very sophisticated in real-time data charging, so this is how we continue to involve and reinvent ourselves with our long-term customers.

This is with Bell that actually we're also doing a new charging project. We will have to give a very unique advantage in the Canadian market.

If you look about EMEA in Vimpelcom, one of our largest customer in Russia, we are doing complete modernization of their CRM application, also in other 10 plus year customer of Amdocs. So our ability to continue to deliver new value to our customers help them to address their market needs. This is a key part of our strategy. This is a long-term customer of Amdocs.

All the time we give them new offering, new services, and we explain expand our business to this customer.

This is what we call the continue the momentum in our key accounts.
In the new offering, so every year we come with a new offering to the market. In the last year, pretty much we introduce, I think three big areas from big data analytics, network solution, mobile financial services.

And the importance of this business although at the beginning it could be a small business, but later on in most cases, if we are successful or slated to be a significant or serious business, the important not just this is a new line of business for us. It means that we are talking to different buyer markets.

So if we were very IT shop in the past, now we are doing a lot of offering relevant both to the CTO environment, to marketing departments, big data, so we are expanding our activities with our customers.

It's also I think help us to continue to be relevant and to continue to be a sole leader in everything that we do. And in a way it help us to reinvent ourselves in the customer environment. So this is something that we put a lot of focus. As I mention, it can start with small revenue, they're slow in growing. But I think it's very important for our future business with our customers.

We talk about expanding in the rest of the world, so we announced today, sometime ago activity -- we have a lot of activities with SingTel group in APAC, obviously, in Globe and other places. But we announced that we signed two major consolidation with SingTel. SingTel pretty much I don't know, count wise have more than half a billion subscribers in APAC. And we're actually going to transform both Singapore Telecom and also Optus in Australia. Both of them is a quad-play/multi-play environment, very sophisticated project.

And if you look at the strategy of SingTel, in their mind, this is their key success in the strategy. So this is not just another IT project that they do. If you look about their strategy, this is how they are going to continue their position in the market.

We've just started these two projects. It's a key project. As Eli mentioned, there are not too many transformations in the world in the size of this. And we are very proud to work with SingTel on these two transformations.

In this area we have some additional transformation in other - in rest of work, just speak two. Obviously, we're doing [building position Firestone] in Taiwan. So overall, we see in APAC, which we are -- we are not -- we saw in APAC it's not like in North America. It's relatively short, but we see a lot of demand for our product and services in APAC and obviously Latin America.

When we talk about global groups, as I mentioned, we have six or seven global groups. If you are able to get to this intergroup, it provides you a significant advantage. So obviously, Vodafone, someone let me know for many years that [end up] is working. We have managed services in seven countries. We are doing machine-to-machine for Vodafone. We are doing transformation for Vodafone. This is a long-term power [mill]...
of Amdocs. They have over 14 affiliates, very strong in Europe. They are strong in India. They have also activities in Australia, in New Zealand.

Being a partner of Vodafone or any global group that can deploy our product and offering in a way that they can take what we've done in one place and replicate in other places. This is a major advantage assuming that we do them a good job and they really feel that we can be enabled for their success.

Telefonica. I have another slide of Telefonica, but SingTel Group, as I said is another example. This is the largest group in APAC. And the fact that we are the selected -- chosen part to do the majority of transformation in their companies, this is a great achievement.

And so if you look over the world, we have activity with Vodafone, major activity. We have a major activity with America Movil. They have many, many properties in Latin America, also in Europe. SingTel pretty much is APAC. Vodafone is EMEA. And obviously we have also businesses with Telia Sonera.

Vimpelcom is a group by itself. We have a mobile financial services in Baltic, so I think that we are active a lot in these global groups. And I think that we were able to create a unique value by them establish the offering and then take it from one affiliate to the other.

This will bring me to Telefonica. Telefonica, in my mind, is a great success of Amdocs. It was not just good sales activity. I think that we have done a great work and improve our self to deliver what we promise. We have activities today in Telefonica in Argentina, in Chile and Peru. Telefonica is a big -- 20 countries around the world, so we see a lot of potential for us with the Telefonica group.

But it's not -- I mean, it came with a lot of hard work and sweat. I mean, we did a great job in Argentina. It obviously led to additional activities in Telefonica Group, and this is another success story. We didn't have any business with Telefonica three years ago, and now I think we are slowly building a really unique partnership with Telefonica.

If you need to take for all my presentation, this is how I summarize. First, the market dynamics presented by Eli and Rami created a lot of opportunity. We like consolidation. We like complexity. All these quadruple play, the fact of the matter that we are [other one] with the relevant offering in this market [credit] was huge opportunity.

We have a multi-dimensional business strategy, meaning that we are at the same time making sure that we keep the momentum with our key accounts, going to new offering, increase our activity in the emerging market or the rest of the world have a significant activity with the global groups. I think this is the right business strategy to address the market dynamics. And I think that if we'll continue like we do today with a quality execution with the right offering, with our strategy of land of expand, we get good
customers, we do good job, and then we expand the business. I think we continue -- if you continue to focus on the strategy, I think we can do great going forward.

I get the sign of end, so just in time. So with that, I want to introduce Phil Jordan, a good friend of mine, I think.

Phil is the group CIO of Telefonica for almost two years. This is in 20 countries, very complex environment. I think he completely changed the landscape of the global IT in Telefonica, and now we're looking to share the story with him. Thank you.

(Video Presentation)

Phil Jordan^ So good afternoon. Two comments about the video I introduced my presentation with. The first is I've had several people who have been treating me, who are watching or listening on the webcast and got very confused. They were saying how great it was I was sharing the stage with Beyonce today. I just like to continue the illusion and thank Cold Play for the introduction for my presentation.

Listen, I've got a very short period of time to share with you, I guess, three different perspectives -- why are we transforming, what are we transforming. And obviously I'm going to finish with who are we transforming with. And obviously, my presence here today will tell you that clearly Amdocs is becoming a very key partner in our transformation journey inside Telefonica.

The second thing to say about the video is that's an internal video. That wasn't intended for anybody else -- the global IT team. But when I review the messages and I apologize there's some local and some points in there that won't make any difference to you.

The theme of that is about direction, about partnership, about working together, and about transformation. I thought the themes are actually pretty consistent with our approach to partnering with Amdocs. So let me move forward. I'm going to spend 35 minutes. I'll pause and take any questions you might have at the end. So let me start with why are we transforming.

I probably am not going to talk too much about this because I think in Eli's presentation and from Rami, and from Shuky you've heard lots of reasons why we feel the need to transform. I guess, here are some more reasons which I won't dwell on too much, but I'll just touch on.

Certainly a market and competitive perspective, you all know as well as I do that we're in a business that is our traditional core area is declining. It's finding it very difficult to grow. We have lots of new competition and new competitors attacking us. We get attacked by many different parts of our ecosystem across the whole value chain. And we've got a very profitable, successful business and industry. And I think there's been an awful lot of innovation from outside of the telco industry into our value chain. So that's causing us to transform.
I think you heard earlier a lot about convergence. I just want to echo something that Rami said. I think we used to use the term convergence for payment, but I really think it's convergence across the entire spectrum of our business. It's convergence of brands, it's convergence of product. It certainly line the business conversion. It's pre- and post-pay. It's over the top, virtual and real.

So everything is converging, and that's because our entire value chain is being disrupted. And I think everybody is looking to understand what can they converge to either protect themselves or grow in new business. But I think one of the key transformation drivers is this element of convergence across the whole piece.

Obviously, from a customer perspective, things are changing dramatically. You've heard all these messages this morning. I'm not going to dwell on it. But the growth of mobile data, the way customers expect to engage digital businesses now, the ubiquitous usage patents, and the fact that a lot of our core business is still considered. Unfortunately, it's considered still a bit of a commodity and we're looking to find new ways to grow our business.

Technologically, obviously we're finding huge change drivers whether that's ramping up for a new mobile bearers or looking for other network technologies moving to an all-IP data-driven world. And of course, see pressure. We're under a lot of pressure to maintain margin and to enable our growth by making the business run, do more for less. And the fact is we're a very complex industry and business.

Rami's elegant demonstration of how things should be, how you should create a promotion and put you out of the tunnels. I wish it were that simple. We aim for it to be that simple. But, of course, the reality is running a network business that is a call center, a retail business that has many, many, many tens of millions of customers is a very complex engineering and business process to manage. But I guess, I'm not going to dwell on that. You all understand many, many reasons why we need to change.

Second message though I think this is very interesting for the telco sector, this is all about IT. So I think we used to be an industry, and I think we still are an industry that recognizes the network. The networks are our biggest asset. Of course, they are. There's not one market in the world where the amount of spectrum you have doesn't equal the amount of market share you have. And we know that that was super important.

However, in most of the European markets that we're seeing, that we're sharing commoditization of the network, so by definition, we're finding that the differentiation in networks is starting to change. What's becoming much more apparent is IT services and the aggregation of services and how you integrate these two services, the customer experience, the omnichannel experience, these are the things that will differentiate our business moving forward.
And finally, we're really all going to be about data differentiation. So who understands the customer best, turns that into insight, injects that back into customer experience and differentiates.

So we're very much going from being on the most wanted, and I'm in a most wanted post, IT was very much the subservient function in a telco behind network. It was very much a system of record, it was very much there to help run the business to being this core differentiation going forward. So it's going from most wanted to most wanted if you understand the play on words is a very key message that we've taken out to our business that we must think about IT differently going forward.

And that transformation of being a digital telco really senses on some of these topics I've listed here. The digital customer relations here, again you heard a lot about omnichannel and smart phone as a channel, and how we drive our business to be truly digital.

We got a growing cohort of customers who simply do not want to talk to us. They want to come through a digital channel. They want to engage this in a different way. And of course, the reality is whilst we have a spectrum of customers, you still, like all our channels, assisted/non-assisted, the reality is our customers are moving to become more and more digital, and we must engage them properly.

We're obviously always looking to automate and make our businesses leaner. I think that's an ongoing transformation. But I think the difference now is convergence is forcing us to do that more than ever.

I think like Rami said earlier, offering services or offers or anything across lines of business in a telco typically is very, very challenging because of the fragmentation, the complexity. As we go to a more convergent offer and more convergent customer engagement, we have to do that with our manual intervention in the big back offices that they are expensive, so managing automation and lean operations.

And obviously, we talked a lot about and the demonstration pulled out earlier, this whole ability to digitally engage and market, and sell to a customer in a multi-product world through many channels is, of course, key.

But one of the things that holds us back and again, I don't think this is news to any of you is that we are extremely complex. Sometimes it's not well described why are we still complicated. And I think there's a lot of reasons why typically a telco is complex. It's usually about acquisition and growth, and it's about regulation and the way the industry was regulation, but most telcos, if you look hard, you can see product and segment-specific execution.

So the process is a different, the systems are different, in some cases the policies are different. And, of course, the dynamic that I've just described about increasing and growing in progressive convergence and required to be more digital, you run straight into the issue. We have an industry that we've made ourselves extremely complicated whether
that's about lack of maturity, the numbers of vendors, the way we've reacted in short-term
to product differentiation. But really, most telcos have this challenge of being extremely
complex from a process perspective, from a policy perspective, from a product
perspective.

And that DNA, that complexity DNA is just replicated in systems. So when I first came
to Telefonica, we had in the region of 6,000, 6,500 systems globally. And we've managed
to reduce that significantly more than 1,500 over the last 18 months, 24 months. And we
should get down to a target of no more than 2,000 systems globally. So you can imagine
how fragmented process become when you have more than doubled the amount of
systems you need to run your business, and that's one of our key focuses is how do we
remove that fragmentation and how do we drive more convergence.

So why are we transforming? I think it's clear. I think we have to sustain business
transformation for us. What are we transforming? Well, let's move into that area.

So this is a picture that I've used a lot internally, and I'll try it with you guys and you tell
me if you can make any sense.

If you typically look at any service provider, any carrier, they have these layers of
technology. They're on the screen in front of you.

Obviously, our core, we have very heavy data center and infrastructure technologies. We
then have a layer of technology that, of course, is about us being a global business,
corporate back office, all our finance and HR, and logistics and procurement systems.

Then we have this area that we tend typically in telco Core BSS, which is commercial
processing systems, so this is the way we start to engage the customer and this is ordering
in CRM and billing, et cetera.

Beyond that then there's another set of systems that we use as part of our operations, so
whether that's campaigning or commissioning or loyalty or logistics or warehousing, data
warehousing, these are all helping us run our business more front office focused.

And then this final layer is where I believe the future, the differentiation of the industry
will be is in digital interaction with customers. This is where social media, and e-
commerce, and e-billing, and real-time decisioning will be in terms of the engagement
with the customer. And we need to transform all of this and we are transforming all of
this at the moment and pretty much doing it in parallel.

Let me just talk quickly about what I mean by that is this area in the center that's gray is
very much a global transformation for us. Why we would consider this global is because
we think the differentiation is global here. We differentiate ourselves by being a very big
technology infrastructure company, but there has to be global, it has to be virtual, has to
be shared.
Of course, from a corporate back office perspective, we differentiate ourselves by being global, so our ability to close our books, to manage our people, to manage our procurement, we get significant value from being global here. So that's very much a global to do once transformation inside Telefonica.

In these two areas, in the BSS and in the satellite domains is where we're partnering with Amdocs is we are in the process of transforming all our countries, so we don't have 20, we have 17 markets now. It's quite a dynamic industry. We used to have 20.

We recognize that we're going to transform all of them over time. And what we're aiming to do is not treat that as a global transformation because the maturity of our markets, and our industry, and our business doesn't really lend itself well to one system for billing across multiple countries.

What there is the opportunity to do is transform multiple countries based on standards, based on reuse, and based on learning and leveraging from country to country. And it's very much that we're doing with Amdocs, which I'll talk about later. So when I talk about the transformation we're engaged with it's really here in BSS and it's starting to be here.

What happens outside layer once you do BSS is you can start to standardize progressively into other associated technologies. So we've now found where we're using Amdocs for BSS in Chile, Peru, and Argentina. We have the opportunity to select one commissioning engine, one loyalty engine, and the integration is simplified and reusable, which has huge value to me in terms of accelerating the transformation of Telefonica.

Finally, this outside layer is where we're heading. And strategically (inaudible) that there is standardized and transformed from the inside-out so that we can move IT to be outside-in if you understand what I'm saying. All the innovation, all the integration, all the focus of differentiations is going to be in this outside layer in the future. We must transform on the inside-out in this journey that we've joined together on and I'll talk about the scale of that transformation in a minute.

So this is a massive transformation where we're now spending 60% of our CapEx next year on transformation activities, and we're not really increasing IT investment, a huge amount over our trend in our previous years because we're managing to transform the run rate and the cost of our business and move investment to the transformation line.

So I'm now just talking about that gray -- those two gray circles. So what are some of the things we're doing and I'm just going to [wish] over this because it's not relevant for today. But, of course, we're consolidating everything what we think is a commodity. There's an awful lot of technology inside Telefonica that isn't about being a telco.

We look at data center level like many other businesses, so we transform our data centers as we're moving to elastics, capabilities. We move very radically into shared services in our production operations model, and we're working in our back office. But this is those
two gray circles and I didn't really want to touch on that today because it wouldn't be appropriate to dwell on it.

What I'll do want to talk about, I'm still talking about what's been transforming is the journey we're on together with Amdocs. So this is very much a business-led, business process-driven transformation. We have a knowledge that if we're going to solve that complexity problem and enable the business with the capabilities it needs, we have to start again. We have to replace our core business model and process and policy and product definition with something that's a lot more standardized, a lot simpler and something that we can leverage and reuse country to country.

So we're on this journey. As you heard, we're live in Argentina. We have all our prepaid base and most of our postpaid base, wireless based on the Amdocs installation in Argentina on a heavily standardized and standards-based delivery of the CES Suite. And we're moving that core into other countries. And now we're a long way down the path in Chile and Peru of putting the same core and localizing that core in Chile and Peru.

So this is very much what we're doing. We're doing a business-led, business process-driven replacing our business model, if you will, and then we're enabling that with technology and, obviously, it's in the enablement of that change and the technology where Amdocs is our partner.

The picture on the left-hand side as you look at it, actually that's a real architecture picture if you can see it. That's kind of what a telco looks like on the inside unfortunately. And obviously we're moving to a much simpler, a much more standards-based technology architecture that has integration and standardized integration absolutely at the core of the architecture. It's super important that we end up with a simplified standardized architecture that has open integration because we can see that this world we're moving into is all about ecosystem or that integrating of other people's applications and services with our capability.

So this three-way transformation of process, technology, and integration is what's going to lead us through this transformation to begin this to a telco. Excuse me.

So we've done why, I'm now talking about what. So we decided that we are going to go in this journey of being more transformative in our business change. We concluded that the only way for Telefonica, the only way to do that at the pace that was required to compete in the industry was to do much more green field full-stack transformation. By full-stack, I mean, BSS. And that's why we decided to do it.

We've been very successful. If you go back three years we had no countries on this journey. We now have most of our markets somewhere on the journey either in execution or certainly planning to execute. And again why we're doing the quality [benefits], I think I talked about already -- omnichannel, [disk] capabilities, convergence, simplification.
Where specifically the value is and this is starting to become apparent in markets where we've delivered like Argentina is you start to see real value in -- Rami mentioned earlier in call center -- the use of a call center to removing call center and putting value activity to the call center, changing the nature of the assisted channel that is call center.

There's a huge automation in the back office opportunity because what you realize when you run a very fragmented, very manual cross lines of business integration as we have been doing is there's a huge amount of effort in the back office to present a customer with something that looks converged. And we find that with automation and with new technology and with process change we can take out significant cost from our back office and make the experience a lot more seamless to customers.

Of course, it changes the nature of our stores and the nature of logistics. And obviously, we're aiming to provide an auto management capability that is for all your needs, not based on line of business. So we've entered this journey of full-stack transformation in BSS.

We have to select a party obviously. And what we said about being very specific about what we were looking for in terms of partnership, Rami doesn't allow me saying this, but this is much less about the product, if I'm honest, and much more about the delivery certainty. These are business change outcomes that we can't afford to fail on. So we have, of course, the technology and product and we're extremely happy with the Amdocs products there. But to be very clear, this was about we want somebody who can show leadership in the market both from a technology perspective and a delivery and change management perspective.

We use referenceability very importantly. We're not gambling here. We want to introduce somebody that we felt have the reference, have the experience to deliver the sort of change we needed.

And I said earlier, functional and non-functional requirements, of course, they're important. You know, we're heavily engaged now in a dialogue about how we get our customer requirements into the Amdocs roadmap, and we're very happy, as I said, with the advances in the Amdocs product roadmap and the Amdocs product as it is today, but it wasn't the only buying decision, it was very much about the change we are trying to affect.

So we went through that process. We have the second process, which was a model discussion. And I was very keen that we move away from having an SI-led delivery, systems integrator delivery for two reasons really, being very open with you in both of our discipline. One is our own discipline to not customize, our own discipline to take out of the box functionality and capability. And most of the discipline of the SI is we do not want to create a big application management business model.

So we've gone for a direct engagement with the vendors that we've chosen. It's given us we think more bargaining power in terms of product roadmap. I think we get enhanced
post-sales support. And most importantly, our implementations are much more product-based, less customized, much more standards-oriented. And we hope and we think and we can see that we can accelerate speed. It's clear we're getting quicker as we go through country to country.

And finally, the model itself -- well, obviously this is a long-term commitment. I wouldn't fly to New York and attend this day if it wasn't a long-term commitment for me. But these are long-term engagements. We've basically gone for a large-scale dev ops, if you will, so these are transformed and managed engagements, five-year engagements. So we're engaging Amdocs to transform our estate and then manage it for a long period afterwards. We think that's the best balance of managed transformation and efficiency outcome at the end.

Of course, we are working on how we align the two businesses on the objectives in the business. So objectives, physical presence is key.

You'll see here we're principally at the moment talking about businesses that are in our Latin American region, and it's not an easy place for anybody to conduct business over multiple countries. So it was very important for us that we saw Amdocs could and have the intention to be present with us where we do business, and that's certainly being the case. And obviously, you know, we've looked to other ways to engage Amdocs to extend our relationship and build a model where they have a massive role to play in our sourcing going forward.

So these are the sorts of criteria we use to arrive at partnering with Amdocs. Obviously, we also were looking for B2C and B2B capabilities across an end play, so it was important that the software and the technology has the full scope of capability we were looking for.

And you suppose this a how slide, so once we've made that choice it was very important that we could -- both of us, Amdocs and Telefonica, could implement this and take advantage of being what we both call a galaxy. And by galaxy really mean can we deploy and can we change our business in a standardized way across multiple territories, multiple affiliates, and can we get value in doing that.

And we think we can and we start to see some of the evidence. I have a slide on this in a second. But obviously, economic efficiency for us through economies of scale, we are able to govern once, procure once. Most important I suppose is we're able to integrate once, so we have other common technologies like SAP in our back office where we were able to develop integration to Amdocs once and reuse it straight away. This makes a huge difference in terms of speed.

I think key to reducing risk, I think Eli said earlier, as a group CIO of a telco, this number always scares me that more than 50% of these projects fail in some way or another. So anything we can do to reduce the risk, and I believe learning and leveraging from country to country, both of us learning and leveraging together is one way to reduce the risk.
Speed is probably the most important dynamic of all for us, so reducing the time it takes us to transform our business. And then ending the process with a much more standardized but open architecture for Telefonica. And what I mean by that is we will end up with a far more standardized, simplified architecture and business model for Telefonica across all these affiliates. That is done with a standardized approach with open integration. This will give us a significant competitive advantage in our marketplace because our agility and our ability to react to market will be so much and more enhanced than it is today, and our competitors will be. So we believe this galaxy model and why we're making such a big bet with Amdocs is absolutely key to our own competitiveness in the future.

I've heard some thoughts about benefits earlier, again as you saw from the video, this is still a journey that's ahead of us, but we've got enough miles on the clock now to see some of the value emerging. If you go around this wheel you get some sense of it.

So demand is interesting, right? Once you entered this transformation process, what we find is we dramatically reduce the incremental tactical demand from the business partially because they're very consumed with doing the transformation, but partially because I think everybody gets behind transformation initiative and you start to channel the creativity of a telco in the future. And don't underestimate if you can control tactical incremental demand in a telco, you're halfway to solving the problem. So that's good news.

Of course, time to market is key. I mean, we touched on some of the attributes that we're really interested and excited about, but our single catalogue across all lines of business and a catalog-driven process of innovation in our business is absolutely critical to success and that is the key to speed. And we can start to see that being unlocked already.

Obviously, we've simplified a lot of our systems as I said earlier and we're simplifying the tariffs in our plan. The opportunity here is to radically reduce the numbers of value-added service plans and tariffs we have. And there's a direct correlation I think not between simplifying plans in our cost base, but simplifying plans in customer experience. We don't simplify our plans really for cost, we simplify to make the customer engagement and experience better.

Reducing systems and platforms, of course, we talked about that. Training is one of the things we can see very clearly already even in Argentina. Imagine how complex it is to understand how you serve a customer in a business that has thousands of systems. So by the time you navigate across all the legacy systems, you need a degree in servicing our customer to be able to get it done in any time that's acceptable.

What we find across the standardized, simplified delivery as in Argentina is the time it takes to train an agent in a call center or the store is radically reduced. And there are times of competence so they have time to be able to serve you very well is radically reduced, and we're a big volume business when it comes to customer care. That's a huge benefit for us both in cost and customer experience.
Process, of course, I said earlier and we talked -- convergence is real and having common processes that go across our business towards ticketing or any other thing is absolutely key.

Just as an anecdote, when you start to scope and transform particularly the fixed businesses, when you get everybody in a room like this and everybody is represented from across the fixed business in a telco or in Telefonica, when you actually map an out-of-the-box process you start to realize there are parts of the room that aren't engaged anymore because they do something, which is manual that you can simply remove with an out-of-the-box digitized process. So it's a changed challenge because humans don't start to get a bit resistant to that change. But that's a huge impact -- out-of-the-box new processes that go across the lines of business in a telco.

And as I mentioned earlier, a big impact in our back office, again it has a huge cost implication for us, but again as we become more digital, our ability to conserve you as a customer on the line in a digital channel, it can't sit in a manual back office process. Otherwise, you're not a digital business, and this is where a lot of the value is.

So final slide, I promise one slide with Amdocs brand on it. Just go back to why are we working together, I think these are some of the good reasons why. And we still feel that this is the right solution for us where we're a core play.

We're a complex, big business. We want a history of clear out-of-the-box capabilities and processes, and that's certainly something we feel we get.

Methodology and governance, I think these trade programs are notoriously challenging. Trust me they are incredibly difficult. I've written strong methodology and governance. We could be a lot stronger both businesses, but we'll continue to improve. That's one of the things I think we can improve and leverage together is we get better at delivering the change together.

I think I'm always very keen on Amdocs has a focus on our industry. And I hear Eli saying -- well, we could use the CES Suite possibly in other industries -- makes me slightly nervous, I'll be open with you because I like the fact that Amdocs understands telco. It's being mixed to carriers for a long time, and I think it's a different relationship with Amdocs than perhaps with the other IT industry players because of that focus.

I said earlier, it's catalog-driven, has to be catalog-driven. We have to have one catalog, one way of engaging customers through a catalog.

Product roadmap, I think you saw earlier, I think it's clear. I think the strategy is clear in terms of where Amdocs is going with the product, and I'm excited about the innovation that's coming.
It's multi-play. It's end play for us. We're using Amdocs in countries where we are complex. We have wireless, fixed, TV, et cetera. So having a robust multi-play solution is absolutely key.

And you can read the rest. I think making sure that Amdocs is contributing to standards and doing part of industry standards. We're a big fan of seeing standards emerge. I'm a big fan of seeing standards emerge in the IT industry in telco.

Both Rami and I are part of a team forum where we are working together to drive the industry forward in terms of standardization. It's really important for our competitiveness as an industry not only in Telefonica.

And finally, this is a pre-integrated platform suite. We've struggled 7,000 systems with tactical legacy integration, are very difficult to manage. We want to offset the integration challenge by going for pre-integration and going for more suite-based software, and we feel that Amdocs is the leader in that space.

And then finally as I said earlier, this benefit of doing in a standardized and reusable way through a galaxy has become the way we were operationalizing it. And again I think Amdocs is one of the few businesses. If not, the only business that has real experience of running galaxy-type implementations. And that's it. So hopefully that was understandable and interesting.

I've got a few minutes -- four minutes I think. If anybody wants any questions, I'm Okay for questions.

Yes?

+++ q-and-a
Tom Roderick^ Hi there. It's Tom Roderick from Stifel. Thanks for joining us today.

I don't know if you were -- I mean, it sounds like you've been working with Telefonica for a long time and involved in this project for a long time. But can you take us back to the original decision to work with Amdocs.

Were there any other sort of pure play software vendors that you can consider in the process or was it always more thinking about a systems integrator versus Amdocs? I'd love to hear the decision about what made you go to Amdocs in the first place, and clearly it's worked that well. Thank you.

Phil Jordan^ Tom, it's a good question. I think -- and these decisions, they're complex so there's no simple answer to that. I think when we selected for Argentina which was country one for us, it was a balance between technology and delivery model.

So I think I probably would say there was probably a greater emphasis to that point on the product, on the technology because at that stage we haven't really formed the view
that I'm sharing now. So I think we were keen to select what we thought was the best product and the best technology because we wanted the best outcome.

And then I think that led us to, Okay, what's the right delivery model. And I think again having been around this a long time I've been at Vodafone for 12 years before I joined Telefonica. So I sense that there's a different model needed, and we want to have a much more standardized, much more out of the box, a different focus to the implementation that we've had in the past, which is why we ended up with a direct relationship with Amdocs in Argentina.

And then I think as Shuky said, quite honestly, the opportunity to leverage and reuse that was a combination of the strategy that I wanted to follow, and actually our execution's success in Argentina. Have we not been successful, we wouldn't have the strategy now, I can assure you that.

So I think the answer to the question was, at the outset, the very first point, it was a technology-led, product-led selection that obviously we look to all the relevant competitors that you would imagine. And I think we were afforded the delivery model of choice because we selected Amdocs. Have we selected other competitor software, we'd be enforced into a different SI-led model. So I'd love to say that was inspirational genius, strategic thinking. Partly it's a little bit about how it develops and it came from Argentina and its execution based after that.

I hope that answers it.

Yes?

Unidentified Audience Member^ Two questions. One, could you just talk about -- we were shown earlier in today's presentation a long list of new offerings, new products within the Amdocs family. Whether any of those are ones that are appealing to you, appealing so much so that you want to now sort of re-up and at that to the offering whether it's the network optimization, the virtualization and others.

And then you've got three Latin American markets going this direction, do the other 14 just fall in line? Do you digest this and then reconsider whether those are all suitable for this?

Phil Jordan^ Let me answer the second question first if I can. So we are doing this in multiple businesses in Latin America now. We have some businesses, six countries that are very small scale, sub three million subscribers. We've made a different selection there because we wanted to -- they are quite simple business models, quite simple important implementations, but not the same scale of our core play businesses.

Businesses that haven't selected or haven't yet engaged in the process will be a guided choice to a strategic set of vendors. So will they fall in line? You know affiliates, they
don't often fall in line, but will guide people and direct people to a reuse base strategy. Yes, absolutely.

And then the question about future products, I think there are obviously two key areas. We're very busy on BSS and some satellite domains, but obviously we're excited about the big data. It -- the point was made earlier. I'm again not a big fan of -- I mean, there's a lot hyper and big data. I think the most exciting big data opportunity is how you enrich your own experience based on your own data.

And I think what excites me about what we heard today and what's coming in the product is I agree with the theses that Amdocs has a great position to help us from in terms of understanding processes and data. So no forward-looking statements, but I am interested and excited about that.

And network function and virtualization I think is an area where Telefonica is pushing some of the bandwidth right now. We see the convergence of IT and networks very clearly. We see the value of function and virtualization of all aspects of our infrastructure.

I think it's a very interesting open playing field because it suddenly becomes open to software vendors. Amdocs is one of those software vendors, but we're not yet in a position to make any comments about whether we would (inaudible) Amdocs in that area. I do think it opens up the opportunity to work with software vendors and network equipment providers in a different way.

I think we're out of time. Okay. Thank you very much.

+++presentation

Matthew Smith^ So thank you very much, Phil, for that excellent presentation.

So from one of our new relationships to one of our more long-standing, I'd like to welcome Anthony, president of the AT&T Division.

Anthony Goonetilleke^ Thanks, guys. My name is Anthony Goonetilleke. I head the Amdocs AT&T Division. And like Matt said, don't worry about the pronunciation of the last name. I couldn't spell it until I was 10, so it's all good.

I'll try to just give you a bit of insight into the AT&T Division, and after having Beyonce and Cold Play on stage, short on time a little bit, but hopefully we'll get a glimpse into kind of what we're doing there and where we're going in terms of a strategy.

Just a short history about myself, I've been with the Company for 16 years. I joined in Amdocs in Australia when we set-up a new data center for a managed services outsourcing opportunity over there.
I moved to the US with Bell Atlantic Nynex at the time, became Verizon after the GTE merger, moved back home to Australia, Mr. Amdocs, came back to the US, and then they asked me to join the executive team over in Dallas. The one thing to note is the next time you see a little dot on the map, my wife says I'm moving by myself.

So a little bit about the AT&T journey. When I took over AT&T in terms of leading the division, it's important to go back and look at the history of where you came from in order to define where you're going. And one thing that was very obvious, we started in 1984 with the Yellow Pages initially it was really the birth of the Company.

But when you actually go back and look at the last 30 years it was a constant cycle of innovation and continuous innovation and pushing into new directions that kind of got us where we are today. I think most of you are very familiar with what we do in terms of the core and the basis BSS-OSS side of the house.

But when we look at A&T today and some of the things that there are press releases out in the public domain, it's a very different company to the traditional call that Amdocs is known for like the back of house systems.

Just simple things such as the prepaid wireless, which is more of a no-contract wireless and it's something that will differentiate in the market as opposed to just another brand.

The consumer services award, this was something that we got from AT&T. And just to give you a little example of innovation that kind of drive some of this thinking, there was some technology about creating some videos for advertising and one of our guys said -- hey, the phone bill is a very, very complex thing.

So how about if we get this technology, marry it up with phone bill and create a dynamic video to explain the phone bill. Now believe it or not, I even clicked on that video because it's great. It actually explains the phone bill and goes through it. And a lot of new subscribers with bundles and proration and all of those things that you get on your phone bill, it's a very intuitive way to understand it.

And it's things like these that kind of, at the end of day, drive NPS, right? It's the ease of use that we talk about customer experience. But at the end of the day, it's how easily we can absorb this information and use the systems.

The foundry in Israel, this is something that was started a little while ago, and Israel is this hot bed of innovation. Outside of Silicone Valley, there's some great little companies that come out of there. And together with AT&T, we try and harness this technology together, incubate them, run them through our systems, and then try and bring them to market if they're relevant.

I think Eli spoke about managed services. And I just want to point something out. I mean, there's a rich history of managed services with Amdocs and AT&T, but this is not your
commodity managed services. This is not where it's just go and hide some butts and feet, and people are going to click on keyboards.

The managed services is about innovation, about driving innovation, providing business KPIs. People sign up for SLAs very easily, but very few people sign up for business outcomes. And our managed services and our services 3.0 are about innovating this type of technology driving towards the business outcome.

It's probably Beyonce still upstairs.

One of the really cool things about the job is working for a company like AT&T. I mean, these guys, they wake up in the morning, they don't think about -- hey, is my bill Okay, is my systems up? They're constantly thinking about how do I push that envelope, how do I go to the next level.

So Chris Penrose who heads the AT&T Connected Car Devices has been doing an amazing job lately. And this is one of the really cool projects in AT&T where we're part of the AT&T Drive Studio where we get to play in this space and kind of lead. To me it's almost the next frontier, right? If you look at specifically the North American market, which is so saturated with smart phones, this is almost the next space of where we're going to.

I did a very simple test. I had to do a speech on IOT -- talk on IOT, and I just went and counted the IP addresses in my house about a year ago. I had 28 IP addresses, and it seems like quite a lot.

Almost 12 months later, I did the same exercise and that number almost doubled. Now it sounds strange, but you go to your house and you do it. We start counting your set-up boxes, iPhones, iPads, XBoxes, cameras, nest thermostats, this is the world we live in and these are the things that you need to manage and care for, and bill and things like that, so this is quite an exciting journey that we're on.

The last one there is around the domain [Truder do] the supplier program. I'm sure you've heard John Donovan speak a lot about this.

This is essentially about virtualizing -- what Rami was talking about in terms of taking the hardware side of the network and driving software innovation down it and virtualizing so we can move the time to market barrier or take away that time to market barrier.

Obviously, with fiber rolling out to a lot of markets in the US, we started getting the bandwidth, but we also need to make sure that these services are up and running and available.

One of the interesting things, you know, generally, that we see in the market is most of us who are probably in this room are high-end consumers with a lot of different services.
You start looking at lower-end enterprises and SMBs and you see this convergence, right? It's not like completely two separate systems that we're talking about anymore.

Finally, here, one of the -- you know, I'm very honored to receive the AT&T Outstanding Supplier Award not just because, you know, a company like AT&T gave it to Amdocs but this kind of represents the heart of who we are.

I mean we have essentially 1,000s of people that wake up every day and they're so passionate about working for AT&T. And it's a very personal journey, so, you know, it's a very proud thing to get an award such as that.

Kind of looking -- looking towards the future and where we're going, when we look at the overall strategy of what we're doing at AT&T, you know, we saw all the great stuff before that was presented and it's fantastic but this one thing that, you know, is table stakes, right, and that's operational excellence.

You have to deliver that in order -- before you do anything else. You know, system needs to be up, you need to ensure you're billing correctly, you need to ensure that self-service is working under these things, are just given.

But I also have to point out that, you know, the operational excellence of five years ago is not the operational excellence of today. You know, when we could turn systems off at 11 o'clock because you had to run a batch cycle and things like that, that's not what's expected.

You know, my kids expect that things will be on constantly and they'll be able to access things. And so every -- every month, we're driven to different levels of operational excellence.

I want to touch on the CES foundation, but that -- you know, Rami I think did a great job at presenting a view of that, but that's essentially the lifeblood of who we are in terms of the Company.

I mean having these opportunities to bring things to market, I mean to be very candid, I have to tell you, guys, I've been with the Company for 16 years and I honestly don't remember a time where you actually feel proud to go and represent or shared some of these products with your customers and some of these ideas on thought leadership in terms of where we're going.

Technology and business services, you know, when we look at services, it's not just about the technology side of services and doing, you know, dev, tech services and things like that. But as Eli touched, you know, things such as order fallout and O2A, because the approach we come here is again, not to come to the table and say, "Hey, we're just this lower cost SI provider that's just going to put a butt in seat and start typing on a keyboard."
But it's how can we automate things, how can we innovate here, how can we use Big Data on what you do because it's our systems to tell you what you should be doing tomorrow. And our main impetus here is to drive cost out of the business as opposed to sit there and put more people on seats and get more money from just adding people. So the way we look at services are very different in terms of the differentiation factor.

In terms of, you know, our business growth engines, I think, you know, Phil touched on the point that we live in a world that's pretty much going to be hybrid, right? You're going to have in-house systems, external systems, systems from different vendors.

So when you start talking about orchestration, this is really going to be the Achilles heel. I mean if you can successfully implement orchestration that's open, that has multichannel access, that gives visibility into where an order is at any given time.

This is -- this is really at the heart of where we think, you know, the next frontier is going to come. And as you look at that going down the stack and creating more of a disruptive presence from the network layer, you know, you're able to control that customer experience even more.

We already touched on the diversifying product and services but I think the perspective of M2M, you know, I call it a micro adjacency, right, as telecommunication service providers, you know, we heard the definition of convergence repeat in multiple times today, it's not just about dealing with your phone, it's about M2M IRT, CRT, the cloud of things. These are these adjacencies that are being created together with multi-play or omni-channel.

And, of course, the last one I'll just touch on very lightly is, of course, if we do, number one, we provide a level of operational excellence, if we innovate and provide value to the business at every level, you know, we hope that as AT&T starts moving into other adjacencies and other geographies, you know, we will get a seat at the table.

So sorry for rushing through that but hopefully, you know, you've got a little bit of a glimpse in terms of what we're doing at AT&T and where we're going and thank you very much.

Matthew Smith^ We've got a five-minute break now and we need to get Tamar right up for her speech and so we'll see you back here at about 3:50 or so. Bye.

(BREAK)

Matthew Smith^ Okay, ladies and gentlemen, if you'd like to get into your seats and we can get the financial part of the presentation underway. Thanks.
Okay, yes, while [Jill] hands out the slide, it's my pleasure to introduce Tamar Rapaport-Dagim. She's one you should be very familiar to virtually all others, the chief financial officer of the Company. Enjoy it.

Tamar Rapaport-Dagim^ Thank you, Matt. So I assume all of you know that by heart by now so let's skip the forward-looking statement.

I'm going to cover today a backward looking report on where we are relative to what we told you two years ago. Then I'm going to talk briefly about a couple of adjustments to revenue disclosure which we think are relevant to our key dimensions then cover our organic three-year outlook looking from fiscal '15 towards '17 and finish with some recap of the day and our investment thesis.

When we were meeting you, guys, on our analysts' day two years ago, we talked about a revenue organic CAGR of 3% to 5%, margin outlook for 15% to 17%, EPS growth of 5% to 8% and on top of that back then we did not have the dividend.

But since then when we're looking on how we are tracking with two years of actual results in the fiscal '15 based from the guidance we provided the market in early November, we're actually on the upper -- middle to high end of the range for the key metrics here.

So in the revenue side, 4% to 5%, that includes M&A. As you know, we are integrating our acquired entities very faster into the core Amdocs' machine so it's very hard to track it as we move along.

We are on the upper half of the margin rate with 16.5% to 17%, and I will talk about the drivers to that in a minute.

On the EPS side, 7% to 8%, the combination both of the strength of the fundamentals of the business and our consistent execution of the share repurchase program. And on top of that, we also introduced a dividend with a yield of about 1.5% over that period driving shareholder return, EPS growth plus the dividend yield to 8.5% to 9.5%.

When we're looking on the two key drivers of business with Amdocs, the core portfolio of CES that we talked a lot about today and the legacy directory business, we are seeing a very divergent execution, of course, in these two vectors.

On the one hand, directory which is where the Company started three years ago, given where the end of the market of that business is, we are seeing a decline there of several digits as we expected and that has been a drag of about 1% on the Company growth both in fiscal '15 and '15.

On the other hand, whether we're looking on our core business which is now about 96% of what we do, we are seeing a CAGR of over 5%.
We are providing here some color around the top customer, it's information, we're actually providing, you know, 2.5 but I do want to take the opportunity we all gathered here together to give some color around that.

Our number one customer, AT&T, has grown both in absolute terms and its percentage of revenue in the last four years from 29% to 33%. That's a combination of both the fundamental strong work we've done for AT&T as well as continuing to expand into new strategic domains in AT&T such as the examples that Anthony covered as well as the fact that our recent acquisitions in the radio access network optimization have contributed to that growth as well.

The rest, top 9 customers, actually as a percentage of revenue, have moved from 46% to 40%, that representation of -- on the one hand, the stability of names we're seeing there and some natural changes we've seen, project maturity and things like that, and also our greater focus on expanding to new customer base in new regions as we've talked about quite a lot.

So I'm glad to say that these efforts are bringing as a result of that new names into this top 10 list with the customers added from APAC and Latin America into our top 10 list as well.

From geographical mix point of view, we have seen some shift from North America in the last four years into rest of the world, not a huge change but still given the double-digit growth we've seen in the last four years in emerging markets, you did see the impact in rest of the world revenue growing from 12% to 15%.

In Europe, although as percentage of revenue remains constant to 12%, actually, I can say that within the three out of the four years that we're reporting on here, we've grown in Europe despite pressure from microeconomic and regulatory point of view and we believe we are making progress there from competitive points of view.

In North America, both in absolute terms and in terms of growth rates have been very satisfactory relative to our expectations two years ago, so I wouldn't take so much notice about the fact it's reduced the percentage of the overall business.

And especially in 2013 and 2014 as we rebounded for more of the stagnation in the marketplace here in 2012, we've seen very active and healthy competitive environment between the service providers in North America. And with the right offering we brought to the market both from product and services point of view, we've seen a good momentum there.

Putting a slight focus on emerging markets here, over the last four years, we enjoyed double digit growth in emerging markets of 18% CAGR which ultimately resulted in almost doubling our revenue base in emerging markets within four years.
We are very happy of that, that's the result of both our success in Latin America and in the Southeast Asia. And we believe emerging markets' success created the right examples for groups such as SingTel, for example, to expand beyond the emerging market affiliates to more of the developed affiliates within the group.

So SingTel, for example, where we serve the Globe for a couple of years in the Philippines, now selected us as we announced this morning in SingTel in Singapore and SingTel in Optus in Australia which is very encouraging.

We've been talking a lot about managed services as a very important part of the sustainability of our recurring revenue model. When we're talking about managed services revenue, it's about a customer that the primary relationship with that customer is in the managed services engagement.

About half of our revenue is coming from managed services engagements and when we're looking on that line item, we've grown about 5% CAGR over the last three years. And that's a combination of expansion into new customers with managed services, some of which we actually completed project and moved into managed services, some of which have been a long time customers like TELUS that more recently moved into a managed services engagement.

It includes changes in scope and renewal discussions. And also, this number is despite the reduction in directory. Most of our directory business is actually classified as managed services so in fact, if we're looking just in the telecommunication managed services, it's tracking even better.

Another very important indicator of the resilience of our business model would be the 12 months backlog. When you look in the picture here, you can see that on average, if we're looking on that period from 2008 to 2014, the 12-month backlog that it started a year with represent about 80% of the actual revenue we reported for that year.

So again, of course, it's changing from year to year given the mix of the business and other -- other indicators there. But I think it's a very strong sign of the visibility there is in our business model.

Also an interesting kind of stress test we have to experience was 2009, a very bad year from our point of view and the rest of the world given the financial crisis that was going on. But when I'm saying a very bad year, it means that this was the only year.

Within the last decade, we actually saw a decline in revenue and that decline was 9.5% in reported basis, it's 6% on the constant currency basis, that's why we've seen this decline especially because of not having enough flow of new projects coming in.

The recurring business actually continued to perform quite well and you can see that the 12 months backlog even on that year was not moving that much. So again, we see this as a very important indication of how the business is tracking.
When we're looking on the recurring revenue base of the Company beyond managed services which is long-term contracts typically running from five to seven years and as I've said before, about half of our business is on new managed services, we have a lot of recurring revenue coming from ongoing support and change requests and the ongoing activities with maintenance and support we have with customers.

So roughly speaking, our recurring revenue base is about 70% to 80%. The reason our backlog is actually tracking higher is because naturally as it go into a given year, we also have some signs and committed projects already in the backlog as well.

Getting into our margins, as Eli mentioned, we are trying to manage the margins in a way that looks very balanced and maybe even seemed easy from the outside but a very stable margin and time to push over time for modest improvements.

But under the hood, a lot of moving parts that I want to share with you some indications on in terms of what are the key headwinds and tailwinds we are seeing in terms of the margin profile.

Overall in terms of the headwinds, going into new geographies, whether it's a new country and emerging country -- emerging market or a developed country means investing in the setup. It's the first time we need to establish a team, we need to create the local capabilities there and so on. So that requires some kind of an investment.

Same goes when you're offering, you've heard today about Big Data analytics, network virtualization, all kinds of new domains we are going into and invest heavily in order to become dominant leaders in these spaces as well.

Directory, that's a legacy business for us but that is declining. We've had some kind of headwinds on our margin. And as any company engagement services, we do have, of course, a lot of focus on the labor expenses, how we are matching between the global spread of labor from competency point of view, challenge availability and so on and between the cost of salaries and tracking on that.

So that is something that we're experiencing. And in addition to that, there is SG&A like any multinational companies and I'm actually pleased to report that in the last two years, SG&A as a percentage of revenue has actually declined given all of the focus we put on that.

On the other side, we have a couple of tailwinds, the scale of the incumbent business is obviously helping us to drive greater margins and the fact we are continuing to see good momentum in the region like North America where we have a lot of scale is definitely helpful there.

Our investments in internal knowledge and methodologies and tools is definitely bringing fruits in terms of helping us improve the margins as well as some, you know, investments
we are making in the core products given our unique business model, of course, when we are investing in the probability of the product not only our customers enjoyed but we enjoyed as well given our managed services practices and so on, as well as a lot of efforts put into project execution and just being a good old machine that is doing this kind of services in the most efficient way.

On top of the margin control and the sustainability of the margin, we are continuing to use the share repurchase as another lever of improving our EPS growth.

Just as an indication, in the last one -- taking here the last eight quarters from the last analysts day we've been here, we've reduced the share count in 3.5%, all be it in a much higher pace in the last six months given some share exercise -- sorry, stock option exercise that will reduce as well as the acceleration of the share repurchase itself. So overall, we continue to reduce the share count over time and committed to continuing to do so.

When I'm looking on our capital return, if you recall, in 2011 and 2012, we were running at an accelerated pace in terms of a share program and repurchased and used more than 100% of our free cash flow to repurchase shares, reducing the net cash -- net cash on our balance sheet.

And the earlier part of 2013, we declared a new framework, a more sustainable framework in which we will use about 50% of our cash for growth strategy primarily M&A and about 50% to return cash to shareholders, again, the only framework in which we are operating and adjusting as we move along and see the needs for the M&A as well as the cash generation.

So despite declaring the 50/50 framework given where we're at and, of course, funding fort M&A, we feel we can afford to be at a higher pace and actually, we've been tracking in the last two years in 2013 and 2014 at about 80% of our free cash flow being returned to shareholders. We also introduced the dividend two years ago, increased it already about a year ago in 19% and now, proposing our shareholders to increase it for the second time in 10%.

I want to touch briefly on two proposed adjustments we have in the way we are going to disclose revenue going to be effective from Q1 2015. One would be to remove the license revenue line from our P&L as we believe it's becoming less and less relevant. We've talked about that a couple of times in last quarters.

We see that license is being sold more and more in conjunction with the large scale project hence we recognize as part of the progress of the whole project. We don't feel it's providing any early indicators in our kinds of business model to investors about the progress of the business and therefore, we would like to steer you to look much more into the 12-month backlog that sometime is the leading indicator for the healthiness and the growth of the business.
I just want to emphasize that it does not mean or does not contradict the fact that intellectual property and technology is the underlying thing within everything we do including services.

And as Anthony emphasized, we're not just doing your mess for less of putting labor on the ground, we are looking to have some kind of innovation and intellectual property behind the services we're doing as well. However, the monetization model in such cases is with services revenue rather than licenses.

The second change we are going to have is related to emerging markets (inaudible) relative to rest of the world as we are moving more and more within Southeast APAC and Latin America to cover countries that are not necessarily categorized just as emerging and where we've seen the broad base success we're having in this region.

We believe that's going to be a much stronger indicator of our growth in the rest of the world and actually continue to expect the double-digit growth but not going to be referred to in the context of rest of the world as a whole.

I'll move now to cover our three-year outlook for 2015 to 2017. That's an organic outlook, the reason we're using three years is just -- not just because we want to be consistent with prior practices but that's also our internal way of running the model and projections.

We are looking organically on revenue growth of 3% to 5%, on margins, of 16.2% to 16 - sorry, to 17.2%. The midpoint of the margin range of 16.7% is 20 basis points better than the prior margin we've been tracking, and actually, about where we are in the last couple of -- in the last couple of quarters.

In terms of the EPS CAGR, we are projecting 5% to 8%. And adding to that, the 1.5 dividend yield based on where the share is tracking to the end of the recent recommendation for a dividend increase to $0.70 a quarter, we believe total shareholder return is at 6.5% to 9.5%.

I would like to give you some color around the considerations behind this outlook. When we look on the revenue considerations in terms of the growth drivers, we continue to see our ability to grow across the multiple access we talked about the -- that Eli showed through the diagram of continuing to push new products, additional services, new buying centers and going and expanding our addressable market as well from geography point of view, continuing to penetrate more and more countries.

On the other side, we are seeing continued pressure coming from directories. It is going to continue to go down. And we believe that despite double digit reduction we expect in directories, it's not to be more of the 1% drag we've seen in the last two years.

And in general, we are seeing a slow I.T. spending environment in the developed part of the world where we're seeing overall I.T. spend growing at about 2% globally.
We also have some uncertainties at the consolidation in the market despite the long-term benefits from Amdocs and something we see as an advantage given the increased complexity in size of the consolidated entities.

In the short-term, it may have some pressure given delayed decision-making and some other aspects. And the wildcard years especially one of these large contemplated mergers will be cancelled because of lack of regulatory approval.

Currencies, we all have seen what's happening in the recent months. It's getting wild out there where the more mature currencies like the euro are moving 8% to 9% a quarter, that's definitely an environment we all have to live with.

We are not taking a position to work hard as we move so therefore we are guiding for a three-year CAGR assuming the currency environment we're seeing now, but things may change. And just to remind you, our whole hedging program is designed to protect the net exposure meaning the profitability of the Company rather than the top-line. So currencies may have continued pressure on the top-line there or a benefit, who knows, maybe trends will change.

And in addition to that, there is always the lingering economic environment and especially in Europe, we are not seeing a major change yet and we need to acknowledge that as well.

From the margin point of view, we are very focused to continuing and create an environment where margins are either stable or improved modestly over time. We feel we have on the one hand a lot of opportunities to invest in, opportunities that can bring the growth in the future and bring the returns and at the same time enough levers to continue to push for efficiency and a better operation that can help us with the margins.

And the revenue mix can play a role here as well. When I'm talking about revenue mix, it can be either geographies meaning are we growing more of our incumbent countries or are we managing to push and succeed to penetrate more and more new countries.

Revenue mix can be the shift between how much we grow from new projects of transformations versus how much we grow in recurring revenue. I just want to emphasize that whether it will be more of project activity or new countries expansion which may have more pressure on margin in the short term and we've experienced and managed for in the last two years, it's actually a very good news for the Company.

Because that is where we are building actually then beginning of new long-term relationship and later on, typically, we are seeing this long-term relationship evolve into this recurring revenue base that is typically coming with bigger profitability as we made any additional investment in the penetration project.
From the tax outlook point of view, we are not reporting any change to our prior view. We've been tracking at the range of effective tax rate relative to non-GAAP earnings of say, 13% to 15% for some years now. We've also guided for fiscal '15 for the same range.

When we are creating the outlook for '16 and '17, our assumption is that it will stay the same but we cannot guide that far given the dynamics of tax changes that may happen, so we will have to update you year by year or now, we see things.

I want emphasize the importance we're giving to tax planning and managing the business and operations taking into consideration different aspects of tax into our day-to-day decisions. And at the same time, there is a going political and economic pressure out there with many countries and multinational organizations like the E.U. and OECD having all kinds of proposals that are targeted to increase the tax revenue.

So we should be minded of that. We're tracking it, of course, very carefully trying to prepare for any -- some kind of offers that may impact us but it is something we are not necessarily able to impact, of course, and out of our control to some extent.

On the capital structure guiding principle, we don't have any change relative to what we've talked about two years ago. We believe it's still relevant and it's still in conjunction with our business objectives meaning we would like to focus allocation of capital to allow the Company to drive business growth and long-term shareholder value at the same time.

We would like to maintain the vast majority of our debt capacity to support growth initiatives to preserve the debt investment grade status to ensure the customer confidence. Just to remind that these customers are relying on us as a partner for long time in mission physical system, they need to feel very good with our balance sheet.

And we'd like to maintain at least $500 million in gross cash to support a smooth operation of the Company. It's a minimum amount rather than an optimum number to have.

And after adhering to all of the above principles, we want to continuously use the excess cash to increase also shareholder return as we've done in the last two years where we've been tracking ahead of the 50/50 framework. Of course, this is balancing act that we will continue moving ahead as well.

So when we're taking these guiding principles into how we are using the framework, so the 50/50 framework again is the philosophy rather than something you should take mathematically, it's something that we're tracking on a day-to-day. It's just my sort of thinking.

We would like to use the flexibility that we have in the short term to be ahead of the 50/50 framework. We've talked about that, the fact that we -- in the earlier part of 2015,
we will probably continue to be ahead of the 50/50 framework. And it seems likely now that for the majority of 2015, that will be the case as well.

And dividend remains an important part of our capital return with the increase now advise the 10%. Looking forward, dividend will change relative to how we see business fundamentals and the needs of the Company.

Free cash flow is a core discipline of how we're managing the Company. So it's something that is very important to me personally and to the management of the Company. And we feel that over the last couple of years, we've shown that we are providing good results with how we're managing our free cash flow.

There are some years in which it will be down and some years in which it will be up and it's more the nature of the cycles of the business. But overall, you should expect Amdocs to track at about 100% up and a couple of points for growth in terms of earnings for cash.

In the last two years, we've been converting 118% of our free cash flow to non-GAAP -- sorry, non-GAAP earnings for free cash flow. Naturally, I don't think that's sustainable. When we're looking into fiscal '15, we project about $500 million which is about 7% of current market utilization.

And if you recall two years ago, we talked about having a minimum cash flow generation of $1.2 billion for three years. Actually, just two years later, we're tracking very close to reach that minimum already by the end of 2014 so we feel comfortable about the pace we have been tracking now.

I would like to summarize what you've heard today and then invite Eli to join me for the Q&A session.

We are a company, if I need to describe it very simply, a customer experience company. We try to help the service providers improve and redefine the way they interact and support their end customers from multiple dimensions.

Our unique business model is coming with a very strong set of products, the software products that Rami discussed so much about and the strong service capabilities, the effective way we have to deliver the products relative to the industry, failure rate that this carry. It's about 50% of transformation project failing. We have a track record of delivering close to 100% of the project.

So the combination of this very strong product, very strong service capabilities combined together to unique business offering is a very different accountability model that we can put in front of our customers.

We are simplifying the environment that is just getting more and more complex and we're trying to simplify the way it looks from the end customer point of view whether it's a
consumer, small medium business or a larger enterprise while dealing with all the complexity in the backend in a very sophisticated way.

We have multiple dimensions of growth from geographies to new product, to new services, to new addressable markets such as radio access optimization and we feel we have the depths and the experience of the leadership of the Company to continue and take this unique capabilities and attributes and obviously, leveraged opportunities we see ahead.

So when you leave the room at the end of this day, I hope you take with you at least six key messages. I'm being modest.

The first one would be that Amdocs has a long relationship with its customers. It's very rare that we will lose a customer. It's actually, my fingers can probably count, one or two cases in the Company history.

And we are very proud about the fact that we got in -- we bring value and then we build a relationship over time to expand and provide more and more of the Amdocs' capabilities into that customer.

And that creates a very -- that in conjunction with the business model that we have creates a very strong visibility of the business model with recurring revenue with a large backlog that I talked about.

The superior industry win rate that we have and we are winning and we are continuing to win business. And as we've said, there are not a lot of large transformations out there in the market and definitely, it's very important for us to have a very high win rate on each one of these cases.

And that enables us together with keeping our customer base and continues to expand within this customer base, that keeps us at the higher rate of growth than the market industry average.

The old machine that we mentioned is running overall dimensions of the Company, the operations, the delivery, the product, the sales, the corporate functions and we continue to see how we can improve this again and again and again in order to provide and meet the commitment we are giving of stable to improved margins over time.

The robust free cash flow is obviously strength as well as the balance sheet. And that provides us alongside with a strong track record the ability to move ahead and expand also inorganically through M&A when we find the right opportunities and decide we want to do it.

And we are engaged and try to be friendly to our shareholders by keeping in mind all the time how we are creating a better value for you, guys, and how are we improving shareholder return over time.
So thank you very much and we'd like to ask Eli Gelman to join me again on stage. And we'll open now for questions from the audience.

Eli Gelman^ The microphone is on the way.

Hugh Cunningham^ Tamar, one quick -- Hugh Cunningham, Oppenheimer. A question on the numbers you put up for the next three years, those were the same numbers from the last earnings call, right? I just want to make sure the 5% to 8%, et cetera...

Tamar Rapaport-Dagim^ The last earning call was for fiscal '15 specifically, they were a bit difference.

Hugh Cunningham^ Okay.

Tamar Rapaport-Dagim^ For fiscal '15, they're not the same exactly.

Hugh Cunningham^ Okay.

Tamar Rapaport-Dagim^ But similar I would say.

Hugh Cunningham^ Okay. On your last slide when you talk about win rates, when you don't win, why don't you win?

Eli Gelman^ Usually, the reason is price. So we walk away from deals that we don't think they are going to make money. So, you know, there is a deal that sometimes we need to suffer a little bit and then recover.

And the second is [earlier], whatever because of the long-term relationship, we would do it that's why we have a strong partnership. But if we see a deal that will be very difficult for us and then will be even more difficult to recover, we usually walk away. So that will be by far the number one reason. And sometimes, you know, people are allowed to make mistakes.

Hugh Cunningham^ But product wise, you are -- you don't see anyone who challenges you or comes close to you?

Eli Gelman^ Look, everybody is trying to challenge us. You know, we have compared -- Oracle is trying to put up together a stake and Ericsson is trying to put up on and the IBM sometimes in the services and Accenture, they have a long tail of the -- who are left there, you know, that Asia suspect, if you like, Comverse and other people.

So everybody is trying and everyone of this large transformation that we are talking about, usually, everybody in this might show up.

Hugh Cunningham^ Okay.
Eli Gelman^ So it sounds like there is no competition. There is a very fierce competition. I admitted more than once that I'm a [paranoid] person when it comes to the business. And we try to make sure that we provide all the data about the quality of the service we can give, the accountability more than -- the fact that we can actually do it.

It's one thing to sale. It's another thing to delivery. We have a track record of delivery. And we cannot guarantee 100% of that but we have competition and sales competitions all the time, all the time.

In any region, on any project more or less, when we get into new field like radio network optimizations or MFS or Big Data, it's actually we invite ourselves into more competitors in a way but that has been our life for the last 20 years at least.

Unidentified Audience Member^ Two quick follow-ups. In your talk, you mentioned the investor community and Tamar mentioned also balancing margins. Let's say you had a conversation and you're able to convince your shareholders and your investors to look away from margins briefly. What would you do? What would happen at Amdocs?

Eli Gelman^ As a matter of fact, I think (technical difficulty).

So far, we found really the balance within the activities we want to do. And I don't think that I need to go to the investors and ask them to look away and it is profitability for the short term.

We found a way to balance it. In general, I would say that if I need to think about something that totally accelerate our activities we are talking about here but we are a very prudent company so we don't like spend money without knowing that there is a validated case, that there is a problem.

Number one issue is I.T. company is that they come up with a solution then they look for a program. And we tend to do the other way around. We actually look around. We understand the industry very well. We go talk to [fields journal] of the world they are not that - not many of them and just understanding where they are going and we try to make sure that when they need it, we're already there.

So I would say that if there will be such a case, we'll probably come to the investors. But right now, I think that they are in a good shape and the balance in between investment growth engines and keeping the margins.

I like the Company to keep on growing and I think the operating margins stable because it's a very good demonstration of the strength of the Company. And good companies should improve SG&A while growing, while developing new things. A good company got to do multiple things and we demonstrated it I think the last few years.
Unidentified Audience Member^ And just finally, any large contracts endings we should be aware of and what's Rami do in 25 and 10?

Eli Gelman^ Any large contracts I cannot refer to. We will wait it, you know, sometime until we can announce the Singapore Telecom which is a significant transformation.

The other part of transformation, a few significance of the scale that are being worked at not on the bias. As I said, everybody in this space is trying to convince these customers on this large transformation. As soon as we have some news, we'll say it here.

Unidentified Audience Member^ Hey, Tamar, just on the directory business, it's been 100 basis point headwind for the last several years. What do you think if for the next three years another 100 basis points each year and then it's like zero, how should we think about that?

Tamar Rapaport-Dagim^ I don't think it will be necessarily 100 basis points for each one of the years. A couple of it will be lower as the business is shrinking. But I said -- as I said, it will be no more than 1%, I think probably less.

Unidentified Audience Member^ Any way to frame where it bottoms?

Tamar Rapaport-Dagim^ It's hard to tell and I don't want to go, you know, beyond the three-year outlook we're saying. Some of these customers are actually with us in the long-term contract which is providing some kind of visibility.

But even within these long-term contracts, there is some discretionary spend, so it's hard to predict it exactly how they move along this discretionary spend. But it's not from quarter to quarter, let me say that. Most of these contracts are longer term.

Unidentified Audience Member^ I had a question on capital structure. If we -- and one of the things you highlighted is stability of the business, $500 million a year of free cash flow over the last six years.

You talked about $500 million on the balance sheet is the minimum and you don't want to be -- you want to be investment grade with two pies -- two times gross debt to EBITDA. And you take all that together, you could still buy back 700 million of cash off the balance sheet and another $1.6 billion to get the two times leverage.

You know, the stock, in all due respect, you, guys, have done a good job but there hasn't been a great stuff over time. Why not buy back a little more stock and still stay within your stated goals as opposed to a very small capital return? Thank you.

Eli Gelman^ So in general, obviously, we do this math all the time. We believe we need to keep enough dry powder for opportunities when we want them and when we want to accelerate, that is about M&As or joint ventures or whatever you think about.
And as we demonstrated in the last couple of years, three years probably, we don't -- we are not shy to accelerate buybacks when we see that the balancing act actually shows that this is a better thing.

We keep the philosophy of 50/50 but we're actually getting 77% or 80%. Well, most likely, we'll do much better than 50/50 as we said through FY '15. And if in the next three quarters, we wouldn't find better use for the Company that is to say good deals, we may accelerate the buyback.

The one thing we don't want to do is like a one-time major buyback or one-time dividend or something like this. Consistency overtime is something that we prefer to adhere to.

Okay, Tom, behind you, I think.

Tom Roderick Hi, guys. Tom Roderick with Stifel. So Eli, you mentioned early in your remarks today talking about taking CES into potentially a new verticals as a longer term strategy. I guess we go back a decade, Amdocs had made a push into financial services that didn't quite take off.

When you look at where and how you could do that in the future, do you think about transformational M&A as being one of the catalysts that could help you do that or do you think that has to be an organic -- organically developed effort with CES?

Eli Gelman So look, I think the Company has been in a very different position today than 10 years ago. We're actually doing small diversification. People don't look at it this way but I'm telling you, it is the nature of diversification.

When we go to MFS, we talk to banks at the same time, to do -- talk to the telephone companies. So this is kind of a boundary case. When we are moving to the network software, it's a big change, it's a big deal for us and we have done a very good job in the last three years, 2.5 years with policies and AAA and radio optimization and orchestration and some of the stuff that Rami is showing you or showed you today in a glimpse, it's very, very complex and sophisticated. That is within that telecom space so people think that, "Oh, maybe it's a little move." It's a big move.

And it shows that the Company is able to come up with the right engineering and the right capability to come up with something new.

Now, the number one thing that they are checking is whether we can bring value. I don't want to be a me-too. If I'm doing something, I want to make sure that we've been serious, we'll be the number one, worse case, number two.

When it comes to adjacent industry, we are aware to feel -- comment that we stay focused on the core. But the core is expanding. And I can assure you one thing, we would not do
anything that we will -- if we will feel there is even a small chance, we will lose focus on
the core and expand in core.

So -- but again, as the Company is progressing and we have abilities to do several things
by different people and different talent, we may -- we may want to do that because
usually when people -- when company wants to accelerate growth or to maintain growth,
when the industry is slowing -- growing so slowly even to do 3%, 4% or 5% is not simple
with headwinds of all that.

So even if we want to maintain this growth and definitely if we want to accelerate it, you
want to do something new, something new is by nature a little bit of dangerous. And --
but we've been in good -- a good company and we have a good -- very good track record
to do smart moves, to do gentle moves, to do -- some of it will be organic, some of it will
be through M&A, some of it will be the combination which is usually the case when you
really want to look at -- look at radio optimization. We did both M&A and organic
acceleration. We do the same thing with MFS. It's a good -- it's a good way to do it if we
want to make a really fast fierce move.

And oh, by the way, about the other businesses, we supply it but we still have very good
business with all these initial activities. We chose that we bring value in those specific
areas.

We did not pursue it because, you know, a few years, the market was going down, '08,
'09. We had -- we had been very busy in the last four years doing other things. That's the
nice thing about Amdocs, we do it when we want to do it, not because we need to do it.

And I like to keep this thing and if we do something when we want, it means that we
have the time to analyze it, to digest it, to think it over. And so when we come usually to
the market, it looks like, "Oh, fantastic, it's a good idea," but usually, there's a long, long
forces of strategic analysis optionality, actionability, stress test, stuff like this before we
do anything. That's part of the Amdocs and I can assure you we are not going to do it
differently in any direction.

Unidentified Audience Member^ Hey. I just wanted to make sure. You're so confident
over the year of fiscal ’15 guidance and especially on the top-line following essentially
related to FX, following the recent weakness in some of the world currencies.

And second, the SingTel project, is that -- could you provide a little bit more detail on the
size and is that all of it new scope?

Eli Gelman^ Do you want to take the first one?

Tamar Rapaport-Dagim^ I'm sorry, the first question was about the currency impact on
the current fiscal year?

Unidentified Audience Member^ Your top-line guidance, fiscal ’15.
Tamar Rapaport-Dagim^ In fiscal '15, in particular, we already took into consideration the currency environment we've seen when we provided the guidance and so taking kind of the end of the end of the prior fiscal year. And our guidance took into consideration already a 1% headwind because of currencies.

But looking forward, when we are building our model for fiscal '16 and '17, we are not continuing to project any vector either left or right in terms of changes of currencies.

Eli Gelman^ This is the crystal ball we don't have.

Tamar Rapaport-Dagim^ Yes.

Eli Gelman^ One thing that particularly the market is going with software and telecom currencies are a little bit more difficult.

The second question was about SingTel project. Look, it's massively bigger than average deal, Okay? It's not like an average deal, it's not even like a large -- it's a very large deal. It's two companies in two different countries, multi-play, it means that it's not only wireless.

It's a very difficult project, that is to say. And we would need to sweat a lot and Rami and Eric and Patrick and Shuky and Anthony and all of us will probably work up until 10:30 to make sure that we do it.

Seriously, it's one of those transformation project that we are proud doing and -- but we are going to be very, very focused on executing. It's the same thing with what we heard from Phil. Basically internally, we are -- easily like to say that you are good as your last release.

But we did a good job in Telefonica Argentina wireless. We had convergence on wire-line and we did on wire-line, we get some project in Peru and Chile. We hope to get more but it all depends on the execution.

So we are very proud of these type of deals, don't get me wrong, very. Actually, we have been less understated people, we would jump here. But on the other hand, we are very focused the next morning that we need to execute the entire company strategies, actually, relying on our execution, it's as simple as that.

When I say it's mission critical, it is mission critical. It's one of the stuff that if something doesn't go wrong or doesn't -- or does go wrong, God forbid, or doesn't go well, the corporate CEO probably would know about it within a couple of hours. The CEO may know it about three or four hours. This is the -- this is the mission criticality.
Now, if it is something that is really wrong like the entire thing is down, God forbid, it doesn't happen to us. So -- but this stuff we do, so we have to take it very, very seriously in terms of execution. It's not just selling, waving arms and so on.

This is very -- it's hard to explain it. I'm glad that, you know, we did not really -- I didn't see Phil's presentation before. I was -- Phil failed to say that -- the correlation is what we are talking about and what Phil is talking about as their challenges and why they're doing things.

But I mentioned, several times, believe me, it's very complex. Phil, you know, grew up in serious companies, Vodafone, Telefonica, stuff like it. This is the stuff we do, so Singapore Telecom project is complex, big and we intend to do it as close to perfect as possible.

Unidentified Audience Member^ Thank you. Going back to a competitive question from before, can you just go over the differentiation between your offerings and Ericsson, for instance? They've obviously done a lot of M&A over the last bunch of years and bulked up their offerings from more than just billing and OSS, BSS, so they are in a lot of different areas.

And how is -- obviously, LTE has been a big boon for both of you and it's created a lot of opportunity. How do you combat there? I mean you've got a lot of incumbency as well but they come at it from a little bit from the round side so you've got incumbency in a different way.

Is that ever -- does that come up in competitive situations? Can you just point out where you differ and have the advantages over Ericsson and where may be there are areas that they might -- you know, they do win a lot, so where do they win and why besides people making mistake?

And then as the world gets more into which are Wi-Fi and small cells, does that present an opportunity? Does that -- is that something you cover with your current offerings or is it something else that has to get more complicated as small cells and Wi-Fi become more prevalent?

Eli Gelman^ So let me address the second question first with your permission. A is we are definitely heavily involved in this trend. We could not possibly cover all the product that we have today but we have a smart offloading type of application that automatically can actually allow carriers to offload from 4G to 3G to Wi-Fi 2.0.

Hybrid networks which is we're notorious for being network equipment providers independent. We don't care if it's this network or the other or hybrid of them.

We also developed applications for deployment of small cells and Wi-Fi. These are something that is installed 1,000s, if not 10s of 1,000s of boxes connecting to somehow through the fiber optics or other networks and also the deployment of it, it's a big issue,
engineering issue. We have a product for that and we have few other products in the space so we are definitely very active there.

I don't know if it's really huge project right now but we have -- we have already projects and I think that the -- this trend will actually -- will accelerate.

Eventually, we try to build things that are network technology agnostic, if you will. So the same product that we are developing currently, we don't care if it's LTE deployment, small cell deployment, Wi-Fi 2.0 deployment, we try to build a deployment engine.

Same goes about offloading between whatever network, whatever NEPs was it. So we are trying to solve the most mathematical, generic answer that can be used many, many times. And that's why we can address Telefonica's vision about reuse -- Rami talked about it several times a day but it's something which is within our DNA in terms of developing products and offering.

And so the competition, with your permission, I would not relate specifically to Ericsson but maybe the NEPs as a group because they all have the same more or less offering. You know, it could be, [Allo], Ericsson, Huawei.

Look, these guys really understand the network well and these are good companies. I don't know how to develop a base station or a switch although in my history, I actually developed a business like this, but I would not dare to do it again, A, because there is no money there, but B, because it's a simple problem to solve.

The quantities are large. The problem is actually mechanizing an IEEE protocol. In IEEE protocol, someone else's protocol, you have to have this -- on this pin, this signal with this connectivity and so on and so forth.

I think it's history. I think that there's tendency to move from boxes to software. Rami was talking about four other video service. The only way you can actually trigger four different services without even going anywhere and it's sending one technician to anywhere, you buy software.

That's the future now whether we take two years or seven years, I don't know. I think it will get there. That's the only way for the telephone companies to reduce the cost structures dramatically, isn't it?

So I think all of these companies are coming. We understand it so well but we are coming from zillions of engineers that understand how to mechanize protocols. We mechanize people's ideas. The I.T., CMOs, finance people, marketing would [understand also].

And the flexibility of the machine that we will build is exactly addressing these things, so it's endless limitation. It's the non-standard environment. And NFV and all these are in between because you need all the ingenuity.
What is orchestration? Orchestration is actually to understand how many devices in what loop or in what path or in what route and how to connect them and how to generate more occurrence of the amplification and so on and so forth. This is I.T. This is not -- this is not a network.

The fact that it does a network function is because now, we don't have to own everything. We don't own virtualized EPC, [packet call], we don't own IMS, we don't need to own DPI, but we can orchestrate a lot of these things, and we do.

Some of the things you saw today is not science fiction or workup. It's actually real screenshots from real systems. The process is slow, A, because there is a lot of fad. A lot of people are saying, "Oh, you know, it's software, it will cost you zillion." We know this but we cannot stop technology, we cannot stop progress.

So most likely like any other technology in my 30s in this space, I've seen usually when something is right, it usually takes slightly longer than what to expect and it comes bigger. So it's like taking off like a rocket not like an airline.

So I think that eventually we have a major advantage on the -- over these guys. It's good companies and you asked us and say, why didn't do better in our space in the last five years, it's not something new. We place them one after another.

Now, when it's a simple prepaid, yes, of course, they have offering and we have no -- we didn't invent the -- reinvent the wheel there, but when it comes to prepaid, converged billing, complex customers, no contract which is actually a postpaid service and a prepaid real-time mode, this is a completely different -- the hierarchy that's needed for the catalog and they need all this in real-time, that's the trick.

So I don't think that they, A, they can move to our space so elegantly or without a lot of effort. I think we can move -- we can actually gain momentum in the NFV field or the entire space of virtualization of software in the network.

And the last thing I would say is that we are agnostic and we are in the -- we are not conflicting, you know, because for Huawei, they actually changed some of the base stations through radio optimization network. Let's say they can save 20% of the base stations, there's been certain delay (inaudible) in your business.

So we align ourselves 100%, not 96%, with the carriers. We have only the interest to do that. So that's kind of my answer about the NEPs. As I said before, I'm paranoid. We watch all the time. We just -- after saying all that, we try to make sure that we develop better card with better engineers, better ingenuity in the right places then good services, good execution and then it's a boring story about doing the next thing.

Unidentified Audience Member^ So to paraphrase, forgetting about the RAN and the base stations, the other side of these businesses and like Ericsson and Alcatel (inaudible) their I.T. platforms business and the Huawei, the acquisitions that a guys like Ericsson
has made that puts Telcordia, et cetera, over the years, do you think it still does not get them to your product suite so it doesn't really concern you?

Eli Gelman^ Look, I can -- I can say that although these assets are not in the market, we have looked at this specific one several times. We look in the future, not to the past. So we'll be prepared to take our shareholders' money because it's not my money, I'm just running it. And put it into new technology that can accelerate them.

And I don't think that we'll have to -- I think Telcordia in the last three or four years under Ericsson, I don't know what that mean, not even close to it.

Tamar Rapaport-Dagim^ Great. We need to finish. We need to finish.

Eli Gelman^ Yes. I'm getting a signal here that we need to finish and that's on the finance people. Maybe last question and then we'll adjourn the meeting.

Unidentified Audience Member^ You've alluded to it a number of times but could you give us a sense of what type of M&A activity you've been thinking about? I know you've looked at a lot of new paths and a lot but could you give us a sense of where you're going to in the future?

Eli Gelman^ It's a very hard question but I'm afraid I don't have a fair answer for that. I'm alluding to it just to make sure that people will understand that it's in our horizon, it's in the cards. Whether it will happen or not, I don't know.

And again, I really, really say what I feel. We do M&As when we want to do and not because we need them. So we've been a good strategy and a good market -- go-to-market execution plan and so on and so forth.

And sometimes, you know, the opportunities and that's exactly why we have dry powder to do it and we could do it quickly, and we look at this as a small industry at the end of the day. We look at everything. New technologies, consolidations, completely new things, we look at everything.

Our M&A group actually is a very busy group of all [lingers], and I'm just mentioning it to you because these opportunities are coming to this type of form only every two years other than quarterlies and one on one, stuff like this.

So I just want to make sure that it's -- it's a fair comment for you to know that we believe that if it's done right, acquisition is actually a good way to generate growth for the Company and we would like to do it.

We have been acquisitive, I've been acquisitive personally for the last 20 years with very good -- with very good results. So again, we just have to do it very carefully and to avoid the ones that you want to avoid.
So guys, thank you very much. Do you want to summarize numbers again or don't want to, good.

Tamar cannot get away from numbers.

Thank you very much again. It's been a relatively long day but we're trying to expose other angles of the Company that you usually do not see on our press releases and on our quarterlies or one-to-one visits.

I do appreciate you as the investors, potential investors, current investors. And as I said before, we truly believe DOX is good share so we invest in it, maybe you would too. Thank you.