OVERVIEW:

DOX reported 4Q13 revenues of $845m and non-GAAP EPS of $0.63. Expects FY14 total revenue growth to be 4-8%. Co. expects 1Q14 revenues to be $845-875m and non-GAAP diluted EPS to be $0.72-0.78.
Good day, everyone, and welcome to the Amdocs fourth quarter 2013 earnings release conference call. Today's call is being recorded and webcast. At this time, I would like to turn the call over to Liz Grausam. Please go ahead.

Liz Grausam - Amdocs Ltd - VP of IR

Thank you, Mike. Before we begin, I would like to point out that during this call we will discuss certain financial information that is not prepared in accordance with GAAP. The Company's management uses this financial information and its internal analysis in order to exclude the effect of acquisitions and other significant items that may have a disproportionate effect in a particular period. Accordingly, management believes that isolating the effects of such events enables management and investors to consistently analyze the critical components and results of operation of the Company's business and to have a meaningful comparison to prior periods. For more information regarding our use of non-GAAP financial measures including reconciliations of these measures, we refer you to today's earnings release which will also be furnished with the SEC on Form 6-K.

Also, this call includes information that constitutes forward-looking statements. Although we believe the expectations reflected in such forward-looking statements are based upon reasonable assumptions, we can give no assurance that our expectations will be obtained or that any deviations will not be material. Such statements involve risk and uncertainties that may cause future results to differ from those anticipated. These risks include but are not limited to the effects of general economic conditions and such other risks as discussed in our earnings release today, and at greater length in the Company's filings with the Securities and Exchange Commission, including in our annual report on Form 20-F for the fiscal year ended September 30, 2012, filed on December 11, 2012, our Form 6-K furnished for the first quarter of fiscal 2013 on February 12, 2013, our Form 6-K furnished for the second quarter of fiscal 2013 on May 16, 2013, and our Form 6-K furnished for the third quarter of fiscal 2013 on August 12, 2013. Amdocs may elect to update these forward-looking statements at some point in the future, however, the Company specifically disclaims any obligation to do so.

Participating on the call today are Eli Gelman, President and Chief Executive Officer of Amdocs Management, Limited, and Tamar Rapaport-Dagim, Chief Financial Officer. With that, I will turn into Eli.
Eli Gelman - Amdocs Ltd - President and CEO

Thank you, Liz, and good afternoon to everyone joining us on the call today. I'm pleased to report that we concluded fiscal 2013 with solid fourth quarter results. We delivered full-year non-GAAP earnings per share growth of roughly 8%, which was the high end of our guidance issued at the start of the year. Overall, we believe that this was a year of continued progress for Amdocs. We strengthened our competitive position in the market by winning strategically important deals with new and existing customers. Moreover, we demonstrated the quality and efficiency of our execution by successfully delivering a number of major transformational deals that around the globe.

In North America, we closed out a good year. AT&T was particularly strong in fiscal 2013, growing revenue in the double digits. We also benefited from the broader pickup in activity level as we helped our customers respond to rapidly changing competitive dynamics in North American markets. In the emerging markets, the progression of highly complex transformation projects drove double-digit growth for the year, with a strong finish at the fourth quarter. We further solidified our strategic position in fiscal 2013 by expanding our reach within new and existing customers in Latin America and Southeast Asia. In Europe, fiscal 2013 revenue declined as a result of a tough operating environment and anticipated ramp down of some transformation projects. However, sequential performance was relatively stable throughout the year. Overall, we exited fiscal 2013 with a record quarterly and annual revenues, stable profitability, and earnings per share growth which was consistent with the high end of our expectation.

Turning to fiscal year 2014, we expect to deliver total revenue growth of 4% to 8%, which includes an organic growth outlook of roughly 2% to 5%, plus the anticipated benefit of recently announced acquisitions. Core business conditions are different among the geographies. Let me elaborate. In North America, after a strong growth year in 2013, we expect revenue growth will moderate in 2014. This outlook reflects normal variations in account activity. As a reminder though, we are still subject to lingering uncertainty resulting from recent acquisitions and consolidation in the North American market. As you know, several of our large North American customers are still in the process of closing acquisitions or post-merger integration planning. As such, timing and scope of new activities within these accounts remains somewhat difficult to predict in the context of the fiscal year. I can assure you, though, that we are working diligently to serve these customers and to prove the value we can bring to them in executing their post-merger and business strategies.

In the emerging markets, current project activity along with a healthy pipeline of new opportunities, drive our outlook for continued double-digit growth in fiscal 2014. In Europe, the recent awards with larger operators support the projected stability in our outlook. Nevertheless, difficult microeconomics and regulatory conditions continue to leave us cautious. On top of solid expected performance in the core business in fiscal year 2014, we are also executing against new strategic growth initiatives. In particular, we have announced two recent acquisitions that accelerate our activities in the area of network optimization. In the fourth quarter, we closed the acquisition of Actix, and today we have signed an agreement to acquire Celcite Management Solutions for $129 million. Combined, we expect Actix and Celcite to contribute between 2% to 3% of our full-year revenue outlook in fiscal 2014 and drive modest earning accretion.

Let me take a moment to elaborate on a rationale for this back-to-back acquisitions. First, we strongly believe that our traditional product-lead service business model will also be successful in the network organization space. In our view, Actix and Celcite offered the most attractive spread of product and services capabilities available in the market, along with highly complementary geographic reach. By combining these acquisitions as a single unit in back-to-back deals, we believe we are in the best path to capture the network optimization opportunities. Second, radio network optimization is a major concern to wireless carriers worldwide. With these acquisitions, we are tapping into new markets with significant growth potential. We expect to bring value by combining a superior product and services offering with an agnostic approach to the underlying network equipment.

Third, we are now better positioned to participate in the long-term growth potential of self-optimizing networks, or SON, which we believe represent the next generation of network optimization software. Finally, Amdocs is uniquely positioned to introduce the most comprehensive customer experience portfolio that can capture the quality of service on the network as a critical touch point in the overall customers’ experience. Overall, Actix and Celcite demonstrate that we’re allocating capital against our strategic objectives by buying companies with strong incumbent position in new growth end markets.

Looking forward, we still see healthy pipeline for acquisition opportunities. Furthermore, we believe M&A will remain an important component of executing our strategy and strategic agenda, but only when we find the right targets. These deals are also a good segue for me to talk about our broader capital allocation framework beyond M&A. First, we continue to believe in the value of dividend as a demonstration of our confidence in
the future success of Amdocs and as a dependable income stream to further enhance our total return to shareholders. As such, we recommended, and our Board subsequently approved, a 19% increase in our quarterly cash dividend to about $0.155. This represents an annual rate of $0.62 per share and equates to about the yield of 1.6% based on today's closing share price. This dividend increase will be subject to shareholder approval and will be payable in April 2014. I would also note that future changes in the dividend will be subject to periodic review, and we will be more likely to be tied to the underlying growth rate of our business.

Second, as I noted several times in the past quarters, I want to emphasize that we do not intend to accumulate cash on the balance sheet over the long-term. In recognition of the better than expected proceeds from stock option exercise in fiscal 2013, and as well as a strong year for free cash flow production, our buyback activity picked up sequentially in the fourth quarter. Given what we know today, we expect to continue repurchasing stock above the levels suggested in our 50-50 framework, at least into the early 2014. With that, I will turn the call over to Tamar.

Tamar Rapaport-Dagim - Amdocs Ltd - CFO

Thank you, Eli. Fourth fiscal quarter revenue of $845 million was within our guidance range of $830 million to $860 million. Foreign currency fluctuations were negligible relative to the third fiscal quarter of 2013. Additionally, there was an immaterial impact from the acquisition of Actix, which closed on September 19. Our fourth fiscal quarter non-GAAP operating margin was 16.7%, a decline of 10 basis points compared to the third fiscal quarter of 2013, and within our target range of 16% to 17%. Below the operating line, net interest and other expense was $1.5 million in Q4. For forward-looking purposes, we continue to expect the net expense in the range of a few million quarterly due to foreign currency fluctuations.

Non-GAAP EPS was $0.63 in Q4 compared to a guidance range of $0.60 to $0.66. As anticipated, the higher than usual effective tax rate negatively impacted non-GAAP EPS in Q4 by approximately $0.10 and was primarily due to change in tax laws and rates in several jurisdictions. Free cash flow was strong at $205 million in Q4. This was comprised of cash flow from operations of approximately $232 million, less $27 million in net capital expenditures and other. DSO was 73 days increased by 1 day quarter-over-quarter and mostly due to consolidation of Actix. Total unbilled receivables were down by $14 million as compared to the third fiscal quarter of 2013.

Our total deferred revenue both short- and long-term increased by $16 million sequentially in Q4. Our cash balance at the end of the fourth fiscal quarter was approximately $1.3 billion, though net of short-term debt it was $1.1 billion. We drew down $200 million on our credit facility in Q4 for short-term funding purposes and the balance has since been fully repaid. Our 12-month backlog which includes anticipated revenue related to contracts estimated revenue from managed services contracts, letters of intent, maintenance, and estimated ongoing support activities, was $2.87 billion at the end of the fourth fiscal quarter, up $40 million sequentially. Approximately half of the sequential increase in backlog was due to consolidation of Actix.

During the fourth fiscal quarter, we repurchased $97 million of our ordinary shares under our current $500 million authorization plan. We had $336 million remaining under this authorization as of September 30. Now, turning to our outlook, we expect revenue to be within a range of $845 million to $875 million for the first fiscal quarter of 2014. Our guidance incorporates a full quarter of revenue contribution from Actix, but no contribution from Celcite, as the deal is expected to close quite late in the first fiscal quarter, or early in the second fiscal quarter. We anticipate minimal sequential impacts from foreign currency fluctuations as compared to Q4. For a full fiscal year, expect total revenue growth to be within the range of roughly 4% to 8% on the constant currency basis and reported basis. This outlook incorporates the consolidation of Actix and Celcite which in aggregate we expect to contribute approximately two to three percentage points of the growth outlook. Also, within this outlook, and consistent with our prior expectation, we anticipate revenue from our directory business in fiscal 2014 to decrease in double-digits percentage range, placing about 1% drag on the total Company results.

We anticipate our non-GAAP operating margin for fiscal 2014 to continue to be within our long-term target range of 16% to 17%. We also expect our non-GAAP effective tax rate to be in the range of or 13% to 15% for fiscal 2014. We expect the first fiscal quarter non-GAAP EPS to be in the range of $0.72 to $0.78, which reflects a non-GAAP effective tax rate of 13% to 15%. Our first fiscal quarter non-GAAP EPS guidance also incorporates an expected average diluted share count of roughly 162 million shares and the likelihood of a negative impact from foreign exchange fluctuations in net interest and other expense. We excluded the impact of incremental future share buyback activity during the first fiscal quarter, as the level of activity will depend on market conditions.
For the full fiscal year, we expect to deliver 6% to 9% non-GAAP EPS growth which includes modest accretion from the combination of Actix and Celcite. Our full-year EPS outlook does factor in expected repurchase activity over the year. As Eli mentioned, due to the recent accumulation of cash from the proceeds of employee stock option exercises and strong free cash flow performance in fiscal 2013, we expect that our buyback activity may be greater than that suggested in our 50-50 free cash flow location framework. Finally, the total return we deliver to shareholders will be enhanced beyond the earnings growth outlook by our dividend program, which if the new quarterly dividend rate approved by shareholders would yield about 1.6% on the current share price. Therefore, in fiscal 2014, we expect our non-GAAP EPS growth plus a dividend yield to add up to the high single to low-double digits, which we believe should support an attractive total return to shareholders. With that, we can turn it back to the operator to begin our question-and-answer session.

Questions and Answers

Operator

(Operator Instructions)

We do ask everyone to please limit yourself to one question and one follow-up question.

(Operator Instructions)

Paul Thomas, Goldman Sachs.

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Paul Thomas - Goldman Sachs - Analyst

You talked about moderation in North American growth next year. Is that across the customer base? Or is that more specific to your large North American customers where there might be some more or M&A impact?

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Eli Gelman - Amdocs Ltd - President and CEO

Paul, some of them will continue growing. Some will slow down. It’s the summation of all of them together. I don’t really think that specifically AT&T, the double-digit, is sustainable growth rates, even for AT&T. But it’s not only one customer. It’s the summation and the fluctuation between the different businesses both on the wireless, wire line, cable MSOs and North America including Canada, of course. That’s the color I can give you on that.

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Paul Thomas - Goldman Sachs - Analyst

Okay. Looking at the margins in the guidance, if the acquisitions are accretive in adding two to three percentage points of revenue growth, how come EPS guidance isn’t a little bit higher, more like 9% to 12% growth. Are there other investments planned during the year? What are the moving parts there?

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Tamar Rapaport-Dagim - Amdocs Ltd - CFO

First of all, we said it’s modestly accretive. We also are factoring of the fact that we are using the same margin range of 16% to 17%. We are looking, on the one hand, on the business continuing to develop organically, as well as from the M&A contribution. However, we don’t want the market to expect that immediately as we go through this acquisition our focus is going to be around margin expansion. We’re entering into a new space. It’s definitely a strategic move for us, and we want to focus on making the right moves entering that and continuing to expand, of course, on the basis of Actix and Celcite, the customer base and activities we’re going to have this domain.
Paul Thomas - Goldman Sachs - Analyst

Okay. Last, looking at the dividend increase, that's about $100 million for the dividend for next year. I guess looking in the 50-50 framework, are you looking for $500 million in free cash flow for 2014?

Tamar Rapaport-Dagim - Amdocs Ltd - CFO

We're not guiding specifically to a free cash flow number because it may fluctuate. If you recall, we talked on the Analyst Day about the fact that $400 million a year is the minimum. We're tracking this year with $560 million, so I don't think your $500 million is out of the ballpark. We just don't want to be in a position where we're guiding to a number.

Paul Thomas - Goldman Sachs - Analyst

Got it. All right. Thanks a lot, guys.

Operator

Ashwin Shirvaikar, Citigroup.

Ashwin Shirvaikar - Citigroup - Analyst

Some good moves here. Congratulations. My first question was with regards to the network optimization market that you're beginning to focus on here in a bigger way. Is this more of a softly lead market? Who tends to be the buyer at the client? Is that same person that might buy BSS, OSS? Why now? Are you just wanting to increase competition from telecom equipment type players? Is this a response to AT&T Domain 2.0? Any thoughts?

Eli Gelman - Amdocs Ltd - President and CEO

Let me try to give you some color, Ashwin. First of all, the buying center in a regular carrier would not be the IT or the finance group, which we usually work with. It would be the CTO, the IN guys. This is another fringe benefit that we have, tapping into these new buying centers. Secondly, this is purely an offensive move for us. We are going after new markets. When you look around, these are the ones with the most important aspects of carriers around the world. They have to go down both on their cost structure, using the infrastructure, the frequency of equipment better, as well as providing a better customer experience. When you combine both ends, we think that we can contribute significantly to meet their needs. It might be a defensive mode as well, if some of the normal competitors that are coming from the network equipment providers space, will try to get to our market. We are doing okay on the regular business. As it is, just for us it's a new business, tapping into a new buying center, providing our typical product and services. We could not find it in one company, so we had to do two acquisitions to complete the whole cycle. Again, it's going after the network equipment optimization frequencies and infrastructure optimization, as well as providing better customer service to the end-user. At the end of the day, the network is probably the number one touch point that nobody is actually dealing with. We believe that we can make the change here and add value into the market. So far, we have been getting a very strong realization from many customers around the world around this move. We are optimistic that we are doing the right thing.

Ashwin Shirvaikar - Citigroup - Analyst

Okay. With regards to the 2% to 5% revenue growth estimate, the organic revenue growth estimate, it's fair to say it's been in consensus expectation for some time that Amdocs should be, actually has the right to be, the leading beneficiary of client M&A in North America here that's going on. To
what extent have you included that in your estimates? I know you said timing and scope is difficult to predict. Is it there at all? Or will it present an upside, if it comes that 5% instead of 2%? Can you explain that, please?

**Eli Gelman - Amdocs Ltd - President and CEO**

We can always look at the positive aspect. We did not conclude in this guidance any major move, positive or negative, that can come out of strong acquisitions. I mentioned last quarter, but we worked (inaudible) with Sprint for many years. Now they have a new owner Softbank. They come with their own philosophy of life. One extreme could be that they will say, okay, we want to take it in-house. We know how to operate it better, and we have our own software. That would be a big mistake, but just as an extreme case.

The other way is saying guys, you know what? Why won't you take more of it and help us to compete? This dynamic North America became a very competitive market in the last couple of quarters. So, it can go both ways. We are estimating more or less normal fluctuation in the business. The same about T-Mobile, the same goes about AT&T, and Leap or Cricket. We are making some normal assumptions here. By that, I think we are doing something on average. But any one of them can go positive to negative. It depends on your assessment, who is going to enjoy consolidations and M&A in the North American market.

**Ashwin Shirvaikar - Citigroup - Analyst**

Okay. Got it. Thank you, guys.

**Operator**

Mark Sue, RBC Capital Markets.

**Mark Sue - RBC Capital Markets - Analyst**

When do you think the uncertainty, the (inaudible) in North America carriers might take might be behind us, whether that will be another three months, six months, or possibly even longer, if we look at the big areas of growth and opportunity with the emerging markets, maybe you could just give a sense qualitatively, of pipeline activity inclination for a lot of the service providers to increase their service (inaudible) and to rely on partners such as Amdocs? That would be helpful.

**Eli Gelman - Amdocs Ltd - President and CEO**

Basically, you are talking about two very different questions. Regarding the first one, the uncertainty, we have our own guesses. Your guess is as good as ours. You’re following up on that. I believe it was in the fiscal year 2014, maybe even the first half of it, but it’s not a month or two. It could be one quarter, two quarters. It’s not necessarily going to be binary like someone declared to the world today are going to do A, B, C. It’s a moving process. We are very close to all of these customers and working with them, as I mentioned in the script, diligently to prove our value to them. Since it’s unknown, it’s unknown. I don’t think it’s a matter of weeks, but it’s not a matter of many quarters. That’s more or less our guess right now because most of them already announced it and are working on it, but not necessarily concluded all the aspects of the merger.

The second question about the emerging market, the color can give you their mainly has to do with the dynamics of the emerging markets on both ends of the world, Southeast Asia and Latin America. On both ends, what you see is a shift from land grabbing simple pre-paid environment to more and more convergent pre-paid and post-paid. We’re talking about introduction of smartphones, and we’re talking about retention of customers, customer experience, basically. These are the number one tool. The third component is multi-play. Customers going from single play to double, triple, quadruple play. All these major dynamics should work for Amdocs because we wrote the book on convergent pre-paid, post-paid, and data on customer experience and on multi-play. If you add to that some potential M&A in the emerging markets, which is not out of the equation, the gains should work for us.
We feel quite comfortable that once we established in last couple of years our strong position both in Latin America and Southeast Asia, that we would be able to continue the momentum in the double-digit growth, as we mentioned in the script, but it’s built on some fundamental things. In terms of the business, and what we are chasing, you’ll excuse me, Mark, but I’m not sure that I can really give you the list of names to start with just because we don’t want to wake up the rest of the gang. We think that we are in a good position in many of the projects there, and it’s a matter of execution now, to win it and then to go to delivering it.

**Mark Sue - RBC Capital Markets - Analyst**

That’s helpful. In Asia and Latin America, that the carriers want to be more outward facing than inward facing. It’s moving in your direction a little bit faster than we say with the prior rate of adoption.

**Eli Gelman - Amdocs Ltd - President and CEO**

Exactly.

**Mark Sue - RBC Capital Markets - Analyst**

Okay. That’s helpful. Just secondly, on managed services, it was down sequentially a little bit for two quarters in a row. Maybe some dynamics there? That would be helpful.

**Eli Gelman - Amdocs Ltd - President and CEO**

I wouldn’t read too much into it. It’s fluctuation of the business in a normal way. As a matter of fact, what it really means percentage-wise is we’re getting more projects. Now, why we are excited about more projects? More projects basically means real muscles. We’re building real muscles for the Company. Usually Amdocs’ model is that once we have a project, and we put it in production successfully, then the customer’s happy. They will give us more business, and we are building on top of it, more and more businesses. As we’re expand our offering, we have more to serve to the same customer. Now we also have a network optimization that we didn’t have only a quarter ago. The fact that we have projects versus managed services usually is an exciting component. Obviously, it’s more volatile, so we have some period of less stability, if you will. We hope and intend to turn some of the projects into managed services in the future, as we have done in the past.

I would not read too much into the fluctuation there on the managed services. Part of it is Clearwire. Part of it is just change of business. Some of it is directory. I don’t think you need to be too excited about it. I’m actually more excited about the fact that we have large portions of new projects coming our way. Behind us we have a lot of really well execution of major projects around the world. The combination of projects we just delivered with 8.1, with version 9 now, and the fact that we have new projects through the new wins is important component.

**Mark Sue - RBC Capital Markets - Analyst**

Okay. That’s helpful. We’re looking forward to it. Thank you and good luck.

**Operator**

Tom Roderick, Stifel.
Matt Van Vliet - Stifel Nicolaus - Analyst

Yes, Matt Van Vliet on for Tom this evening. I wanted to follow-up on the question regarding Asia and just seeing what trends you’re seeing there, and how much of the macro commentary that we’re seeing around the market, the headwind there do you think is impacting your business? And, how is that impacting?

Eli Gelman - Amdocs Ltd - President and CEO

You are talking about Asia, right?

Matt Van Vliet - Stifel Nicolaus - Analyst

Yes.

Eli Gelman - Amdocs Ltd - President and CEO

Most of the headwinds that analysts are talking about, and when you look at the overall macroeconomics, come out of slowdown in China from changes in India and such, first of all, these are not our primary markets in Asia. Our primary markets in Asia are Malaysia, Indonesia, Philippines, Singapore, and others, also India, but not really a large business. B, most of the macroeconomics and the trends that you see there are traditional. In India, for example, in telecom, the government is really pushing for higher competition and issuing more licenses. We actually believe that there will be more opportunities in India for us in the future. Altogether, we believe that Asia represents a strong potential for us also, in FY ’14 and FY ’15. The same goes with Latin America. We are not that worried about some of the bigger picture that you see out of Asia.

Matt Van Vliet - Stifel Nicolaus - Analyst

Just a quick follow-up on that. Given that the region is driven so much by the economies in China and India, as being tertiary to your core markets, is there any concern? Are you starting to see anything within the markets that you mentioned that might be slowing, just as a cautionary move, as the larger economies in the area are looking to put the brakes on?

Eli Gelman - Amdocs Ltd - President and CEO

We couldn’t see any trends of that. You need to remember that we have zero business in China and limited business in India. For us, India represents growth for the future. The ripple effect over the other markets we haven’t seen it. More than that, in many cases, the macroeconomics are not a direct influence on Amdocs. We’re not that vulnerable to the number of devices or the number of phones that they are selling. For us, penetrating into a new territory or to a new customer is more important than overall macroeconomics. Now, if the situation would be really bad, they may decide not to transform. But, we didn’t see evidence to that, on the contrary actually. We are bidding right now on some major transformation building in Asia. So far, we cannot say anything that support the concerns that you are raising in theory.

Matt Van Vliet - Stifel Nicolaus - Analyst

Okay. That’s very helpful. Thank you.

Operator

(Operator Instructions)

David Kaplan, Barclays.
David Kaplan - Barclays Capital - Analyst

I have a couple questions, but I'm going to start with one that's out in left field a little bit. Can you guys talk a little bit to us about what's going on in the cable market opportunities? We all know about your strength in telcos. Your strength in Europe is also very clear. US, we can guess that in a second. What kind of opportunities do you see in cable, specifically? That's the first question.

Eli Gelman - Amdocs Ltd - President and CEO

This is, David, first all, not left field. This is center, part of our business. I would divide it into two, first of all, starting with the rest of the world. We see progress in the rest of the world. I call it video with your permission. This is cable TV, IPTV, and satellite. We see all kinds of new initiatives around the world from pre-paid, for cable and satellite, all the way to combining in a very interesting way, multi-play video and wireless and wired and others. We see it in Brazil. We see it in Southeast Asia. We see it in other places and also in Europe. We see Vodafone buying Kabel Deutschland, which is a major move in Germany. This all represents interesting opportunities in the rest of the world.

In North America specifically, we believe that it will be a slow transformation. We've said it several times. We believe it will happen and is happening, but at a very slow pace. In other words, people will upgrade from components of the software. They'll maybe see some consolidation of the market, which is not out of the question anymore. We also anticipate maybe some stronger competition within North America between the telcos and the MSOs. If you would notice, if you follow the rumors, and you see what Verizon's trying to do, what AT&T is trying to do, they're not necessarily sitting still in this field as well. On one hand, we do not see major transformation. I wish I could break any news there. But on the other hand, we don't see the MSOs sitting on their hands anymore. They start doing all kinds of things. We hope to take a part of it as well. We see more activity right now in the rest of the world, cable, satellite, video in general. With the North American market it's still jockeying for position, I would say. I would not exclude the option that within the next year or maybe year-and-a-half, we'd start seeing some bigger moves.

David Kaplan - Barclays Capital - Analyst

Okay. If we can now move on to the acquisition a little bit, I think this question was asked already. One of the things when you think about the market you guys are in, it seems to be a very consolidated market. What are the up and coming disruptive technology that Amdocs sees out there? I'm guessing that the acquisitions that you made in the last two months talks to that a little bit. Also, what's in your technology pipeline when you think in terms of where the market's going, that's going to keep Amdocs at its competitive advantage over its peers?

Eli Gelman - Amdocs Ltd - President and CEO

David, obviously, we have a lot of activity within our core to keep us ahead of the competition. We like this position, to be ahead of competition, and we keep on investing in the core to expand this leadership. Let me just give you an idea. We came up with what they call multi-channel, omni-channel customer management [set of publication]. That is to say that it doesn't really matter if [you address]. You're actually coming into the back-end systems from the call centers, CSR, from the stores, from dealers, from kiosks, or from your own device of self-service. You would actually have a very coherent and very similar experience as a consumer or small business. This omni-channel is a big thing. That's part of it, adding on to the leading position that we have with CS8.1 and CS9.

We have additional applications that we are coming to the market with which has to do with machine-to-machine and connected homes and security and other things. That's all within the core and we can talk about it most likely in next Analyst Day. Sometime in the following three quarters, we'll probably elaborate on some of these initiatives which are, obviously, limited on the call. Adjacent to that, and specifically around network, we believe that network software, we'll never get close to the hardware. Network software, we believe represents a very big opportunity for Amdocs. There are very few companies of our scale that can actually get into this space, very few companies that are trusted by both IT and IN, in the carriers environment and in the MSO environment and that can deliver high scale, carrier-grade network software. We are doing it today with OSS. We're doing it today with pre-paid. We're doing it with several places. The Bridgewater acquisition obviously is in the heart of it. We believe that network optimization is an area that for the next foreseeable future, 5 years, 10 years, would be very important to the carriers, the wireless carriers. We're...
talking about networks that are hybrid in nature. We're talking about 3G and 4G, and now we're talking about small cells and other technologies. They need to manage all of this hybrid network in a very complex environment. On top of it, we're talking about several providers. It could be Ericsson, Huawei, Alcatel-Lucent, NSN, and what have you.

We come with the proposition that we can optimize entire networks over several dimensions, including different network equipment or providers, different technologies, automated, product in-services. It's quite a compelling proposition. This is just give you an idea of an area we were not involved in, up until recently. We saw it as a great opportunity. The underlying dynamics, I would say, is that network moves the software. That's it. As hardware became commodity in the IT space, we believe the same thing will happen in the next five years, or whatever, in the network space, and as such, when you look around, we could be a player. Not only that, we have been encouraged by some of our key customers to move faster in this space. Between our strategy and the encouragement we get from the market, we think that we're doing the right things. In this case, accelerating and hit the ground running through acquisitions, came better than building it internally. Now, something we are not telling you right now is what's cooking in our R&D. But we'll wait until we are ready and tell you how we managed some new products in this field as well.

David Kaplan - Barclays Capital - Analyst
Okay. Just maybe a little quick one in housekeeping. This one will actually be for Tamar. These two acquisitions, you guys talked about them being accretive to the top line. Is there any impact on seasonality? Or is this more leaning toward licenses or services, one of the other, that's going to have an impact in our models?

Tamar Rapaport-Dagim - Amdocs Ltd - CFO
Actix is more of a software product, maintenance, and professional services. That's more the product side in our product led service model that we are trying to build here in the software network. Actually, Celcite is more service oriented. The combination of both is presenting the combination that is more balanced. Therefore, adding in the fact that there could be regular fluctuations in these kind of businesses, I don't expect any major seasonality.

David Kaplan - Barclays Capital - Analyst
Okay. Great. Thanks everybody. I will give it up to somebody else.

Operator
(Operator Instructions)

Tal Liani, Bank of America.

Tal Liani - BofA Merrill Lynch - Analyst
Most of my questions were asked, but I have one more. When it comes to your guidance, you're guiding for (inaudible) mid-range, organic growth of about 3.5%. In the last year, you grew it about the same. But North America was up nicely and the rest of world was down, so 7% plus or minus the (inaudible). The question is, what dynamics are you expecting in 2014, that takes you together between North America versus rest of the world, because together it takes you to 3.5% at the midpoint? Are you seeing that North America reverts as what we've seen this quarter and kind of grows for the year? Or are you assuming that there is going to be (inaudible) to North America, but rest of the world is going to pick up and grow?
Tamar Rapaport-Dagim - Amdocs Ltd - CFO

We are expecting North America to grow. Actually, the point of the message is it’s going to moderate because we didn’t think that the type of growth we’ve seen in fiscal 2013 is sustainable. North America continues to be an area where we believe we can drive growth. In fiscal 2013, in particular, we’ve seen year-over-year decline in Europe, and actually sequentially, we have been stable in Europe for some quarters now. We expect that we can continue in these kind of stable mode, at least in Europe. There could be fluctuations from quarter to quarter, but I’m talking about in terms of the vector overall.

Emerging markets, we are continuing to see very healthy momentum, in terms of activity in emerging markets, as Eli mentioned before in A-PAC and in CALA. We are seeing these kind of opportunities to continue and drive double-digit growth. So that will be a vector of energy to the top line over fiscal 2014 as well. In general, I would say it’s more probably a healthy blend of the growth from different regions that we’re seeing in fiscal 2014. Yes, it could be around this midpoint. It could be obviously different fluctuations from region to region.

Tal Liani - BofA Merrill Lynch - Analyst

Got it. Tamar, when you entered 2013, AT&T was weak before, but the project hadn’t started. Then you had also very (inaudible) before that in emerging markets. It looks like the visibility into 2013 was relatively solid, if I look throughout the world. Is the visibility going into 2014 worse that what you had before? Is it worse than normal? Or is it similar to what you had? The only reason my asking this is because there were some very deep projects that ended before or ended recently, and it looks like maybe there is less visibility there versus there is some things you already digested in emerging markets and maybe you have better visibility there. I’m just trying to understand the visibility into projects going into the next year.

Tamar Rapaport-Dagim - Amdocs Ltd - CFO

We're actually seeing normal visibility, I would say.

Eli Gelman - Amdocs Ltd - President and CEO

About the same.

Tamar Rapaport-Dagim - Amdocs Ltd - CFO

Some projects ended, but some are picking up and running at their peak level, as we speak. As always, we also want to win new projects going into the year, so we’re not resting just on the existing backlog. I would say more of the same, in terms of visibility.

Tal Liani - BofA Merrill Lynch - Analyst

Got it.

Operator

Ashwin Shirvaikar, Citigroup.
Ashwin Shirvaikar - Citigroup - Analyst

This may sound like a hard question. With all the recent news around privacy and data and spying and all that kind of stuff, does that affect you directly or indirectly? Because you deal with networks and you deal with a lot of these telecom customers and so on and so forth, have you seen any impact from that? Conversely, maybe it provides you with an opportunity for a new product. I don’t know. I’m just asking.

Eli Gelman - Amdocs Ltd - President and CEO

That’s actually a good question, Ashwin. The bottom line, first of all, is that we don’t see any change or any peak of concerns. We’ve been in this security and intellectual property and privacy protection for many years. We are actually running a lot of stress tests against what we are doing for our customers. If that will become a topic that become a concern around the world for telecom, yes, it might even represent eventually an opportunity for us. Right now, we don’t see it as an opportunity or a major snag. We cannot say that see any trend in the concerns. At the end of the day, don’t forget, we don’t work for the US government. People do not suspect us to have any specific doing with any of that. It’s not something new at all for the business that we are running. It’s merely around privacy, more than anything else, if you will think about it this way.

Don’t forget, in most cases, still, most of the projects, we do not run the operation. Even when we do, we usually do not own or copy the customer information, which is the most delicate one. Even when you do operation remotely, we develop software that allows us to access the data, the customer data, remotely, without moving it to our operations, so we have a lot of layers of protection in today’s environment. So far, we didn’t see a peak in this topic. But, it could be that it will come.

Ashwin Shirvaikar - Citigroup - Analyst

Okay. I just thought I’d ask. Thank you.

Operator

Thank you. That is all the time that we have today for questions. At this time, I would like to hand the program back over to Liz Grausam for closing remarks.

Liz Grausam - Amdocs Ltd - VP of IR

Thank you all very much for joining our call this evening, and we do appreciate your continued interest in Amdocs. We look forward to hearing from you in the coming days, and if you have any questions, please do call the investor relations group. Have a great evening, and I’ll turn it back to the operator to conclude the call.

Operator

Thank you for joining us everyone today. We do appreciate your participation. This does conclude today’s program. You may disconnect at any time.
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