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PRESENTATION

Ashwin Vassant Shirvaikar - *Citigroup Inc., Research Division - MD & Lead Analyst*

Okay. Good morning, everyone. Good morning, everyone. Day 2 of our tech conference, and we're getting started with one of my top-ranked companies, Amdocs. And my pleasure to welcome from Amdocs, Anthony Goonetilleke, who is the Group President, Technology, also Head of Strategy at Amdocs, Anthony, thank you for coming.

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

Thank you for having me.

QUESTIONS AND ANSWERS

Ashwin Vassant Shirvaikar - *Citigroup Inc., Research Division - MD & Lead Analyst*

Yes. Yes. As we tend to do with every session in the conference, just a setup question to begin. 2, 3 high-level points on what Amdocs does? What competition is? How you're differentiated? Just a few minutes and then we'll kind of get into what's current.

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

Sure. So we cut our teeth in the communication service provider space, serving pretty much the entire globe when it comes to Tier 1, Tier 2, Tier 3 service providers, whether they be wireless, cable, even satellite now on every continent. So pretty much every big brand name is using some Amdocs system in one shape or form. One little tidbit that I like to throw out is, on any given day, there are around about 2.6 billion consumers around the world that's touching an Amdocs system in some shape or form. So a lot of people may not know it, but I would almost bet my house on it that almost every person in this room, if I look at their phone service, I could tell you here, you're using an Amdocs system doing X, Y, Z, depending on which carrier you're in the U.S., for example.

So that's who we are. And we've been around for 40 years, a very, very solid list of customers especially in the last several years, post-pandemic, connectivity has really become the cornerstone of society. You can live without a lot of things these days. You can't live without good access wherever you are. And so that's who we are.

Ashwin Vassant Shirvaikar - *Citigroup Inc., Research Division - MD & Lead Analyst*

Yes. Yes. absolutely. In terms of just the financial metrics and so on, obviously, Amdocs historically was a very high-growth company. It went through a period of time when it's low, mid-single growth, now is accelerating again, a lot of good, exciting demand growth drivers. I was -- I wanted to start by asking you to maybe sort of list them out, and then kind of get into each of them one at a time, perhaps, right? So maybe just the high level of -- list them out what's driving each one of those from cloud digital transformation to 5G or the eSIM announcement recently. Just kind of talk about what...

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

You like the timing of the eSIM announce...

Ashwin Vassant Shirvaikar - *Citigroup Inc., Research Division - MD & Lead Analyst*

Yes. Yes, right before the conference always goes. Yes.

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

About, I would say, pre-pandemic just before -- just as we were going into lockdown and things like that, Shuky, my boss as CEO, we kind of got together and we said, look, coming, we can freak out as things are going to lock down or we can start to design what our future company should look like. And we went through a very intentional process of saying, look, we would like to get out of that low single-digit growth neighborhood and be more on the other side of the higher-end single digit. And so when you make this decision, every -- all your thinking needs to change, right? It's not incremental. It's a little bit more than that.

So we went through this process, and we did a lot of investment in terms of our products, in terms of R&D, in terms of making sure we kind of capture the market trends and allocations. It's funny you should mention eSIM, I was telling Matt before, I was talking about eSIM 4.5 years ago, people were like, what, they're like come back later. It took 4 years to get there, right? But eSIM platform now has over a dozen customers globally, growing very nicely. But those are investments, I don't want to say you need to have a crystal ball and pick it, but you almost need to hedge your bets in the right places to make sure you capture these big trends, right?

And so one of the key things we did several years ago is we decided to completely replatform our product suite, right? So today, we have a cloud-native product suite that's used every Tier 1 carrier almost and the world is using it in some shape or form. Cloud native, meaning you can get all the scalability, all the benefits of running on the cloud. 5G native, so it starts to capture. We're very, very focused as a company, we realized that, yes, I don't think it's any news to anyone that people are spending money on 5G. But I'll tell you where the question mark is how do you monetize this, right? And this is the problem that every communications executive faces, right? We know we have to invest, that there's no choice. But then how do you recoup that? How do you monetize it because I'm sure you're not going to pay double for your phone bill just because it says 5G, right?

And so we're very, very focused on saying, hey, here are multiple monetization mechanisms. Here's how you can do it. Here's how you can monetize enterprise consumers because we know that's potentially the next phase of 5G, how do you gain it. So all the way from rollout, we had a press release this morning, I think that came out around Winity in Brazil, where we're helping them plan, design, roll out their 4G, 5G network. So that's right at the front end of 5G. But then you get to the systems that manage it that you can buy phones, that you can produce plans all the way to network automation in 5G as you get hardware that moves to software, right?

So we kind of have our hands in that cycle. And that cycle is a multiyear cycle. It's not going to finish tomorrow. We are just starting to see -- we want to get technical, but this term called stand-alone 5G, which is really where people get the benefits. So you can roll out 5G, you won't see any of the promises until you have stand-alone 5G, that's really the kind of the technology mechanism that delivers those benefits. And that's a multiyear cycle. Then you have cloud. That's something that we decided to really just double down on. And some might say, well, it's been around for a while, right? Like what's the big deal, right? But cloud for telecommunications providers is very, very different.

And I'll give you a little bit of color on that. So my favorite kind of throwaway comment here is if Gmail is down, Snapchat is down, Whatsapp is down for a few hours, you'd be like, Ohh, such a pain, Instagram is down. I can't load it, right? But imagine if your phone service is down for 4 hours, right? That's a nonnegotiable. So when it comes to cloud capabilities, you need to deliver that same mission-critical ability on the cloud that these service providers build over decades in their own data centers, and it wasn't that easy. Just yesterday, we had an outage in Europe with one of the major cloud providers, right?

And so we're asking the guys questions, guys, you can't have an outage. We have an outage. Good timing. But the problem is so cloud for service providers is like a next generation of cloud that needs to have high availability, mission criticality, low latency. So that maturity is only coming to bear now. So now I see every one of my customers around the globe bar none on at different paces depending on the geographies adopting cloud, right, in different shapes of form. And that provides us a great opportunity. One, because we invested in this kind of cloud-native platform to do your business. Two, as we're moving this to the cloud, they're like, well, you're doing this, maybe you can help us with some of the other stuff that you have around the place as well, right?

Some of our other systems that we also need to move to the cloud. So we acquired the Sourced Group, for example, which was some very, very specific high-end cloud expertise to augment kind of what we have because we believe moving to the cloud is not just our products, but -- double the light, not just our products, but our services as well. And so this is kind of the push we get from cloud, and this is also a multiyear journey, right? It's not going to -- I don't have any customers that are going to raise the flag and say, hey, I'm done with cloud, like, October 31, I'm done. Everything is the cloud. No. You first move your IT workloads, right? That's a multiyear journey. Then you move your network workloads, right? Then you optimize on the cloud.

So where we're investing in Amdocs, the strategic areas, these are not one-hit wonders as I would say, these are multiyear kind of journey. And the third pillar is around network automation. I take the example, I always use the example of an enterprise service in North America right now. If you buy a consumer service, if I go and say, hey, I want the new iPhone 14, like I'm sure everyone does. You go, you order it, you get it delivered in whatever a week, 3 days, something like that, right? All of this process is about 99-plus percent automated. There's no one touching anything in the background, right? Like I go on my self-service app, I click order, magic happens, the phone gets delivered.

Think about enterprise, for example. It's not the same case. If I'm a small business, sometimes it can take 30 to 40 days to light up my services to get everything ready, right? And in the day and age we live in, that's not acceptable anymore. There's a lot of network automation that needs to be done to help enterprises, and you start to just kind of see these words like private enterprise network, PIN, mobile, private, people are experimenting in all sorts of ways to create agility in the enterprise space. And we think that's a great opportunity. Also, we see this expanded acceleration of cable rollout, right? Not just in the U.S., I was out in the Philippines a couple of months ago. They're doing it out there. Singapore all over the place, covering the country with fiber. So we're seeing this kind of renaissance with fiber.

So a lot of work to be done kind of in the network automation space. And last but not least, where we kind of -- our bread and butter is around customer experience, right? We live to kind of take the friction out of the experience. So kind of these are some of the growth drivers. And then they go at different speeds. Sometimes they accelerate, they slowdown. But these are multiyear kind of trends that we believe we can capture.

Ashwin Vassant Shirvaikar - Citigroup Inc., Research Division - MD & Lead Analyst

Okay. Okay. Now that's -- I mean, you laid it out really well. In terms of sort of longevity of some of these trends, or I shouldn't necessarily say longevity, but the ability of your clients to turn these initiatives on and off for economic or other reasons. Could you comment on that?

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

Yes. It's not possible. I mean are you going to turn 5G off? I mean, are you going to turn the cloud off? Are you going to turn network automation off? I mean I'm being flippant here, right? But these are not -- this is not like should I was listening to Evan, the Snapchat CEO, talk about some of the stuff they're going through, and for once in our lives, we're on the side of the equation where what we do is critical to society, right? I mean there's a -- from hybrid workforce to connectivity, to schooling, to everything in your life is connected, right? I mean, my car is connected, right?

So there's no option of saying waking up in 3 months and saying, well, that was nice, but I'm not going to put any money more and advertise on Snapchat. That can happen on Snapchat. You can't turn 5G off, right? It's not an option, right? Talk about cloud. Once you've committed to cloud, these are service providers that have said, hey, I'm going to sell my data center and maybe get some cash in the back end, right? And I'm going to move to the cloud. Like there's no half way of selling your data center, moving halfway to the cloud, and saying, maybe I won't do that. What aren't you going to do, right? Like you're going to have everything in the moving truck.

I mean like -- so some of these things, and it's a good -- it's a first of all problem, right? These are kind of mandatory things that are also aligned with kind of where the world is moving. And so look, there are some -- clearly, there are some discretionary items, okay? So take eSIM, great example, right? We invested in it about 4.5, 5 years ago, built the platform. And yes, you know what, you'll probably have the next, I don't know, the next 3 to 4 years, as every phone service provider, we start in the U.S., but that will roll out very, very quickly globally where everyone will move to eSIM and whoever captures the market will capture the market and then they'll just be plus or minus, right?

But if you kind of think of all of these trends we have, we're constantly thinking of kind of, okay, what is the next big thing that we can bring to the table. Plus, there are about 3 or 4 things that are just constant and not moving, right? These are cloud, these are 5G, these are network automation. Because at the end of the day, service providers need efficiency, right? They need to generate cash. They need to deliver to their shareholders. How do they do that? By driving efficiency through their network. So a lot of these things are really, I would say, not really negotiable. I don't know if I can humbly say that.

Ashwin Vassant Shirvaikar - Citigroup Inc., Research Division - MD & Lead Analyst

No. No, it's a -- and that's sort of what I -- exactly what I wanted to ask you is because one of the main investor questions, not just at the conference, but the last 3, 4 months has been what's negotiable? What's not negotiable? What can be slowed down? Can you take a 6-month project and spread it out over 12 months. Can you start something later than planned? Those sorts of things. So I mean, if you could maybe address the urgency that you see when you speak with your clients with regards to these initiatives? And if they had to choose these 2 things, I must do this year and next and maybe a couple of things can move out. Is there a way to talk about it like that?

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

Yes. Look, I think one of the -- sometimes -- there was a trend that happens maybe a couple of years ago in the space where communications have -- let's go back for a second. So if you go back 10 years or even 5 years, a lot of service providers are saying, hey, I want to diversify. I want to go here, I want to do this, I want to do that, right? Almost pre-COVID, definitely during COVID and post-COVID, service providers win, like connectivity is, I think, like I'm going to double down and be the best connectivity provider, and there is a sustainable market for this, right? And so a lot of our service providers are very, very focused now, I would say, maybe than they were even 10 years ago in terms of where they want to go and what they want to do.

Now if I kind of dissect that play and say, okay, so wireless, there's a big run to get 5G users, right? Broadband, clearly, there's an investment, even increased investment in fiber, right? Even during the kind of economic downturn, I think I heard AT&T talk about it yesterday, their CFO was talking about their fiber rollout and how they're continuing to roll it out because what they're building is the foundation for the next several years to come, right? So once you roll out fiber, that's great. But now you need to light up buildings, you need to go and sell it. So this is the infrastructure. Once you roll out 5G, that's fantastic, but now you need to get the users on.

Now you need to monetize it, right? So there's all of these phases. Now are there things that they could say, well, maybe we won't do this? Sure. I mean there are a bunch of things, right? Like we had a provider that said, we wanted to do a partnership with an IoT company. You know what, right now, let's just double down our focus on our 5G rollout, we'll come back to that in 6 months, right? But those are not huge chunks of discretionary items in terms of where we are focused on, right? So we are really like we're the meat and potatoes, right? Like we're the table stakes guys. We're focused on customer experience, on your network rollout, on network automation, on moving you to the cloud. So we have probably a little bit more stability than someone coming in and saying, hey, you as a service provider, maybe you should go into advertising.

But you always -- we're always keeping an eye on the things that kind of move from left to right. But that also happens to us even not during an economic downturn. Customers are always reevaluating their priorities. The key thing is to be on the right side of those priorities when they're reevaluated.

Ashwin Vassant Shirvaikar - Citigroup Inc., Research Division - MD & Lead Analyst

Right, absolutely. Absolutely. Yes. In terms of sort of the decision-making process that your clients are going through, where Amdocs sits in that decision-making process obviously matters. And there's some clients, say, for example, in AT&T, where you do so much with them at such a high level that one can almost say that you have a pretty big influencer. Do you have that kind of position with a lot of -- with a high percentage of your large clients? Or is that something you're working on? Does the question makes sense?

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

Yes. Look, we don't have 10,000 customers, right? So in 1 way, we have hundreds of customers, but we need to have a very deep relationship with them. Because when we're building software, we're not building in an ivory tower and hoping someone can use it, we're building it, knowing where these customers want to go in the next several years. I'll give you an example. Next month, in October, we have what we call ATAC, which is our Amdocs Technology Advisory Council, right? And we have probably 20-plus C-level executives that will all fly to 1 location, and we will share all our R&D plans for the next 3 years. They will give us feedback. And they will share where they are going in a very kind of open industry forum environment, right?

And so this gives us a little bit of insight, a little bit of visibility into where customers are going. Now we do this every year. Plus, we have account teams that sit with our customers. So we -- this kind of like tight connection, like this is our lifeline, like we depend on it. And so these relationships, whether it be the T-Mobile or the Vodafone and Nick Read's or Telstra, they're just changing CEO over there right now. And we're talking with them, seeing how we can help them, trying to align with their new strategy or the Sinto Group. So we're very -- we think this is one of our responsibilities to be very close and help our customers.

You take the U.S., for example, whether it's T-Mobile or Verizon or AT&T, on the outside, they may all look like they're the same and they're selling a phone. But sometimes they have very interesting nuances in their strategy and you need to make sure you're there and you're aligned with their strategies to kind of help them. And this is something we take a lot of pride in doing.

Ashwin Vassant Shirvaikar - Citigroup Inc., Research Division - MD & Lead Analyst

Okay. Okay. Okay. In terms of just the actual monetization, right? And this might be a step back and maybe a relatively simple straightforward question, but how does Amdocs monetize? For example, if 5G penetration goes from 15% to 20%. If cloud penetration goes from 25% to 35%, do you benefit? Or do you benefit in the process of making that happen? What happens after? If you could kind of walk through the monetization process?

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

So you're going to love my answer and hate my answer at the same time point. So we have lots of different models depending on, say, a lot -- several models depending on what we are selling and what services we're doing for a customer. So some customers, we have managed services models, right? Some customers may be based on their customer numbers. Other customers may be a subscription agreement, right? So our MarketONE platform is based on how many subscribers that they get on their system, right? Or how many partners that they use? So sometimes even within 1 customer, you will have multiple models in place, right? So this kind of -- this is why I said you'll love it and you'll hate it, right? Like it's easy for you -- the perfect answer would be it's related to X and then you can go and monitor X and you can extrapolate it, right?

But on the other hand, why it's good is that you're not dependent on 1 factor. So suddenly, if you have a carrier that loses 30% of customers, it doesn't necessarily mean we're going to lose 30% of revenue. Because we would have a managed services contract, which is a 5-year or a 7-year agreement, and it's a long term. We may have some discretionary item related to it, but it's all not lumped in 1 bucket, right? And so this is kind of the way it's been, and monetization is always evolving, right? So as we're launching like eSIM and MarketONE, these are SaaS platforms, these are subscription-based, running on the cloud, very different. Then you have our Managed Services, which is multiyear, long term. Then you have your

project work, right, which is a transformation, for example, like an RFP, which may run for 2 years or 3 years and then going to be (inaudible). So all of these are kind of like swim lanes that run in parallel.

Ashwin Vasant Shirvaikar - Citigroup Inc., Research Division - MD & Lead Analyst

At a high level, where are you now, roughly 60% Managed Services and...

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

Yes. We have -- and, Matt, you can jump in and correct me. I think it's about 75% recurring in terms of our revenue. We have very good visibility around 80-plus percent 12-month forward-looking revenue. So we feel like we're in a good place from that kind of perspective overall.

Ashwin Vasant Shirvaikar - Citigroup Inc., Research Division - MD & Lead Analyst

Okay. Okay. Got it. Got it. One of the things that I wanted to certainly touch on was M&A, right? And while Amdocs does not do a lot of M&A, it does a lot of good tuck-in strategic 1 deal a year or sometimes 2. If you could talk about -- I guess start talking about your approach to M&A first and then we get into a couple of...

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

So I'll change my technology hat and put my head a strategy hat on. And so I'll kind of corp dev group, we kind of call it 3-phase approach. So first of all, we are very -- to start off with, we're very intentional about the M&As we do, right? We're not doing it just for the heck of it, because you want to add some dollars to the top or whatever. We're very strategic because, hey, we want to acquire this asset because this is how it's going to help us in the long term. So the first one, I would say, is around kind of customer acquisition and consolidation, right? So this pillar is, look, we want to broaden our customer base, right?

You've seen us do some network acquisitions in the network space because this is a buying tower that we're not getting a lot of money out of right now. So this is almost like completely open to us and an opportunity. So we may do some interesting tuck-in acquisitions so we can expand in that space versus the IT space where we're a big player in it. So this is around customer consolidation. The second one is what I call cultural acquisitions. And what I mean by that is, these are acquisitions that bring a new competency to the company that is needed. So 4, 5 years ago, we did a couple of these where we had -- we bought cloud companies. We bought a company that really understands micro services. We bought a company called projekt202 that is a leader in design-led thinking, right? Because this is a competency and a culture that we didn't have. We're a bunch of engineers, right? So we needed to take a step back and think of how to design great software.

So this is something -- this is a cultural competency we didn't have in the company. So this is kind of the second element. The third element is going into a new vertical, right? If we want to go into, let's say, financial services or utilities or something like that, right, potentially, we'll look at it. Now we are constantly looking at all 3, right? So the guy that kind of runs corp dev for me, we always sit down and say, okay, what are we looking at? What is our strategy? How is it doing? Can we help the business units? And so I would say, when you think about our corp dev strategy, look at these 3, and I wouldn't rule in or rule out anything as long as it aligns with our strategy and where we want to go, I think we're very open to many different things.

Ashwin Vasant Shirvaikar - Citigroup Inc., Research Division - MD & Lead Analyst

Okay. Okay. And in terms of sort of what you're willing to pay as well as you look at your targets, we've gone through a cycle of much higher valuations. Are you seeing perhaps that ease in the market that you're looking at?

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

We haven't seen -- we're hoping, especially those that would like to occur, and we're always hoping, right? But I wouldn't necessarily see we think that we've seen a huge adjustment because the areas we're looking at, right, are really these value-based companies that are constantly delivering value, right? So if you're looking at the big guys that are getting here, the ones that are kind of not making money, that are losing money hands over feet, right, those kind of companies that don't have the right fundamentals, they are not necessarily the type of companies we look at, right, very Hi-P companies and things like that. Now look, on the other hand, we're looking at like a cloud company or things like that, they're still maintaining kind of good levels. So we haven't seen a huge dip. Now of course, we're always hoping that there will be some correction here, so we can pick up some nice things, but we haven't really seen a massive hit there.

Ashwin Vassant Shirvaikar - *Citigroup Inc., Research Division - MD & Lead Analyst*

Okay. Okay. Okay. I wanted to also talk about competition because that has kind of evolved over time. In certain parts of what you do, you're almost sort of 800-pound gorilla, and in certain other areas in small competitors. So if you could take us through the spectrum of different areas and...

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

It's different for which area we compete, right? So for example, if you look back at our historic competitors, 10 years ago or 15 years ago, we'd see Oracle all the time. We never see Oracle now comparing something. Going back maybe 5, 6 years ago, like you look at the charging space, maybe we saw in Ericsson, don't see Ericsson. But then you see maybe other competitors coming in different areas. So in -- like if you talk about the CRM space and things like that, we may see a company like Salesforce. But then again, Salesforce does not compete with us in the charging, rating, billing, OSS space. They're just in kind of that CRM, customer management space.

Then you get maybe a company like a Matrix. They only compete with us in the charging space. Then if you look at our services, you have an Accenture, right? So probably, we would see them -- we would be -- it's us or them many times when it comes to services. And so depending on which area you're in. The other thing is internal IT. They're always a competitor. They have been historically. I think they will continue to be. Clearly, if we add value, there's a value proposition there. So depending on the area, you start to see these players.

One thing that we did, and this was kind of a very strategic move is to build a partnership with kind of the web scale guys, right? So Microsoft, AWS. So we don't necessarily see them as competitors. We work with them very closely from an R&D perspective, from a sales perspective because at the end of the day, what they would like is their compute power being used by the telcos. We don't care about that. As long as we're getting our products, as long as we're getting managed services, as long as we're having long-term agreements, we're happy to help them get to where they are. So there's a very nice symbiotic relationship there.

Ashwin Vassant Shirvaikar - *Citigroup Inc., Research Division - MD & Lead Analyst*

I did want to -- there is a mic that goes around. If anybody wants to ask a question. But if not, then I can just keep -- I can keep going. In terms of just back to the question of competition, are you doing a lot of sole-sourced deals, so going to your clients with ideas and saying, you ought to do this? Or is it more of a pull, right, with RFPs and so on and so forth?

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

You've known Amdocs for a long time. One thing we always called is opinionated. Always have an opinion. So yes. I mean, we -- look, I think our customers expect this. I think our customers expect us because we sit in a position that is a very privileged position where we see the world, right? So we can come and talk to it. We have T-Mobile visiting us in Israel right now this week. We can come and sit with them and talk with them and say, hey, here's what Globe in the Philippines are doing. By the way, talking about eSIM and the Apple announcement, it's kind of funny that everyone is like, oh, iPhone has gone to eSIM. You think of our countries that we were managing in Asia Pacific, right?

I've gone into a taxi one day where the guy had 3 phones in his car. I asked him, why does he have 3 phones? He said, sir, on Monday to Wednesday I use this phone. From 6 to 11 p.m. I use this phone. And on weekends, I use this phone. I asked him why? He goes because I get a better different rate, better rate from a different provider. So this guy who is managing his budget remember weekend nights and minutes where you get different -- yes, so it's like this guy was doing it, right? So I thought to myself for a second, he has different SIM cards and different phones, managing it differently here, right? We were having to cater for that in that region, right?

And now all of a sudden, people are talking about the advantage of eSIMs and being able to have multiple numbers and things like that. We've been doing it in APAC for very long with physical SIMs, right? So we can talk about this knowledge and share these ideas with an AT&T, with the T-Mobile, with the Verizon. And also the opposite. We can come to a Globe or we can come to an Excel or Telstra and tell them, hey, here's how you build this amazing mission-critical system that never goes down, right? So I think our customers just expect that will come to them, share ideas, share innovation.

Ashwin Vassant Shirvaikar - Citigroup Inc., Research Division - MD & Lead Analyst

Yes. Yes. Okay. Okay. In terms of -- can you talk about workforce? Okay. So return to office post-pandemic. You obviously are building a campus in Israel. Could you sort of talk about the strategic approach to talent?

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

Sure, sure. Like everyone else, we really struggled in the last couple of years, right? But I feel like we also invested a lot in our employees. One of the things that Shuky took on from the first day he became CEO is building this -- putting employee centricity. We're right at the heart of everything we do. And this is from our global sourcing strategy, to our new campus, to the refits we've done like in the Dallas campus, for example, in the U.S. Really created a culture and built a workforce that even now as people are struggling to bring people into the office, right, I was just talking to someone in New York and they've got a very, very big company here, they can't get people coming in, right? I was telling them, actually, we haven't put a role in, but I'm starting to see more and more people come into the office.

So I think if you build the right environment, you provide the right setting, criteria, things like that. There is a need at the end of the day for humans to have a relationship and build community, right? And we're depending on this rather than saying, no, you must come to the office on a Monday and Tuesday, right? That's a very archaic level of thinking. So yes, we're struggling with this. But on the other hand, we feel like we've got a good handle with it. I think all of the investments we're doing help. I think the fact that we have a global footprint, we're not depending on 1 region necessarily, right? So even as you know a lot of companies are maxing out India, for example, in terms of offshoring, we have the Philippines. We have Guadalajara in Mexico, right, to kind of offset any of kind of the talent shortages and things like that. Because we've been doing it for a while, I feel like we have a much better kind of handle on it.

Ashwin Vassant Shirvaikar - Citigroup Inc., Research Division - MD & Lead Analyst

Okay. Okay. Yes. In terms of sort of R&D, this is the last topic I kind of ask you about, and I don't think too many investors realize how much you spend on R&D each year. If you could talk maybe about the main items that is directed to, and perhaps even about the efficiency of that?

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

Sure. Sure. So you're right. I mean this is what separates us from a general services company, right? I mean we're a product-led services company. So we invest very, very heavily in products, and that also generates the stickiness, right? You can change a services company in an instant, right? You could say, okay, great, nice workforce. I will change it tomorrow. Product companies are a lot more stickier than that. And this has always been our pedigree. We always invested in products. But in the last couple of years, we've doubled down on it because we want to make sure we're there at the right time to capture the market, right? Specifically cloud, 5G network or all the stuff I mentioned at the start, these are kind of the key areas that we've invested in. Now we do that not at the sacrifice of our margin or anything like that. We're very, very religious about our margins, right?

We believe good, healthy companies need to be good profitable companies. So it's always like if you think of our management discussions, it's always like, yes, you can increase that, you can do that because that's strategically important. But then let's look at automation, let's look at efficiencies. Let's look at how we can run our businesses better because we really believe when it comes to our shareholders, holding our margins are very important.

Ashwin Vassant Shirvaikar - Citigroup Inc., Research Division - MD & Lead Analyst

Yes. Okay. We're winding down time, 30 seconds to go. Any last comments that you have?

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

No. I mean thank you very much, and very happy to take any questions or comments, we'll be around.

Ashwin Vassant Shirvaikar - Citigroup Inc., Research Division - MD & Lead Analyst

Absolutely. Now have a great day of meetings at the conference.

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

Yes, we will. Thank you.

Ashwin Vassant Shirvaikar - Citigroup Inc., Research Division - MD & Lead Analyst

Thanks.

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