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# EDITED TRANSCRIPT

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**Timothy Kelly Horan** *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

## PRESENTATION

**Hoonshik Yang** - *Oppenheimer & Co. Inc., Research Division - Research Analyst*

Good morning, welcome to Oppenheimer's 2022 5G Summit. I'm Ed Yang, Research Analyst in Oppenheimer's [TMT] Group. We also have Tim Horan, Group Head here as well. Our team hosts 3 conferences each year. This, we try to focus on companies enabling the wireless networks of the future.

And with that in mind, it's my pleasure to welcome Anthony Goonetilleke, President, Technology, and Head of Strategy with Amdocs; and we also have Matt Smith, IR as well. And I think Tim had some comments on -- to start us off.

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**Timothy Kelly Horan** - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

Yes. I just wanted to say, we think the upgrade to 5G wireless networks are a secular change, and it's going to lead to a lot more fixed wireless, I think a lot more enterprise networks getting built and a lot of new applications.

We don't really know the applications yet, but I think they'll comment kind of the chicken and the egg as you get the infrastructure built.

As many of you know, we do prefer the wireless providers over cable stocks. But of all them, we really prefer wireless suppliers. And we think Amdocs is, frankly, an under-owned, under-recognized key supplier to the whole communications industry.

They're enabling people to migrate to the cloud in really unique ways. I think there's a lot of growth in this business, and it's very inexpensive. It's been our top pick this year. Stock's at 15x earnings. We think we grow earnings a solid 10% per year, phenomenal balance sheet, great free cash flow generation.

And I think a really, really unique product set. We've interviewed Anthony, a few times here in the past, and Matt's been incredibly helpful, and I really look forward to this fireside chat, and I'll let Ed fire away with the first questions, and we're going to go back and forth.

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## QUESTIONS AND ANSWERS

**Hoonshik Yang** - *Oppenheimer & Co. Inc., Research Division - Research Analyst*

Okay. Great. Anthony, maybe we could just start with a very broad question. How does Amdocs fit in with the whole digital 5G and cloud mega trends?

**Anthony Goonetilleke** - *Amdocs Limited - Group President of Technology & Head of Strategy*

Yes. So these kind of, as you call mega trends, we call it core business. At the end of the day, our strategy is built around this, right? It's built around ubiquitous connectivity, seamless customer experience, delivering both the experience and the connectivity end-to-end in a very seamless manner. This is, at the end of the day, what we do.

So we build a product set. We have services that deliver. We stand behind it and are accountable for the delivery and making sure it works. And we are in a humble position of having some of the best customers, the global top communication providers worldwide, and we've had them for a very long time. So this is, at the end of the day, kind of what we do.

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**Timothy Kelly Horan** - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

And Anthony, I've been very interested in just the [mergence] between cloud and communications, broadly speaking. I guess do you see that happening at the operator level? And I think you guys have pursued this strategy yourself for the last 5 years or so. And maybe you can elaborate on what you're seeing at the industry level and your own operations.

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**Anthony Goonetilleke** - *Amdocs Limited - Group President of Technology & Head of Strategy*

Sure, sure. And it's a good question, Tim. So if I can take a step back a little bit, clearly, cloud is not new, it has been around for a while. But probably about 5, 6 years ago, the operators really started paying attention to it, for various reasons, right?

Some driven by kind of cost savings, going, "Hey, I have all these real estate, all of the data centers I need to manage right. How do I manage it?"

The others came from the perspective of going, "Hey, I need to have full disaster recovery active, all these hardware/software is sitting there not being used, but I'm paying for it. Maybe I can kind of use the cloud." Others said like; "How can I scale?" Others wanted to leverage cloud. So they came at it from multiple different directions.

And so there was a big push, I would say, to have a very, very clear cloud strategy and move stuff to the cloud. Where we are today, I would say, is kind of reaching some level of equilibrium. Look, clearly, the points of presence that operators own are valuable for the cloud guys, right?

This is why you see all of these Edge agreements being done with all the big operators and all of the big telcos because all of the new architecture and apps need their Edge presence, right, because that's what delivers a low latency and things like that.

And that's owned by the operators, right? I mean it's 10x, 30x, even 100x more points of presence compared to what the cloud guys have in local cities and vicinities.

The other part of it is the operators are kind of just trying to figure out what out of my network I will move to the cloud and what part I will maintain in my own data centers, mainly because of kind of being mission-critical lower-latency stuff.

On the [IP] side, it's pretty much a decision to move to the cloud. So our platform is cloud native. We replatformed. But now about 3.5 years ago -- and I apologize here we have like a crazy thunderstorm happening behind me.

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**Timothy Kelly Horan** - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

Yes, it's a phenomenal lightning show right behind you.

**Anthony Goonetilleke** - *Amdocs Limited - Group President of Technology & Head of Strategy*

That's the first for me doing a fireside chat as to have a lightning of show.

Tornado warning popped up on my phone, so if I disappear, you'll know.

But at the end of the day, it's going to be some type of hybrid environment, right? So I see a world where all of the platforms and ITFs, the stuff we focus on, will definitely run in the cloud. It makes no sense to run on-prem.

The network will be bifurcated, right? There will be some elements of the network on the macro side that will run still closer to the operators, closer to the customers, closer to the enterprises and beyond [by them].

There will be the points of presence that will go the opposite, meaning the cloud guys will lease it off them and put their cloud hardware and maybe even rent the compute power, data usage to enterprises because they need Edge presence, right? We see POCs especially around autonomous vehicles and things like that using it. So it's a very hybrid environment.

And this is why when we came with our cloud strategy, first of all, we wanted to be cloud agnostic, right? Because people are picking different clouds for different things. We have a customer that pick one cloud for data, another cloud for their core systems, right? This is number one.

Number two, a hybrid cloud environment. on-prem versus pure public cloud. So you need to kind of support all of these and just make sure that your architecture works across all of that. And that's really what we're focused on.

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**Timothy Kelly Horan** - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

And for your cloud strategy, and then I'll turn it over to you, Ed, can you build kind of common tools or common SaaS applications or PaaS applications that can be shared with different carriers so that this way, you don't have to build it every single time? I guess, where are you in that process for both the BSS and the OSS?

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**Anthony Goonetilleke** - *Amdocs Limited - Group President of Technology & Head of Strategy*

Yes. And so when we replatformed and when we built the product suite, it's built from our engineering group. And our engineering group builds -- it's the same platform that's used by everyone. But what we do is -- but think of it more as not a pure SaaS application. Think of it more as a SaaS LEGO blocks, right?

We give -- you walk into a LEGO store, you go to that back wall. You get all of these different building blocks.

So if you're an operator and you want to work with Amdocs, you're like, "Hey, I've got my cups, like I want to focus on these areas, like I want to focus on enterprise. So I'll give more enterprise LEGO blocks, right? I want to drive my consumer experience. I really want to sell over-the-top applications. I'll grab a couple of these blocks."

So we build those LEGO blocks as products, and our operators can kind of use them in any configuration because at the end of the day, you take the U.S. market, right, we are working with -- I don't think there is one MNO that we're not working with in the U.S. They're all of our customers.

But yet, they each have a unique strategy. They have different products that they come to market, and they maintain whatever their competitive edge in a different way, still using those core building blocks. So absolutely, reuse is key, but also giving them the flexibility to do what they want is very important.

**Timothy Kelly Horan** - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

Over to you, Ed.

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**Hoonshik Yang** - *Oppenheimer & Co. Inc., Research Division - Research Analyst*

I don't want to jump around too much, but can you comment just briefly on the acquisition, MYCOM OSI acquisition that was canceled? And are there any additional comments to be made other than what you said in your press release?

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**Anthony Goonetilleke** - *Amdocs Limited - Group President of Technology & Head of Strategy*

Yes. I mean we go through many of these, and it was just taking a little bit too long, and we're like, look, we have a whole bunch of other stuff we want to focus on. And we have key teams, engineering teams and others that are focused on this stuff, and so we'll just -- we have a list of other stuff that we're looking at, and we just wanted to get it over with and not mess around with it because the market is not waiting, right?

So we are bringing out our next-generation OSS suite. By the way, we're working with partners today to do the assurance stuff. And even some of that stuff, we had to kind of like rethink what we're doing with it while all of this is happening, and we're like enough is enough. So...

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**Timothy Kelly Horan** - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

Understood. Understood. Just going back to what you said, Anthony, this hybrid environment, you've got hyperscalers, you've got a ton of activity providers, it sounds like it's a much more dynamic environment but also more complex. So a significant percentage of the OSS/BSS market is still in-sourced versus outsourced to companies like Amdocs. Is that a driver for incremental growth?

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**Anthony Goonetilleke** - *Amdocs Limited - Group President of Technology & Head of Strategy*

Yes. I mean that's the opportunity space for us, right? So when -- you guys are very familiar with our Managed Services model, where we kind of come in and say, "Hey, like we'll do a transformation. We'll take over this. We'll be accountable. We'll give you not just SLAs, like usual companies do, but we'll give your business KPIs to make sure you achieve your results."

And they are all driven -- those decision points are driven by compelling events. So the compelling events is I need to cut costs, I need to go and focus on my core business and let someone else do all of these kind of core systems, run the core system for it. Or I need to move to the cloud, I may not have the skill set, do I now give it to someone else to run it and then go focus on my core business?

So with this in mind, this is why we went and acquired like -- companies like the Sourced Group, right, that were very, very specialized. They have a very, very high-end kind of cloud. I think they have like 8 of the AWS Premier Partners in the company, and there's like 160 in the world because we feel like that kind of decision point of moving to the cloud gives us the opportunity to step in and say, "Hey, let us manage operations for you because we're doing it for ABC, and this is how we do it."

So we have the economies of scale, we have partnerships. During COVID, actually, we signed a partnership with AWS, also with Microsoft. And stay tuned for some other stuff to come in the near future as well. And we work with them, their engineering groups, their consumption groups because -- by the way, consumption is also another thing, right?

So there's a skill set which many people don't talk about called FinOps right, is how you manage -- so when you talk about -- cloud is not just cloud, right? So you have disc usage, you have compute power, storage, all types of things. And they can all be purchased at different price points.

So you may run a job at night and it may be cheaper for you, or you may do it on a weekend, or you may do it on an ad hoc CPU basis, and you'll get different price points, right?

So all of this, we have kind of a application that we have written internally for us that can help optimize your cost structure when you're running on the cloud, right?

So this whole FinOps methodology will come and will present to a customer and say, "Yes, you're paying this, but we have an agreement, we can get you ABC, plus we can help you manage it," it starts to become a very compelling value proposition, in addition to the products we bring to the table that are cloud native.

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**Hoonshik Yang** - *Oppenheimer & Co. Inc., Research Division - Research Analyst*

And this would kind of segue to my next question. But are you seeing -- are you starting to see bifurcation between some of your customers with modern and automated systems versus customers that are still -- that still have legacy systems? And does it matter more and more as 5G stand-alone gets a [little low]?

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**Anthony Goonetilleke** - *Amdocs Limited - Group President of Technology & Head of Strategy*

Yes. So there are different, I would say, transformation strategies happening. It's not really a one size fits all. With this in mind, we actually launched a different platform called our Cloud [9.C]. What is 9.C ? See, we're up to like CES '22 now. But a lot of our -- there are a whole bunch of customers that are still on some of our legacy platforms like CS (technical difficulty) yes, it's very, very interesting.

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**Matthew E. Smith** - *Amdocs Limited - Secretary & Head of IR*

I think that thunderstorm might have hit.

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**Timothy Kelly Horan** - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

Yes, he completely drops, let's see if he comes back.

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**Matthew E. Smith** - *Amdocs Limited - Secretary & Head of IR*

The KPIs under Managed Services, Yes, I mean, when we enter these Managed Services contracts, the -- these things are that thick. They're big major contracts that we sign into with our customers, and we're agreeing to deliver on many, many different kinds of KPIs over the course of the 5 to 7 years that perhaps we're signing that agreement for.

And of course, the nice thing is that once we've signed these agreements, at least from our point of view, we can work very, very hard to try and maximize the potential of that fixed price arrangement that we've entered into.

And we can do it by bringing all sorts of automation and other types of methodologies to try and improve our own operating efficiency on that project or on that engagement.

So to the extent that we can improve profitability, we get to capture that. And obviously, it helps to feed the operating margin stability of the company.

We can reinvest savings back into the R&D or customer development for other parts of the organization and at the same time, give a little bit back to the shareholders in the form of some gradual margin improvement, which is basically what we're doing this year, right, with margin expansion that we've that we've guided to for the market.

**Timothy Kelly Horan** - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

And so are these KPIs, are they based on expenses or quality or the ability to roll out new products and services? I'm sure it's allof the above, but is it primarily an efficiency focus?

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**Matthew E. Smith** - *Amdocs Limited - Secretary & Head of IR*

Yes. The KPIs are related to the way in which we run the network and the operations of the customer and the extent to which we can deliver on those KPIs and even exceed them that gives us the potential to possibly earn bonuses under the terms of the agreement and so on.

So yes, that is another way of capturing some improvements in margin gain on the engagement that we have with the customer. And obviously, over the course of the term that we're running the Managed Service engagement for, we're becoming more efficient.

And so when it comes down to renegotiating the agreement for the customer, as we get closer to the deal renewal date, all of these things can be sort of brought into the negotiation. And on the one hand, we might be able to give a little bit of the savings and efficiency gains that we've captured back to customer in the form of lower pricing on the legacy part.

What we're also trying to do is bring new capabilities to the table that will help us to further grow the scope of the agreement with the customer, deliver more value to them over time and at the same time, give us a chance to continue to grow, going forward, with a whole new set of KPIs that we can work towards.

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**Timothy Kelly Horan** - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

And you survived the tornado, it looks like, Anthony, you can go [ahead].

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**Anthony Goonetilleke** - *Amdocs Limited - Group President of Technology & Head of Strategy*

We are officially now on backup generators. So there you go. The Amdocs BCB works.

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**Timothy Kelly Horan** - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

Wow, good for you. We were just asking about the KPIs. I found that kind of interesting. And I guess, can you maybe just give us some parameters of how much you think you'd improve efficiency to your customers when they enter into these Managed Services agreements with you guys?

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**Anthony Goonetilleke** - *Amdocs Limited - Group President of Technology & Head of Strategy*

Yes. Look, I would say that they wouldn't get out of bed if it's not 20% and higher, right? So the interest level starts to kind of peak when you start talking 20%. But I have seen 40% to 60%. Take it -- well -- okay. I may have to go into a basement in 2 minutes, but let's see what my analysts say over here, I apologize.

But -- so like take consumer wireless, for example, we believe that consumer wireless should be a complete autonomous process, meaning when you place an order to the order gets checked if it's in the factory, the order handling process, most of our customers that are running into an Amdocs systems achieved like a 99% automation rate, right?

Whereas, I have seen customers that are not running it, are achieving 40%, 50%, 60% automation rates. So this is something we really focus on. And our focus on it comes from two different angles.

So when we do Managed Services and we really take something over, it is important for us as well that we're efficient, and we're running automated, and we're just not like adding bodies to the problem, right?

So we're always looking at it from a technology perspective. Like I always say, people say, what does the digital transformation mean? I always say, digital transformation, to me, means three things.

The first thing, it's a seamless customer experience, right? This is like what we are all used to, right? Everything needs to be digital, easy to use and things like that.

The second thing, it needs to be autonomous, it needs to be automated. So you click something, doesn't need manual handling.

And the third one, it needs to be real-time, right? So if I click something, it doesn't say come back in 24 hours or come back in 48 hours. And guys, I apologize. I'm being -- the tornado sirens going off here, I'm being told I have to disappear but...

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**Timothy Kelly Horan** - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

No, no, that's why we have Matt to back you off, Anthony. Thanks a lot for your time.

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**Anthony Goonetilleke** - *Amdocs Limited - Group President of Technology & Head of Strategy*

[So I put] my phone here in the shelter somewhere. So I'll be back.

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**Matthew E. Smith** - *Amdocs Limited - Secretary & Head of IR*

Do you have the dial-in number, Anthony?

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**Anthony Goonetilleke** - *Amdocs Limited - Group President of Technology & Head of Strategy*

Yes, I think so. I should be able to still join by Zoom. Let's see how that works.

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**Timothy Kelly Horan** - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

Okay. We'll see you in a few minutes. So that was great, great, great, great color. And I guess, Matt, this digital transformation, how much of your products improved since you've gone to cloud over the last 2 to 3 years? Are you getting much more efficient in terms of needing less bodies yourself?

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**Matthew E. Smith** - *Amdocs Limited - Secretary & Head of IR*

Yes, I think so. I mean I think the nice thing about the current product set that we have, and it's been in place for a couple of years now, is that we're constantly bringing new innovation, right? And we're doing it in a much faster cadence than we used to, now that we've gone cloud native, DevOps capable and so on.

So every 3 months, we're coming with the new versions, [it's] on a seasonal basis, spring, summer, fall, winter. And that's enabling us to constantly deliver new innovation to the customer around things such as digital capabilities and so on.



So I think that the quality of the product set is continually advancing. But we're also giving our customers the optionality to be able to upgrade very, very quickly, very, very smoothly. There's a lot of agility on to the next version every time, which is a massive departure from where we were a few years ago.

That's obviously enabling our customers to be a lot more efficient, accelerate that time to market, particularly with new products and services. It used to take many, many months, if not a year or so, to turn an idea that may have been in the marketing department into something that could be delivered to a subscriber or to an enterprise customer. Now it can be done in a matter of days.

And obviously, that's doing a lot to increase the speed and efficiency and the competitiveness of our customers. So I think those are the big improvements on a high level from the digital modernization that we've seen.

And obviously, it's not just about that front end as well. It's about taking a lot of the cost and the complexity out of the back-end systems, really trying to reduce that human element as well to obviously improve the efficiency but also to take cost out for the customer.

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**Timothy Kelly Horan** - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

And at what percent -- where is your customer base in adopting this? Because a lot of your customers are built on -- if we went back 5 or 7 years ago, they were highly customized systems, right, that were very proprietary in a lot of ways.

It took a lot of bodies. Where are you -- where is your customer base in kind of using your new digital products essentially?

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**Matthew E. Smith** - *Amdocs Limited - Secretary & Head of IR*

First of all, I think digital is like sort of an ongoing thing, right? So it's -- our customers are constantly focused on this, and it's -- the digital modernization is never done, so to speak. I think everybody is constantly focused on investing on this for the future. But I think different customers in different parts of the world are probably at different stages.

I would say that North America is on the whole more advanced in terms of the adoption of digital capabilities. Where we are seeing that, I think, starting to really pick up more is in Europe, and a lot of that's being driven by the consolidation activities that we've seen in the last couple of years.

So Vodafone Germany would be a terrific example. A few years ago, we announced a massive digital transformation with Vodafone Germany, probably the biggest in the world at that point in time.

And this was all to do with the fact that Vodafone Germany had gone and expanded through some acquisitions. They bought the Kabel Deutschland assets. They bought the Liberty Global assets in Germany that expanded into Pay TV. They had a broadband business that needed to consolidate in.

So part of what they're trying to do with their digital modernization is really to consolidate all of these disparate systems from these acquisitions that they've done onto the one platform.

That's giving them an opportunity to not just reduce cost, but from a revenue point of view, it's giving them a 360-degree view of all of the subscribers across those different assets that they've acquired, right?

And so that's going to enable them to be a lot more efficient in the way that they go forward and drive revenues and cross-sell different lines of business in the future.

And we just -- I think it was last quarter, if not the quarter before, we just announced an add-on agreement to that Vodafone Germany relationship, and now we're taking it to the next stage.

So consolidation in Europe, the Europeans, I think, are probably behind where North America is in terms of the move towards digital modernization, but certainly, consolidation activity in that region is a catalyst, I think, for stepping in this direction in a bigger way.

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**Timothy Kelly Horan** - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

And Matt, the Vodafone Germany example, and maybe you can answer this, did they use their wireless OSS and BSS and expand that into the wireline side? Or did they use wireline expand to wireless? Or was it a whole brand new system?

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**Matthew E. Smith** - *Amdocs Limited - Secretary & Head of IR*

It's -- as I understand it, it's a new stack and the wonderful thing about our stack is that it can support N number of business lines on the one stack, right? So this is the whole point of why they're trying to do that. So it's a full rip and replace and a consolidation on the brand new stack of systems.

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**Timothy Kelly Horan** - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

Wow, impressive. And I guess related to a lot of this, can you show your customers some examples -- like this customers adopted a really highly digitized system, and this one has in other ways to kind of measure performance and productivity. It's very hard for us to do from the outside but...

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**Matthew E. Smith** - *Amdocs Limited - Secretary & Head of IR*

Yes. And I would let Anthony -- I would defer to Anthony on that one, in terms of answering that. But I think probably a great example of the benefits of digitalization would be in North America, right?

Look at the success that T-Mobile has had over the last, say, 5 or 6 years with the Un-carrier strategy, the ability that they've had to sort of come and compete very effectively. It seems like they've had a new version of Un-carrier every 6 months or so.

And I think that, that is a great example of the sort of competitive leaps that you can make in the market using our systems and just being able to sort of accelerate the speed at which you can bring new offers, new ideas, position yourselves a lot more quickly versus the competition in order to sort of gain and build out brand momentum and the subscriber growth.

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**Timothy Kelly Horan** - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

So Anthony, when you were off, we just asked Matt about the Vodafone Germany example, where they really converged wireless with wireline. It sounds like you built kind of a whole new stack for them to kind of operate this. Is this stack transferable, you think, to other companies around the world? I know you gave the LEGO example, yes.

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**Anthony Goonetilleke** - *Amdocs Limited - Group President of Technology & Head of Strategy*

Yes. So it's the same -- so going back to your original question, that stack that they're using is our CES '20 stack, right? So it's a full digital one, catalog one, the same modules are the same ones used in the North American carriers that are doing the transformations.

It's just that Vodafone Germany took the full end-to-end suite of it, kind of soup to nuts kind of doing the whole transformation. But it is one of the first customers that are essentially taking the entire full tack, running a cloud native and kind of getting the value out of it. So definitely, I mean that's the same stack that everyone is using.

**Timothy Kelly Horan** - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

Got it. And in your case, you can get it to work fairly seamlessly, which it seems like that's relatively unique. I don't know of anyone else with that capability, but correct me if I'm wrong.

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**Anthony Goonetilleke** - *Amdocs Limited - Group President of Technology & Head of Strategy*

Yes. And that's -- we're not just on the BSS side, right? So we're on the OSS side, we're on the network. So when you create a product, we're thinking about, "Oh, how is this going to be provisioned? How is (technical difficulty) going to handle it, right? Is the order going to be falling out?" versus someone that's just doing the front end or just doing the catalog and they don't care, they're just going to throw something over the fence and pray to God it works, right?

We have a little bit more kind of commitment to make sure it works all the way down the food chain, to make sure the service gets provisioned.

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**Timothy Kelly Horan** - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

I'll hand it over to you, Ed.

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**Hoonshik Yang** - *Oppenheimer & Co. Inc., Research Division - Research Analyst*

You had a great day on 5G yesterday. And I mean, this question just popped up, and I don't know if it's a fair question, but you talked about network slicing. And do you think that connectivity providers can charge premium or different levels for network slicing? Or does that require regulatory issues because there was a debate around net neutrality and so on?

So are we -- have we solved the -- I know the technical capability is there, but it's from a business model standpoint with customers and discussions with customers, do you think that connectivity providers are going to be able to bridge that gap?

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**Anthony Goonetilleke** - *Amdocs Limited - Group President of Technology & Head of Strategy*

Yes. Where we are, really seeing some interesting POCs in the enterprise space, right? In the private network space, where people are like, okay, you know what, I'm going to create a local -- because remember, when you have a network slice at the end of the day, you need that connection operating completely, right? So you can't have a network slice when you're moving between 4G and 5G, for example, right?

So where we're starting to see it now is where there's a full stand-alone 5G network deployed in an enterprise situation, for example, POCs, where people are like, "Okay, so I can have my standard traffic going at this speed and this latency, and I'm going to block out a chunk to make sure that my equipment or whatever works at this speed."

Now that is the dream, right? Now that is kind of the utopian dream in terms of being able to do it. I think we're still a little bit far away from that being adopted completely. But the standards are there, the capabilities are there, the infrastructure is there. And so people are putting things into place to be able to do it.

Now the net neutrality thing, I think it will kind of play itself out, right? I mean, if you're going to say, look, if you're getting Hulu, I'm going to give you different kind of latency bandwidth versus if you're getting Netflix, I think that kind of cause some potential issues or scenarios that could be problematic.

However, if you're an OEM that's providing one of those life aware bracelets that wants to have low latency, high-speed connection 24/7, I don't think you're going to have any problem with trying to get that through.

So really, I think it depends on the implementation. If you're trying to differentiate a standard service versus there is a particular service that you need to provide.

Another one is, we've talked about this kind of adnauseam I'm sure, that the whole idea that you can essentially take a VR headset and sell it at a subscription rate like a \$19.99 a month with connectivity built in, right?

So if you look at countries like Singapore or South Korea that really have this great kind of 5G stand-alone network already deployed, and they're getting great throughput. Places like that, you can really play with models like that, right?

So I am buying -- I'm paying \$19.99 to get that headset. I'll just switch it on. I don't need a computer. I don't need any type of connectivity. The moment I switch it on, there's an [EC minute]. It activates, provides me the connectivity. That's kind of the vision that -- companies like us, we always need to kind of dream and say, "Okay, what do those use cases look like?"

Because I think Tim mentioned this before, I don't think necessarily there's going to be that one killer use case, right? I think people are going to play on it, people are going to innovate, and certain things are going to stick. So I think it depends.

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**Hoonshik Yang** - *Oppenheimer & Co. Inc., Research Division - Research Analyst*

And just sticking with the theme of killer apps, always hard to predict beforehand, and that was the case with LTE as well. I think most people would agree that fixed wireless has been [a genuine] first killer app for 5G, but there's some debate around what the ceiling could look like for that.

I mean, do you have any insights or opinions in terms of fixed wireless and whether there is a point that wireless can't support it or whether it's mid-band or C-band or unlicensed?

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**Anthony Goonetilleke** - *Amdocs Limited - Group President of Technology & Head of Strategy*

Yes. So a couple of things. I was kind of excited last quarter as I saw kind of the results rolling out from all of the North American operators. Broadband, I'm sure you guys are familiar with, was fairly stable in terms of the numbers, it didn't go up and down much. But there was like a little spike for those who are selling fixed wireless broadband.

And I was like, "Oh, that's interesting," right? So you saw a couple of the carriers that are selling fixed wireless kind of have a little bit of a spike up because they kind of position it at a lower price point. And people are using it, right? People are getting it. People are using it. They're happy with it. So I think you will see a lot of interesting things.

I mean there was a question yesterday going from kind of 5G to 6G. I can't believe we're talking about 6G already. But spectrum is going to be utilized much more efficiently, very differently. Definitely, you'll start looking at the 6 gigahertz.

There's all sorts of interesting -- it's an interesting space, right? So you have like the U.S. going well, it can be WiFi and 5G, and then you have Europe having a different view, China having a different view.

Definitely, I think that mid-band spectrum can provide some type of stability to fix access. And I think, in the next couple of years, I think that will be a very interesting use case.

The interesting thing for me just as a someone from the industry, even if I park like Amdocs on the side for a second, in the last several years, we saw the cable guys go into the mobile space, right?

We saw some nice growth, Comcast, Charter, Altice, all our customers running the mobile stacks and getting some nice MVNO growth. Now you may start to see pure cellular guys getting into the broadband space, right? So that whole space is getting kind of very, very greyed out.

And we're preparing for that. We have a fair bit of fixed wireless projects. And in the back end, we're seeing some very interesting bundles and promotions and people trying to push it.

I think kind of the next 12 to 18 months is probably going to be the time for fixed wireless as they roll out stand-alone.

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**Hoonshik Yang** - *Oppenheimer & Co. Inc., Research Division - Research Analyst*

Tim, did you want me to ask another question? Or do you have one in mind?

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**Timothy Kelly Horan** - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

Go ahead, Ed. I had a few at the end. Go ahead.

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**Hoonshik Yang** - *Oppenheimer & Co. Inc., Research Division - Research Analyst*

Well, Anthony, you mentioned 6 gigahertz and both Amdocs, Google, I think you're applying to operate the spectrum management systems there. And -- how does that market play out?

And then at the same time, I mean where -- it's a little confusing with all this convergence also is, where there's fixed wired and WiFi takeover and 5G takeover? Or is it just going to be, again, to your point, a very hybrid environment?

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**Anthony Goonetilleke** - *Amdocs Limited - Group President of Technology & Head of Strategy*

Yes. So I presume you're talking about like CBRS and things like that, right?

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**Hoonshik Yang** - *Oppenheimer & Co. Inc., Research Division - Research Analyst*

Yes. Yes. But also the automated frequency coordination. And then I think there was an SAS system that was set up for CBRS.

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**Anthony Goonetilleke** - *Amdocs Limited - Group President of Technology & Head of Strategy*

So it really depends on your usage and you have to -- so if you have mission-critical applications, for example, you don't necessarily want to use CBRS spectrum and things like that, right? Like if you have a dedicated mission-critical applications that you want to make sure that you're getting dedicated spectrum from it.

We're starting to see interesting models. We've seen some of our customers talk about leasing out some of their spectrum, for example, right, to be used in a dedicated manner.

I think you will see more and more of that. Overseas, we're starting to see discussions of spectrum being sold to enterprises for usage, by the way.

So I think you will start to see spectrum use very, very differently. And we also have a practice around spectrum management and spectrum optimization. Clearly, the CBRS piece helps us, but not just that, we help manage spectrum more efficiently, for example.

So we have a bunch of use cases in AI on how to deflect spectrum at different times of the day and how you should manage it and things like that. I think people are now starting to say, "Okay, I've spent billions of dollars acquiring the spectrum. How do I better manage it? How do I get more for it? How do I get my throughput up?" And I think you will start to see some very interesting use cases.

The crossover between WiFi 6 is a very interesting one. So we worked on a private network deployment over on the East Coast for a fairly large university. And so what they did was -- we worked with the carrier, they bought in fiber. We kind of put up -- we worked with Samsung, our partner. They have the radio network over there, and they essentially attached WiFi routers as end points, right?

So the end consumer access point is WiFi 6 at the end of the day. So you see that you have fiber rolling out into kind of fixed wireless 5G access points, rolling into WiFi 6 routers because at the end of the day, some of the (inaudible) CBRS spectrum, you still don't have enough devices that connects directly to it.

So definitely, when it comes to WiFi 6 -- by the way, even personally, I upgraded my house to WiFi 6E, amazing throughput, and phenomenal.

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**Timothy Kelly Horan** - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

Wow. So we only have 2 minutes left, and I had some questions from the audience, and it was around T-Mobile.

What were the challenges on your end from enabling on carrier? And what are the challenges to integrating the T-Mobile and Sprint billing system. And maybe you can answer these directly. But is this new billing system fairly future-proof? So I guess it's all around T-Mobile and how they're using you and how complex was it to do.

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**Anthony Goonetilleke** - *Amdocs Limited - Group President of Technology & Head of Strategy*

Yes. Look, I mean, it's -- we love T-Mobile from the perspective that -- the biggest challenge is just agility, right? Like I mean, they're like -- it's been, "Hey, let's do this, let's do that." Mike (inaudible) and Head of [Digital], they were in Israel a little while ago, a couple of months ago and you -- "Hey, let's do this. Let's do that."

So it's about that agility, it's about coming to the table, then we bring these ideas. We partner with them up in the 5G lab up in Seattle together with T-Mobile and Microsoft.

We're bringing in all of these different 5G use cases. Every time we see, we're like "Hey, let's introduce this." So I think the interesting thing with them is that they're not afraid to try different things.

And I think that the merger with T-Mobile and Sprint, from an ongoing basis, I think that's going as well as anyone can expect. I think there's nothing extraordinary to talk about there. But I don't think they're done yet. I think they're focused on some very cool things.

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**Timothy Kelly Horan** - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

That was a great, great, great color. And I really appreciate the time, guys, and we'll stay on time here. And Anthony, it looks like it's all cleared up behind you, so you're safe now.

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**Anthony Goonetilleke** - *Amdocs Limited - Group President of Technology & Head of Strategy*

Okay. Thank you, guys.

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