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PRESENTATION

Jackson Edmund Ader - *JPMorgan Chase & Co, Research Division - Analyst*

All right. Great. Thanks for joining, everyone. My name is Jackson Ader. I'm a software technology analyst or now large, mid- and small-cap software analyst here at JPMorgan. Very pleased to have Shuky Sheffer, CEO of Amdocs, with us this morning for the very first session, very first fireside chat here, our 48th Annual Technology Media and Communications Conference. Really happy to have you, Shuky.

A couple of administrative things before we get started. I know this is going to be everybody, all the investors listening, it's going to be your first as well. (Operator Instructions)

So anyway, Shuky, without any further ado, please, if you don't mind, just take a minute to introduce yourself and the company, that would be great.

Joshua Sheffer - *Amdocs Limited - President, CEO & Director*

Guys, thanks for having me. Shuky Sheffer, I'm the CEO for the last 2.5 years. If you know -- I'm sure most of you know about Amdocs, but we serve all the comms and media industry, very unique business model of doing products and services, so a very unique accountability model for Amdocs. And we just guided the market a couple of weeks ago for accelerated revenue growth for this year, about [6 and a half point 5] midpoint, working in the heart of the strategy of our customer, and we'll be happy to share more through this session today.

QUESTIONS AND ANSWERS

Jackson Edmund Ader - *JPMorgan Chase & Co, Research Division - Analyst*

Yes. Shuky, you touched on it, mostly communications, telecom, but also pay TV. Do you want to just give us a rough split of where those customers come from, what industries and then a lot of times we talk about a breakdown between BSS or OSS, if you want to give a little overview there.

Joshua Sheffer - *Amdocs Limited - President, CEO & Director*

So we serve the communication and media industry. And by the way, you know that pay-TV is a really, really legacy name. If you look about -- I think I would argue that Comcast today, maybe it's much more a connectivity company comparing to content or pay TV, definitely not pay TV company. But -- so for us, pretty much everything converts together. I don't see any difference between Comcast or AT&T from this regard. We are serving the -- obviously, all the customers in all different geographies. North America is still the largest market.

And then if you talk about offering, obviously, BSS, this is the billing support system. Now it's more like we prefer to call it all the monetization platform of our customers from catalog, to ordering, to all the channels, to obviously also billing, provisioning, et cetera, and obviously, what we call traditionally OSS. This is old system actually for vision, the different offering to the network, service assurance, service design and creation, everything actually design the service and provision to the network.

The lines are blurring a little bit between BSS and OSS. And I think that one of our strengths, we are coming with integrated BSS and OSS system, which allow you to go all the way, only one flow, from getting the order until its provision for the network.

If you want me to talk about trends a little bit, I think that definitely North America or the United States leading in deploying 5G. Europe is a fast follower. If I need to talk about trends, I think there is one difference between -- because pretty much the trends are the same, if you go from APAC to Europe to EMEA to Latin America. I think it was one thing which is a bit different is that why EMEA new convergence between content and connectivity is very, very popular and some of the largest transformation that we are doing right now are actually doing that.

In North America, you can see a split between connectivity and content. And by the way, you saw what AT&T was doing, Verizon announced of the sale of the assets. So this is the big difference. But other than these, all the trends, journey to the cloud, digitization and everything else, I think it's pretty much the same across geographies.

Jackson Edmund Ader - *JPMorgan Chase & Co, Research Division - Analyst*

Just in your introduction, you touched upon guiding for accelerating organic growth. Can you give us a sense for why that is here in 2020 -- or I'm sorry, 2021 versus 2020?

Joshua Sheffer - *Amdocs Limited - President, CEO & Director*

So I think there is a good alignment between our strategy that we obviously announced more than 6, 9 months ago and what's the trends in the market. And there are 4 major trends in the market. And I think they are very aligned to our strategy, this is why we can leverage all this tailwind.

The first one is 5G. And everyone is investing in 5G. You've seen spectrum auction, billions of dollars and pooling in doing network build-out. And I think that we play the 5G, actually 2, 3 domains, monetization, you monetize all these new investments, and also in the network deployment and the provision to the network by our OSS system. So everything about 5G is a major tailwind for us.

The second one is the journey to the cloud. If you look at the vast majority of the industry, it's still on-premise. And this journey just started. Eventually, everyone will move to the cloud. It just a question of timing. All our news platforms, by definition, are cloud-native. So every new project that we are doing today is actually taking the customer to the cloud, but we do have different offering and tailored made to every customer and how to accelerate the journey to the cloud. This is another trend, which is very, very, I would say, all our customers are now moving into this direction.

The third one actually existed before the pandemic, but the pandemic actually accelerated this, and this is digital transformation. So everyone was trying to be digital even before the pandemic. But given the pandemic, I would say, acceleration of close the call centers, close retail stores, everyone want to engage with the retail consumer or enterprise customers in a digital way. So this is why it's actually was there before, it's accelerated.

The fourth one is B2B. Given the capabilities of 5G networks, you can run a school, I would say -- so Texas Instrument can run the core operation by 5G network, even without WiFi. So given the capabilities of 5G network, low latency, IoT and others, so the offering for the B2B or the enterprise segment are completely emerging. So this is another trend that we see in supporting our customers, and this is global -- happen globally. And I would say that these are the 4 trends that actually very in line with our strategy into our product and services offering. This is why we see a very nice tailwind to all our activities, which help us to accelerate the growth this year.

Jackson Edmund Ader - *JPMorgan Chase & Co, Research Division - Analyst*

All right. Just to verify that last point on the B2B opportunity. That's your AT&T, T-Mobile communications customers being able to offer specific B2B services to the likes of Texas?

Joshua Sheffer - Amdocs Limited - President, CEO & Director

Yes, there are 2 segments there, dealing with one is the SMB. You know that the small business side and the big enterprise. By the way, there is another one which is coming along, and this is definitely related to the pandemic while more and more people are working from home, you need another type of -- like the enterprise consumer wide. If you're working from home, you want a certain type of security capabilities, speed. It's not like now watching Netflix from home. So you see another segment, which is not necessarily business, but wants the same, I would say, quality of service security like the business. So these are the different segments that -- as you actually told the press.

Jackson Edmund Ader - JPMorgan Chase & Co, Research Division - Analyst

Yes. Got it. I just wanted to clarify that. Now 2 of these are linked, right? The move to the cloud and 5G, we did a -- gosh, a few weeks ago, we hosted Anthony, your Chief Technology Officer, here with an investor event. And he said it really, in order to take advantage of the full capabilities of 5G, a carrier can't -- can't do it on-premise, they have to move to the cloud. Do you mind just sharing why those 2 technologies are so linked and why it's so important for a carrier to be in the cloud first before they actually start their 5G journey?

Joshua Sheffer - Amdocs Limited - President, CEO & Director

I think, as you rightfully say, it's collaged together. First of all, all our customers in North America are in the process of modernization of their monetization fees because they want to be ready to 5G and all the capabilities and complex offering and unique offering that 5G network can offer. So for this, they're implementing new stuff, by definition, all our new products and services are cloud native. So it collides together. So when you move to the cloud -- and by the way, definitely when you go to the network, you go to a software defined network, everything is deployed at the edge, we are leveraging the capacity of the network using the cloud technology.

Now when you move to the cloud, it's not just taking different laws that historically was running on-premise and moving into the cloud. It's not just compute and storage. It's much more than that. It's being much more edge, the ability to deal with agile offering to the market. Security is much better, comparing to -- you know how security is important for a customer today.

Obviously, total cost of ownership is cheaper. If you think that every customer that we have today in North America, and if we have capacity on this data center that support Black Friday, which is probably twice of the capacity that you need on a regular business day.

So there is a TCO reduction, agility, which is much faster to deploy new offers to the market, security and much better operation that I think much more automation. So all this together, I think, really creates an environment -- technology environment that allow customers to do things much better and faster and cheaper. This is why our colleague who is Anthony, this is something that is not an if, so it's when. This is why I think all our customers are pushing into this direction.

Jackson Edmund Ader - JPMorgan Chase & Co, Research Division - Analyst

If you were to maybe rank order those 4 things that you talked about, drivers of accelerating growth, are 5G and the movement to the cloud clearly ahead of kind of digital transformation B2B, are they the real drivers of this acceleration?

Joshua Sheffer - Amdocs Limited - President, CEO & Director

I think they are, you're right. Although digital transformation was there before. So it's accelerated. But you are right, these two are the main drivers that actually is pushing the industry right now.

Jackson Edmund Ader - JPMorgan Chase & Co, Research Division - Analyst

And what about sustainability of the growth rate here? Is this just coming off of a difficult 2020 and we're having a little bit of an easier comparability and so that's kind of driving the growth rate? Or R&D, is this a new kind of sustainable growth rate where it's more like Amdocs can be a mid-single-digit organic grower as we look out the next, I don't know, 3, 5 years?

Joshua Sheffer - Amdocs Limited - President, CEO & Director

I think it's a good question. I think definitely, these trends are here to stay. This is not like a one-off, couple of quarters. At least 3 to 5 or even more years. As I mentioned before, if you look at the industry, the vast majority of our customers are still running on-premise environment, so it will take time.

If you're looking at program that we are doing to T-Mobile, so think about this, we need to do -- to take all the -- to build a complete new class, leveraging our cloud-native application, then we need to migrate all the Sprint customers, all the T-Mobiles, bring together and run it on the cloud, these are not -- this is not to use project. I mean this is -- so all this -- by the way, we do see (inaudible) in AT&T. So this is definitely not a couple of quarter trends. These trends are here to stay at least for a number of 3 to 5 years.

Jackson Edmund Ader - JPMorgan Chase & Co, Research Division - Analyst

Yes. So if we can go just a little bit deeper on 5G. How does 5G compare -- strictly from an Amdocs perspective, from a monetization, business type of demand environment, how does it compare to the previous generation, right? We've had many other Gs in the past. And so how does this compare as you look back on your career and you say, "Wow, this is similar. This is different." Better or worse?

Joshua Sheffer - Amdocs Limited - President, CEO & Director

I think that the technology by itself, I always said 5G is a bad name because it's not just 4G but better. Because if you compare 4G to 3G, it was the same technology pretty much, but faster.

5G is a stepping stone. It's a completely -- it's a leap for comparing to technology from the ability to offer a quality of service, latency and many, many other things, network slicing. So the technology really evolved, the fact that technology evolved, it means that our customer can come with much more modernizing -- modernize the business offering to the consumer or to the business sector.

So from this respect, the capability of selling a consumer package in the future, which consists of connectivity with low latency, guaranteed low latency with guaranteed speed, with compute and storage on the edge, this could be -- I'm not talking years away, this could be 12 months away, all these unique offerings are completely different, and this is why it's not just all-you-can-eat \$60, like it used to be in 4G. So I think it gives our customers much more unique monetization opportunities in order to do this, the need to the system to do this and the capability to do it both in the monetization platform and the provision for the network. This is why I think it's not just another move from 3 -- 4G -- 3G to 4G. It's much, much bigger move.

Jackson Edmund Ader - JPMorgan Chase & Co, Research Division - Analyst

Now how does Amdocs actually capture the fact that there is more to be done? Is it -- will your take rate on a per user basis or a per subscriber basis be higher? Will there just be more projects for you to do? Like how does more money actually end up in Amdocs' pocket?

Joshua Sheffer - *Amdocs Limited - President, CEO & Director*

I think it's all of the above. To start, this is much more project. The 5G actually triggered a new way of modernization in North America. So we are doing it in the T-Mobile. We're doing it in AT&T. We are doing it in Verizon, as we mentioned also. So everyone is now investing in the monetization platform. And this is, I think, definitely helping our growth.

Now it starts mainly with projects. But obviously, at some point, you would go to operation. In T-Mobile, we signed also 5 years of operation after the implementation of the new system. The operation in the cloud is going to be initially more complex because none of our customer have like a new cloud environment. We are going to leave for some time in the hybrid environment, which is more complex because we're going to on-premise application. We're going to have also on the cloud until it will come to a completely cloud. So I think that the opportunities are both initially all the projects and then in the operation in the managed services.

Jackson Edmund Ader - *JPMorgan Chase & Co, Research Division - Analyst*

Can we talk a little bit about some recent acquisitions because they span both 5G and consultancy in the crowd -- or with the cloud with the most recent M&A. But Openet, TTS, Sourced Group, these are 3 acquisitions that absolutely align to these -- to the kind of next generation, I guess, of growth for Amdocs. So what did each of those bring that Amdocs maybe didn't have before?

Joshua Sheffer - *Amdocs Limited - President, CEO & Director*

Okay. I will go, by the time, as you mentioned, TTS actually expanded our network deployment capabilities and network optimization. While all customers are busy for the last several years, definitely accelerated in the last couple of years in deploying the network, build a network, and this is exactly what TTS is doing, supporting network planning and network optimization of 5G. By the way, our biggest customer is T-Mobile. We know one of the leaders in building a 5G network. So this is more like a network deployment park, which all our customers are doing for the last 2, 3 years and obviously will accelerate.

The second acquisition is Openet. And Openet is what we call a bolt-on technology. It was a classical build-versus-buy technology because we had a rating and policy system, charging and rating system in Amdocs. We looked at their technology, completely cloud-native, probably the best-in-class technology. All our customers, everyone that wants to go 5G, has to upgrade their policy system and their charging systems. This was the right time to get the -- Openet is a great product, great people, great team, amazing technology. We announced the win, obviously, in AT&T, which you know how big is AT&T. And also, in general speaking, this acquisition is doing very well for us. Great wins, and also great funnel of new opportunities.

The last one, Sourced, is supporting our cloud strategy. We had a very good integration and migration capabilities, very good operation capabilities. We wanted to enhance our consulting capabilities, which is the start of when this tailor -- when you build a tailor journey for a customer to the cloud, this is where it starts. We got over 130 top-notch engineers in the cloud, a lot of experience, so it significantly enhanced our capability from a consulting perspective. And as you mentioned before, this is to accelerate all our cloud activities across the world.

Jackson Edmund Ader - *JPMorgan Chase & Co, Research Division - Analyst*

Yes. Any, in particular, I don't know, favorite probably isn't the right word, but any cloud vendor that you really feel like that the acquisition plays well with, whether it's AWS or Azure. I mean is there any kind of preference for Amdocs?

Joshua Sheffer - *Amdocs Limited - President, CEO & Director*

We have cloud. Our platform are cloud native. We announced a partnership -- strategic partnership agreement with, I think, 6 months ago with AWS. I think we announced today another one with Azure.

Jackson Edmund Ader - *JPMorgan Chase & Co, Research Division - Analyst*

Yes, this morning.

Joshua Sheffer - *Amdocs Limited - President, CEO & Director*

We have a good relationship also with GCP, with Google. Customers are choosing. Obviously, we have a seat in the table in this process. But I can tell you that we are working well with all the partners. And then I think that they see the value that -- of the partnership with Amdocs. Customers have different, obviously, some customers choose Azure, AWS, but we work very nicely with all of them. And as I said, our system we're build as a cloud native so we can work with every cloud partner.

Jackson Edmund Ader - *JPMorgan Chase & Co, Research Division - Analyst*

Right. AT&T, so a really nice rebound in AT&T revenue in 2020 versus a year ago. So -- or the couple of years ago, I should say. One of the big areas of growth that, that deal that you signed with them, I think, in the fall of 2019 was, if my memory is correct, how did that expand the relationship? What's kind of the current lay of land with AT&T?

Joshua Sheffer - *Amdocs Limited - President, CEO & Director*

Okay. As you mentioned, we had a headwind in AT&T in '18 and '19. We saw a nice pickup in growth in the 2020. And I think that we are now in a very good place with AT&T strategic-wise and also from what we do with them. Because I believe that what we do right now is actually working with them in the heart of their strategy. We are doing in AT&T besides a lot of managed services to run the existing system.

Obviously, we are now doing for them a new project, actually to create the next consumer mobility platform for AT&T, which will support 5G, insofar whatever will be the strategy. This is something that, I think, as you know -- and if you listen to John Stankey, connectivity, in general, both in fiber, wireless, et cetera, this is a key part of the strategy. So we are very happy to be part of this.

On top of it, we have a lot of activity with AT&T, from Cricket to AT&T Mexico. We -- with partnership with Microsoft, we are moving hundreds of applications of AT&T to the cloud. So this is a lot of cloud-related activity network. We announcing the deal that you mentioned that we have also got to a couple of new domains. We expanded our data activity with AT&T and security.

All in all, I think there is a great partnership, a lot of alignment in the strategy and I think that we are in the right place with AT&T right now, supporting their core strategy, which is very important for us.

Jackson Edmund Ader - *JPMorgan Chase & Co, Research Division - Analyst*

And just mechanically, do you have the -- is that deal that you signed in 2019? Is that the like the overarching master agreement that you have with AT&T for managed services and other projects? Or do you have basically many different kind of contracts running at -- in parallel next to each other at all times?

Joshua Sheffer - *Amdocs Limited - President, CEO & Director*

Yes. We have many, many contracts not being followed. But as you mentioned, this was the extension, and I think it was effective January 1, 2020, this is an extension of 4 years of managed services that we signed with AT&T. This covers many, many, many managed services activities that we do in AT&T for -- either for the current consumer mobility cloud form, many, many other platforms that we are running with them. By the way, some of them are not end of system, but we're running in managed services.

All the projects that I mentioned are on top of this agreement. These are projects that we've signed lately in the last year. It's actually a more like type of modernization project, compared to the agreement that you mentioned, which is more like operation and managed services agreement.

Jackson Edmund Ader - JPMorgan Chase & Co, Research Division - Analyst

Got you. And how about the recent headlines? Time Warner, Discovery? Is there any reason why we should expect any kind of change in behavior from AT&T due to -- again, we always see that the headwinds from '18 and '19 were acquisition-related. This is a little different, but still, should we expect any kind of an impact here?

Joshua Sheffer - Amdocs Limited - President, CEO & Director

I think not. And if any, it's the opposite. Because, as I mentioned before, today, we are working with AT&T on the core strategy. So in the core strategy today is building 5G network, it's consumer mobility, wireless, it's fiber, fixed wireless. This is their core strategy. This is where they are spending their money.

By the way, this is where they are seeing a lot of success lately. So we are very well positioned to help them in their core strategy. We didn't have any business so much is (inaudible). So I would say there is no impact on us. And if I say AT&T now is focusing on the core strategy. And this is exactly what is their message to the market. I was listening to John Stankey earlier today. And I think that we have a very nice position to support them in their core strategy.

Jackson Edmund Ader - JPMorgan Chase & Co, Research Division - Analyst

Okay. Was there any -- is there an existing relationship between Ubiquity and Discovery at the moment or...

Joshua Sheffer - Amdocs Limited - President, CEO & Director

Some. Not much. I don't recall exactly. I don't know too much. But this -- I mean, whatever it is, that means it still exists, there's no impact to that.

Jackson Edmund Ader - JPMorgan Chase & Co, Research Division - Analyst

Sure. Sure. All right. Moving on to another kind of marquee U.S. customer, T-Mobile and their acquisition of Sprint. So a number of announcements, I think it was a couple of earnings calls ago, but just a litany of things that -- of wins basically within T-Mobile. So how did things pan out -- once the dust settled with the acquisition, how did things pan out relative to what you are or Amdocs was expecting in terms of the T-Mobile-Sprint acquisition?

Joshua Sheffer - Amdocs Limited - President, CEO & Director

So we enjoy before the merger and before the announcement, we enjoy very good relationship, both with T-Mobile and the Sprint. And I think that the -- and we supported them a lot with a very nice -- all the activities premerger, making sure was provisioning and the many things that we're doing in the market. And I think this strategic partnership and a great, I would say, experience that they have to work with Amdocs supporting both Sprint and T-Mobile, led to the agreement we mentioned a quarter ago, which basically is a different pillars. It's modernization of all the T-Mobile platform that will, in the future, will support both the consumer and enterprise customers and operation following this implementation.

These are very complex project. I mean, integration of the Sprint base and T-Mobile into one system put everything is on the new -- our new cloud platform system, this is -- I think that this is -- again, this is a very important project for T-Mobile, and this is where they can start to address both

the Sprint base and T-Mobile base with the same offering across nationwide. So this is a very important project. The project has done very well. And I think that overall, we continue to enjoy a very strategic partnership with T-Mobile.

Jackson Edmund Ader - *JPMorgan Chase & Co, Research Division - Analyst*

And what does the agreement at -- what all does it cover? Is it prepaid BSS? Is it -- is there a postpaid? Is there a network?

Joshua Sheffer - *Amdocs Limited - President, CEO & Director*

Everything. It covers all their BSS platforms, some OSS, whatever we are today, and also all the operation, all the cloud operation following the modernization. I will not get to the details, but there are many, many other things as part of the deal, automation. But overall, this is what has been (inaudible).

Jackson Edmund Ader - *JPMorgan Chase & Co, Research Division - Analyst*

Well, that was going to be my follow-up. I mean in terms of areas of opportunity to continue to penetrate now this much larger customer, where do you think you are? So first, what are they? What are kind of the biggest opportunities that you see within T-Mobile? And then secondly, if you're thinking about the wallet size, right, that they have, where do you think Amdocs is currently in terms of penetration into the potential wallet?

Joshua Sheffer - *Amdocs Limited - President, CEO & Director*

I think that the agreement is also a foundation for additional activities, okay? It's a very -- it's a master agreement that's already building different projects and activities already within the agreement, but also a very nice infrastructure for additional activities. And the activities could lead to additional or moving applications to the cloud, even non-Amdocs application in the data domain, security domain, many, many other domains in the B2B domain. So I think that there is a very nice opportunities. I think that the more we will deliver to AT&T -- sorry, the more we will deliver to T-Mobile and then we'll show the value, I would think that the additional opportunities will come. But overall, I think that we are very pleased with this agreement. I think it's a great foundation for more business.

As you remember, we have also -- we talked about the network deployment through TTS, which is going very well and actually accelerating given the fact that T-Mobile is pushing out on the network deployment. All in all, I think that it's moving very well.

Jackson Edmund Ader - *JPMorgan Chase & Co, Research Division - Analyst*

Great. Okay. So we have 5 minutes left, and we actually -- we have a question that came in online. (Operator Instructions)

This one says, "Okay, Shuky, now that you're comfortable with the growth outlook, given your balance sheet, do you plan to be any more aggressive in making larger, maybe synergistic acquisitions compared to the more modest tuck-in acquisitions that we've seen here in the last couple of years."

Joshua Sheffer - *Amdocs Limited - President, CEO & Director*

Well, yes, good question. I think that, obviously, we have the balance sheet to do it. I think that historically, we've done acquisitions to support this partnership. So this is true that historically Amdocs was doing more like a mid-sized acquisition. But I think right now, we look around, we see what can fit our strategy, can help us to support our growth.

And we will do it. I don't think that we -- today, we are looking acquisition if it's big or small, I think that if it fits the strategy, and we believe it's something that making sense for Amdocs. You don't like the better house, obviously, but to make sure we are very disciplined with our M&A strategy. But definitely, the idea is to continue to look for areas that can help to accelerate the growth and support our strategy.

Jackson Edmund Ader - *JPMorgan Chase & Co, Research Division - Analyst*

Okay. So this announcement somehow came in under the radar, but you mentioned a win at Verizon recently. So can we just have a very brief history lesson on Verizon's kind of stance to outsourcing technology? And then what does this agreement cover? And is this a change in your opinion in terms of -- for that customer going forward?

Joshua Sheffer - *Amdocs Limited - President, CEO & Director*

So we are working for Verizon for almost 18 months, a little bit more. Verizon are very conservative. They don't allow you to mention them by name until they see some value for what we do with them. Our first project with them was implementing our cloud-native catalog, which is going to be the master catalog of all the offering of Verizon. We are only deploying it to production, and this is why they gave us the approval to talk about this.

This was the first activity with Verizon, which is very important because they started to enjoy our technology. They see the quality of our people. We have an additional project with Verizon. We had a win on the, what they call services [running operation] in the network, some [SA] activities also in the network. So I think that we are building the relationship slowly but surely. The more and more I think they are exposed to our people and our technology, I think they highly appreciate this. I believe that it will continue to demonstrate value, right? We've done so far. There is a lot of opportunities in Verizon.

Jackson Edmund Ader - *JPMorgan Chase & Co, Research Division - Analyst*

But again, this is a customer that traditionally not an outsourcer, right, that they were always looking to build in-house. Do you think that maybe could the pandemic have accelerated their move to be a little bit more open to the...

Joshua Sheffer - *Amdocs Limited - President, CEO & Director*

I mean you're right. By the way, we see a trend that they are more and more looking for technology. You can argue that some of it of the pandemic, some of it may be the change in the CEO. The CEO is coming for the supply chain (inaudible) CEO. So maybe this is also the tone from the top. But I think we see this trend. Yes, it's not that I can tell you now that we are going to out outsource Verizon completely because they have to be seen. But right now, I think that we are moving nicely, showing -- demonstrating our technology and our service capabilities. And I see very nice opportunities going from here with working with Verizon.

Jackson Edmund Ader - *JPMorgan Chase & Co, Research Division - Analyst*

Okay. Only a couple of minutes left, but I want to squeeze a couple. One, actually, on the financial side. We don't have tomorrow with us, but that's fine. We're butting -- we're pretty consistently butting up against the high end of that long-term target range for margins, 16.5 to 17.5. Any reason why the company shouldn't be able to continue to expand margin as we look out?

Joshua Sheffer - *Amdocs Limited - President, CEO & Director*

We can always -- we can stop half of the R&D and expand part in significantly. Now remember that it's a balance act between continue to invest in R&D, in people, in talent, while continue to maintain the margin. Obviously, we are going to look at our margin range for next year when we give our guidance in November.

A lot of the margin expansion are coming from automation and using new technology. It's not that there is some magic here. So it's not that suddenly we stopped R&D. Or actually, this increase in margin comes when we accelerate in R&D to support our strategy. So it's come mainly from technology, automation and others. And we will continue to do this. And hopefully, that we are you're going to continue to see this increase in margin that we've done over time. We obviously -- we need to evaluate our range when we give the guidance in November.

Jackson Edmund Ader - *JPMorgan Chase & Co, Research Division - Analyst*

Yes. All right. Well...

Joshua Sheffer - *Amdocs Limited - President, CEO & Director*

As you mentioned, last quarter, we were actually topping -- we were topping the high end of the range.

Jackson Edmund Ader - *JPMorgan Chase & Co, Research Division - Analyst*

Yes. Yes. Okay. Shuky, this was fantastic. Thanks for doing this, this morning.

Joshua Sheffer - *Amdocs Limited - President, CEO & Director*

Thank you. Hopefully, you enjoyed the first session of the day, and I'm sure you guys will have a great day.

Jackson Edmund Ader - *JPMorgan Chase & Co, Research Division - Analyst*

Yes. I mean we've got -- we started the conference off with a bang. Really appreciate it. Thanks, everybody, for taking (inaudible)...

Joshua Sheffer - *Amdocs Limited - President, CEO & Director*

Thank you, guys.

Jackson Edmund Ader - *JPMorgan Chase & Co, Research Division - Analyst*

We'll see you soon.

Joshua Sheffer - *Amdocs Limited - President, CEO & Director*

See you soon.

Jackson Edmund Ader - *JPMorgan Chase & Co, Research Division - Analyst*

We'll talk to you. Thank you.

Joshua Sheffer - Amdocs Limited - President, CEO & Director

Thank you. Bye-bye.

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