

AMDOCS LTD  
Form 20-F  
December 07, 2009

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For the fiscal year ended September 30, 2009

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 20-F**

o **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

**OR**

p **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended September 30, 2009**

**OR**

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**OR**

o **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report.....

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_.**

**Commission File Number 1-14840**

**AMDOCS LIMITED**

(Exact name of Registrant as specified in its charter)

**Guernsey**

(Jurisdiction of incorporation or organization)

**Suite 5, Tower Hill House Le Bordage  
St. Peter Port, Guernsey, GY1 3QT**

**Amdocs, Inc.**

**1390 Timberlake Manor Parkway, Chesterfield, Missouri 63017**

(Address of principal executive offices)

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**Telephone: 314-212-8328**

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(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

**Title of each class**

**Name of exchange on which registered**

Ordinary Shares, par value £0.01

New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:

**None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

**None**

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Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report.

Ordinary Shares, par value £0.01 (Title of class)	205,079,239(1) (Number of shares)
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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP  International Financial Reporting Standards as issued or  
by the International Accounting Standards Board  Other

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

- (1) Net of 37,387,598 shares held in treasury. Does not include (a) 21,321,437 ordinary shares reserved for issuance upon exercise of stock options granted under our stock option plan or by companies we have acquired, and (b) 23,655 ordinary shares reserved for issuance upon conversion of outstanding convertible debt securities.

**AMDOCS LIMITED**

**FORM 20-F**

**ANNUAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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Unless the context otherwise requires, all references in this Annual Report on Form 20-F to Amdocs, we, our, us and the Company refer to Amdocs Limited and its consolidated subsidiaries and their respective predecessors. Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States, or U.S. GAAP, and are expressed in U.S. dollars. References to dollars or \$ are to U.S. dollars. Our fiscal year ends on September 30 of each year. References to any specific fiscal year refer to the year ended September 30 of the calendar year specified.

We own, have rights to or use trademarks or trade names in conjunction with the sale of our products and services, including, without limitation, each of the following: Amdocs<sup>™</sup>, Clarify<sup>™</sup>, Cramer<sup>™</sup>, CES<sup>™</sup>, Intentional Customer Experience<sup>™</sup>, OpenMarket<sup>™</sup>, Qpass<sup>™</sup>, JacobsRimell<sup>™</sup> and ChangingWorlds<sup>™</sup>.

**Forward Looking Statements**

This Annual Report on Form 20-F contains forward-looking statements (within the meaning of the U.S. federal securities laws) that involve substantial risks and uncertainties. You can identify these forward-looking statements by words such as expect, anticipate, believe, seek, estimate, project, forecast, continue, potential, should, intend and may, and other words that convey uncertainty of future events or outcome. Statements that we make in this Annual Report that are not statements of historical fact also may be forward-looking statements. Forward-looking statements are not guarantees of future performance, and involve risks, uncertainties and assumptions that may cause our actual results to differ materially from the expectations that we describe in our forward-looking statements. There may be events in the future that we are not accurately able to predict, or over which we have no control. You should not place undue reliance on forward-looking statements. We do not promise to notify you if we learn that our assumptions or projections are wrong for any reason. We disclaim any obligation to update our forward-looking statements, except where applicable law may otherwise require us to do so.

Important factors that may affect these projections or expectations include, but are not limited to: changes in the overall economy; changes in competition in markets in which we operate; changes in the demand for our products and services; the loss of a significant customer; consolidation within the industries in which our customers operate; changes in the telecommunications regulatory environment; changes in technology that impact both the markets we serve and the types of products and services we offer; financial difficulties of our customers; losses of key personnel; difficulties in completing or integrating acquisitions; litigation and regulatory proceedings; and acts of war or terrorism. For a discussion of these important factors, please read the information set forth below under the caption Risk Factors.

**Table of Contents****PART I****Item 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS**

Not applicable.

**Item 2. OFFER STATISTICS AND EXPECTED TIMETABLE**

Not applicable.

**Item 3. KEY INFORMATION****Selected Financial Data**

Our historical consolidated financial statements are prepared in accordance with U.S. GAAP, and presented in U.S. dollars. The selected historical consolidated financial information set forth below has been derived from our historical consolidated financial statements for the years presented. Historical information as of and for the five years ended September 30, 2009 is derived from our consolidated financial statements, which have been audited by Ernst & Young LLP, our independent registered public accounting firm. You should read the information presented below in conjunction with those statements.

The information presented below is qualified by the more detailed historical consolidated financial statements, the notes thereto and the discussion under "Operating and Financial Review and Prospects" included elsewhere in this Annual Report.

	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
	<b>(in thousands, except per share data)</b>				
<b>Statement of Operations Data:</b>					
Revenue	\$ 2,862,607	\$ 3,162,096	\$ 2,836,173	\$ 2,480,050	\$ 2,038,621
Operating income	367,319	405,596	357,433	332,132	338,492
Net income	326,176	378,906	364,937	318,636	288,636
Basic earnings per share	1.61	1.83	1.76	1.57	1.44
Diluted earnings per share	1.58	1.74	1.65	1.48	1.35
Dividends declared per share					

	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Balance Sheet Data:</b>					
Cash, cash equivalents and short-term interest-bearing investments	\$ 1,173,041	\$ 1,244,378	\$ 1,179,280	\$ 979,381	\$ 1,145,563
Total assets	4,328,417	4,579,063	4,345,350	3,962,828	3,202,468
Long-term obligations					
Convertible Senior Notes(1)	1,020	450,000	450,000	450,000	450,272



Long-term portion of capital lease obligations	510	356			
Shareholders equity	3,213,053	2,805,191	2,600,243	2,154,165	1,656,452

- (1) During fiscal 2009, using proceeds from our revolving credit facility, we purchased \$449.0 million aggregate principal amount of our 0.50% convertible notes at an average price of 99.5% of the principal amount, excluding accrued interest and transaction fees. As of September 30, 2009, \$1.0 million principal amount of the notes remain as our obligations, due in 2024, in accordance with their terms.

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	Ordinary Shares		Additional	Treasury Stock
	Shares	Amount	Paid-In Capital (in thousands)	
<b>Statement of Changes in Shareholders Equity Data:</b>				
Balance as of September 30, 2005	200,182	\$ 3,644	\$ 1,870,922	\$ (602,392)
Employee stock options exercised	5,869	106	106,853	
Tax benefit of stock options exercised/cancelled			7,619	
Issuance of restricted stock, net of forfeitures	742	13		
Issuance of restricted stock and stock options related to acquisitions, net			4,634	
Equity-based compensation expense related to employees			46,178	
Reclassification of unearned compensation to additional paid in capital			(962)	
Equity-based compensation expense related to non-employee stock options			65	
Balance as of September 30, 2006	206,793	\$ 3,763	\$ 2,035,309	\$ (602,392)
Employee stock options exercised	3,970	79	74,576	
Tax benefit of stock options exercised/cancelled			3,965	
Repurchase of shares	(1,411)			(49,837)
Issuance of restricted stock, net of forfeitures	410	8		
Issuance of stock options related to acquisitions, net			768	
Equity-based compensation expense related to employees			53,587	
Equity-based compensation expense related to non-employee stock options			29	
Balance as of September 30, 2007	209,762	\$ 3,850	\$ 2,168,234	\$ (652,229)
Employee stock options exercised	2,052	41	37,527	
Tax benefit of stock options exercised/cancelled			1,549	
Repurchase of shares	(8,370)			(255,051)
Issuance of restricted stock, net of forfeitures	472	9		
Equity-based compensation expense related to employees			57,490	
Balance as of September 30, 2008	203,916	\$ 3,900	\$ 2,264,800	\$ (907,280)
Employee stock options exercised	1,289	23	27,863	
Tax benefit of stock options exercised/cancelled			(1,484)	
Repurchase of shares	(468)			(12,594)
Issuance of restricted stock, net of forfeitures	342	7		
Equity-based compensation expense related to employees			42,911	
Balance as of September 30, 2009	205,079	\$ 3,930	\$ 2,334,090	\$ (919,874)

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### **Risk Factors**

***We are exposed to general global economic and market conditions, particularly those impacting the communications industry.***

Developments in the communications industry, such as the impact of general global economic conditions, industry consolidation, emergence of new competitors, commoditization of voice services and changes in the regulatory environment, at times have had, and could continue to have, a material adverse effect on our existing or potential customers. In the past, these conditions reduced the high growth rates that the communications industry had previously experienced, and caused the market value, financial results and prospects and capital spending levels of many communications companies to decline or degrade. During previous economic downturns, the communications industry experienced significant financial pressures that caused many in the industry to cut expenses and limit investment in capital intensive projects and, in some cases, led to restructurings and bankruptcies. Although we are unable to determine what its full effects will be, the current worldwide economic turmoil has had, and may have further, adverse consequences for our customers and our business.

During adverse conditions in the business environment for communications companies, service providers often need to control operating expenses and capital investment budgets, which can adversely affect our business. For example, the recent business climate for communications companies has resulted in slowed customer buying decisions and price pressures that have increased pressure on our ability to generate revenue. These adverse market conditions have had a negative impact on our business by decreasing our new customer engagements and the size of initial spending commitments under those engagements, as well as decreasing the level of discretionary spending with existing customers. In addition, the slowdown in the buying decisions of service providers has extended our sales cycle period and limits our ability to forecast our flow of new contracts. If such adverse business conditions continue or arise again in the future, our business may be harmed.

***If we fail to adapt to changing market conditions and cannot compete successfully with existing or new competitors, our business could be harmed.***

We may be unable to compete successfully with existing or new competitors. Our failure to adapt to changing market conditions and to compete successfully with established or new competitors could have a material adverse effect on our results of operations and financial condition. We face intense competition for the software products and services that we sell, including competition for managed services we provide to customers under long-term service agreements. These managed services include services such as management of datacenter operations and IT infrastructure, application management and ongoing support, systems modernization and consolidation and management of end-to-end business processes for billing and customer care operations.

The market for communications information systems is highly competitive and fragmented, and we expect competition to continue to increase. We compete with independent software and service providers and with the in-house IT and network departments of communications companies. Our main competitors include firms that provide IT services (including consulting, systems integration and managed services), software vendors that sell products for particular aspects of a total information system, software vendors that specialize in systems for particular communications services (such as Internet, wireline and wireless services, cable, satellite and service bureaus) and network equipment providers that offer software systems in combination with the sale of network equipment. Since our 2006 acquisition of Qpass Inc., which we refer to as Qpass, we also compete with companies that provide digital commerce software and solutions.

We believe that our ability to compete depends on a number of factors, including:

the development by others of software products that are competitive with our products and services,

the price at which others offer competitive software and services,

the ability of competitors to deliver projects at a level of quality that rivals our own,

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the responsiveness of our competitors to customer needs, and

the ability of our competitors to hire, retain and motivate key personnel.

A number of our competitors have long operating histories, large customer bases, substantial financial, technical, sales, marketing and other resources, and strong name recognition. Current and potential competitors have established, and may establish in the future, cooperative relationships among themselves or with third parties to increase their abilities to address the needs of our existing or prospective customers. In addition, our competitors have acquired, and may continue to acquire in the future, companies that may enhance their market offerings. Accordingly, new competitors or alliances among competitors may emerge and rapidly acquire significant market share. As a result, our competitors may be able to adapt more quickly than us to new or emerging technologies and changes in customer requirements, and may be able to devote greater resources to the promotion and sale of their products. We cannot assure you that we will be able to compete successfully with existing or new competitors. If we fail to adapt to changing market conditions and to compete successfully with established or new competitors, our results of operations and financial condition may be adversely affected.

***If we do not continually enhance our products and service offerings, we may have difficulty retaining existing customers and attracting new customers.***

We believe that our future success will depend, to a significant extent, upon our ability to enhance our existing products and to introduce new products and features to meet the requirements of our customers in a rapidly developing and evolving market. We are currently devoting significant resources to refining and expanding our base software modules and to developing our customer experience systems. Our present or future products may not satisfy the evolving needs of the communications industry or of other industries that we serve. If we are unable to anticipate or respond adequately to such needs, due to resource, technological or other constraints, our business and results of operations could be harmed.

***Our business is dependent on a limited number of significant customers, and the loss of any one of our significant customers could harm our results of operations.***

Our business is dependent on a limited number of significant customers, of which AT&T was our largest in fiscal 2009, accounting for 33% of our revenue. In fiscal 2009, our two next largest customers were Bell Canada and Sprint Nextel, and certain of their subsidiaries, each of which accounted for approximately 10% of our revenue in fiscal 2009. Aggregate revenue derived from the multiple business arrangements we have with our ten largest customers accounted for approximately 76% of our revenue in fiscal 2009 and 75% of our revenue in fiscal 2008. The loss of any significant customer or a significant decrease in business from any such customer could harm our results of operations and financial condition. Revenue from individual customers may fluctuate from time to time based on the commencement and completion of projects, the timing of which may be affected by market conditions.

Although we have received a substantial portion of our revenue from recurring business with established customers, many of our major customers do not have any obligation to purchase additional products or services from us and generally have already acquired fully paid licenses to their installed systems. Therefore, our customers may not continue to purchase new systems, system enhancements or services in amounts similar to previous years or may delay implementation of committed projects, each of which could reduce our revenue and profits.

***Our future success will depend on our ability to develop long-term relationships with our customers and to meet their expectations in providing products and performing services.***

We believe that our future success will depend to a significant extent on our ability to develop long-term relationships with successful network operators and service providers with the financial and other resources required to invest in significant ongoing customer experience systems. If we are unable to develop new customer relationships, our business will be harmed. In addition, our business and results of operations depend in part on our ability to provide high quality services to customers that have already implemented our

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products. If we are unable to meet customers' expectations in providing products or performing services, our business and results of operations could be harmed.

***We may seek to acquire companies or technologies that could disrupt our ongoing business, distract our management and employees and adversely affect our results of operations.***

It is a part of our business strategy to pursue acquisitions and other initiatives in order to offer new products or services or otherwise enhance our market position or strategic strengths. Since 1999, we have completed numerous acquisitions, which, among other things, have expanded our business into customer management and billing solutions for broadband media cable and satellite companies, as well as digital commerce software and solutions, enhanced our offerings in the operational support systems, or OSS, market, and enabled us to provide integrated billing and customer care systems in high-growth emerging markets. In the future, we may acquire other companies that we believe will advance our business strategy. We cannot assure you that suitable future acquisition candidates can be found, that acquisitions can be consummated on favorable terms or that we will be able to complete otherwise favorable acquisitions because of antitrust or other regulatory concerns.

We cannot assure you that the acquisitions we have completed, or any future acquisitions that we may make, will enhance our products or strengthen our competitive position. We also cannot assure you that we have identified, or will be able to identify, all material adverse issues related to the integration of our acquisitions, such as significant defects in the internal control policies of companies that we have acquired. In addition, our acquisitions could lead to difficulties in integrating acquired personnel and operations and in retaining and motivating key personnel from these businesses. Any failure to recognize significant defects in the internal control policies of acquired companies or to properly integrate and retain personnel may require a significant amount of time and resources to address. Acquisitions may disrupt our ongoing operations, divert management from day-to-day responsibilities, increase our expenses and harm our results of operations or financial condition.

***The skilled and highly qualified workforce that we need to develop, implement and modify our solutions may be difficult to hire and retain, and we could face increased costs to attract and retain our skilled workforce.***

Our business operations depend in large part on our ability to attract, train, motivate and retain highly skilled information technology professionals, software programmers and communications engineers on a worldwide basis. In addition, our competitive success will depend on our ability to attract and retain other outstanding, highly qualified personnel. Because our software products are highly complex and are generally used by our customers to perform critical business functions, we depend heavily on skilled technology professionals. Skilled technology professionals are often in high demand and short supply. If we are unable to hire or retain qualified technology professionals to develop, implement and modify our solutions, we may be unable to meet the needs of our customers. In addition, if we were to obtain several new customers or implement several new large-sc