

Amdocs



amdocs annual report 2000

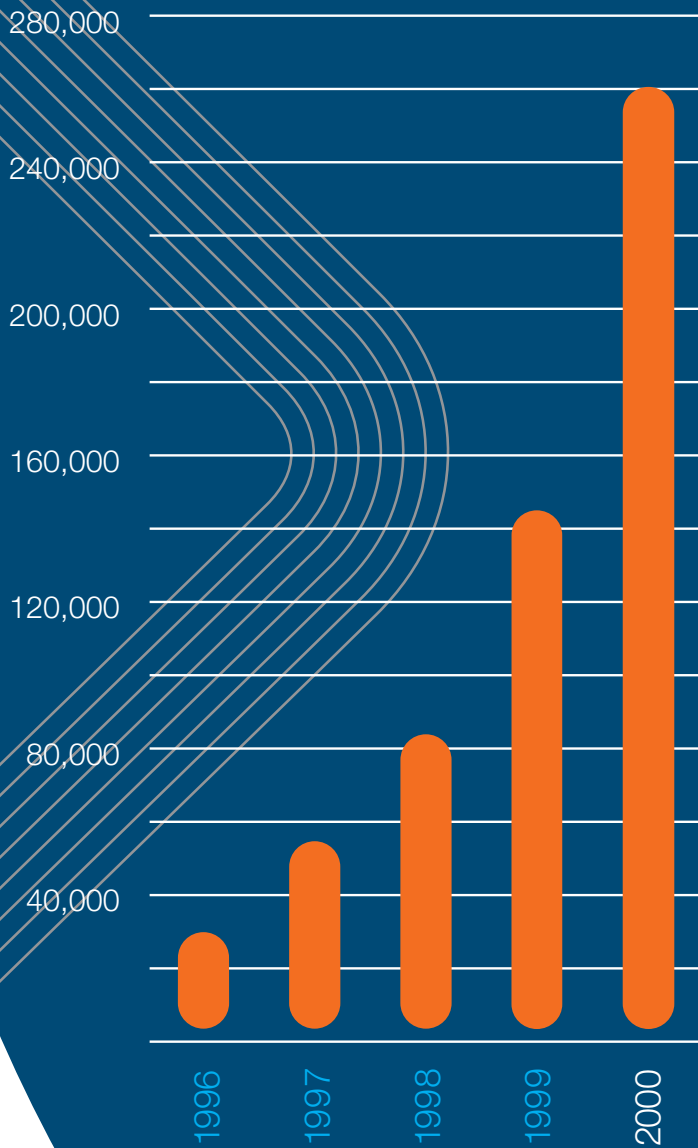


amdocs

we deliver software solutions to
communications service
providers, transforming business
vision into reality.

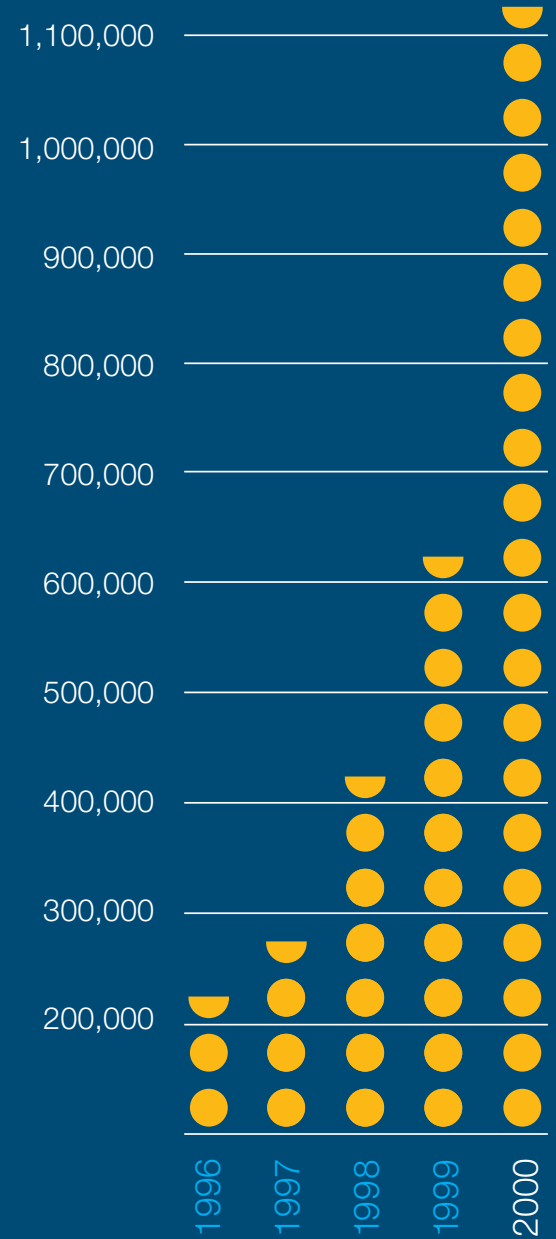
BCP → BellSouth → BT → Broadwing's ZoomTown →
Cablecom → CMeRun → CenturyTel → Cesky Telecom →
Deutsche Telekom → EPlus → Eircom → GTE/TSI →
Japan Telecom → KT Freetel → LG Telecom → Libertel →
Mannesmann Mobilfunk → mobilkom → NetCom GSM →
One2One → Orange Communications → Pacific Bell Wireless →
PointOne → Qwest → Rogers AT&T Wireless → SBC →
Southern New England Telephone → Sprint → Tele Danmark →
Telkom SA → Telstra → TELUS Mobility → T-Mobil → US Cellular →
Verizon → Vodafone → VoiceStream → Western Wireless

Operating Income* (\$ thousands)



* 1997 operating income excludes nonrecurring charges. 2000 operating income excludes amortization of goodwill and purchased intangible assets, write-off of purchased in-process research and development and acquisition related costs. Including the above items, operating income was \$74.1 million.

Revenue (\$ thousands)



to our shareholders In fiscal 2000, Amdocs continued to demonstrate strong growth and outstanding business performance.

Revenue increased by 78.4% to \$1.1 billion, while earnings per share, excluding acquisition related charges, increased 79.6% to \$0.88 cents.

We continue to lead the customer care, billing and order management (CC&B) systems market in the rapidly growing communications industry. Our leadership is manifest with customers like Verizon, BellSouth, SBC, BT, Vodafone, Deutsche Telekom and Telstra. We are also exceptionally well-positioned in the Internet Protocol (IP) market, with major projects for Internet leaders like SBCIS, PointOne and BT's Global Mobile Portal.

Our business model enables high visibility, business stability and strong sustained growth. We provide customers with complete software solutions, based on a broad set of services and a full commitment to long-term customer support. This approach enhances the value we create for our customers, while also generating a solid ongoing revenue stream and new business opportunities.

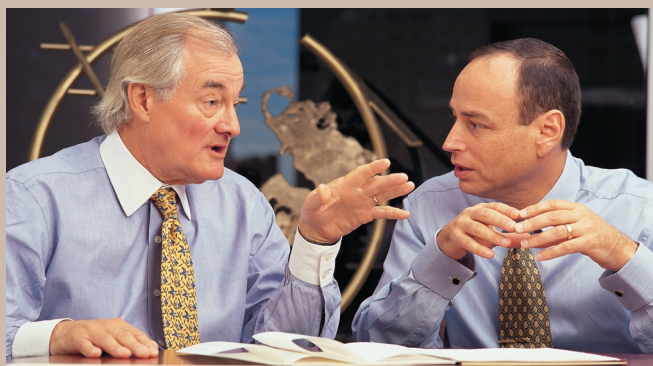
Ahead of the market

We established market leadership in the IP sector in fiscal 2000. We combined an intensive research and development program with the strategic acquisition, in April 2000, of Solect Technology Group Inc., a leader in CC&B for the Internet. Solect's in-depth IP knowledge, outstanding product and strong customer base accelerated our penetration of the IP and voice-IP convergence arenas. The acquisition enabled us to move first in emerging Internet sectors such as mobile IP, DSL, ASPs and VISPs.

With best-in-class capabilities in IP, mobile and wireline, we are the leading provider of voice-IP convergence solutions. Voice-IP convergence is especially important in the mobile IP market, in both 2.5G and emerging 3G environments. GPRS (General Packet Radio Services) and UMTS (Universal Mobile Telecommunications System) carriers will be offering a mix of voice and Internet services. With domain expertise in both voice and IP, combined with our existing customer base of mobile carriers, we are well equipped to serve the dynamic mobile IP sector.

financial highlights <small>(all data in thousands except per share data)</small>	1999	2000
license revenue	\$ 74,387	\$ 124,822
total revenue	626,855	1,118,320
operating income	146,998	260,940*
net income	98,543	190,146*
net cash from operating activities	152,303	287,588
diluted earnings per share	0.49	0.88*

*Excludes amortization of goodwill and purchased intangible assets, write-off of purchased in-process research and development, acquisition related costs and tax effects related to the above. Including the above items, operating income was \$74,124, net income was \$5,978 and diluted earnings per share was \$0.03 for the year ended September 30, 2000.



Bruce K. Anderson and Avinoam Naor

Amdocs spent more than \$70 million on research and development in fiscal 2000. A key focus of this investment has been IP. We enhanced our Ensemble product offering to provide full IP support. We also released mobile commerce capabilities, such as authorization, payment and settlement capabilities for 2.5G and 3G service providers. In the m-commerce area, we released a partner relationship management product that allows 2.5G and 3G mobile carriers to work effectively with content providers and merchants. We also released C-CRM – a communications-specific solution for customer relationship management, and an enhanced prepaid product to facilitate intelligent network support for prepaid voice and IP environments.

We continued to expand our global coverage, growing our expert base of professionals to 7,300, while also opening a new development center in Ireland. We also broadened the scope of our service offering. During the year, we completed the acquisition and integration of International Telecommunication Data Systems, Inc. (ITDS), giving us a proven capability and established market presence in outsourced billing services.

More recently, Amdocs formed a global alliance with Accenture (formerly Andersen Consulting). Leveraging the complementary strengths of the two organizations, this strategic alliance creates a very compelling offering for customers. We will jointly provide a total business solution, combining our best-in-class CC&B solutions with Accenture's market-leading management and technology consulting expertise. We expect that the alliance will also generate considerable marketing and sales synergies, based on close joint planning and cooperation, while also leveraging Accenture's universal presence in communications and IP markets.

Expanded customer base

During fiscal 2000, we expanded our customer base in all key lines of business – IP, mobile and wireline. Major new accounts included end-to-end customer care and billing projects for Tele Danmark, the leading Danish communications operator, Cesky Telekom, the national carrier in the Czech Republic, VoiceStream, a large GSM operator headquartered in Washington state, and CenturyTel, a major Louisiana-based communications carrier. Major new IP customers include BT, with projects

to support IP services and BT's Global Mobile Portal, PointOne, a leading voice-over-packet communications service provider, and Cablecom, Switzerland's largest cable provider.

We also continued the expansion of our relationships with existing customers. Building on the successful implementation of earlier projects, we signed a seven-year agreement with Sprint PCS. The first phase of this agreement is implementation of end-to-end systems to support Sprint PCS' wholesale business. Several of our GSM customers have asked us to support their move into GPRS, with key projects at Pacific Bell Wireless, E-Plus in Germany, mobilkom in Austria and Libertel in The Netherlands. In the IP area, we are also providing a solution to SBCIS, SBC's broadband operation for business customers. Esat Digifone, an existing Amdocs GSM customer in Ireland, is adding our prepaid solution. Long-standing customers, BellSouth and Verizon, have both turned to Amdocs to provide end-to-end solutions for some of their Latin American operations.

2001 and beyond

The communications industry is growing and changing rapidly. This dynamic environment is creating considerable opportunities for Amdocs. The last several years are proof of our ability to capitalize on these opportunities. We have done so by continually evolving our technology, by staying focused on customer needs, and by doing whatever it takes to deliver. Leading the way in a high-growth market, Amdocs is well positioned to leverage the opportunities that the communications market offers.

Our success is due to the talent, dedication and hard work of our employees, and to our commitment to increasing shareholder value. We'd like to thank you all for your support. Together, we enter fiscal 2001 with great confidence.



Bruce K. Anderson
Chairman of the Board
and Chief Executive Officer,
Amdocs Limited



Avinoam Naor
Director, Amdocs Limited
President and Chief Executive Officer
Amdocs Management Limited

“We expanded our customer base across all target segments.”



BT Global Mobile-Genie

“The mobile IP space is going to be explosive in the future. Amdocs has the road map to bill for whatever becomes important to customers over time.”

Kent Thexton
Managing Director
BT Global Mobile
Internet Group, UK

BT's Genie, the world's leading global mobile portal, has implemented Amdocs' end-to-end system for customer care and billing to support its mobile Internet access solutions for network operators and consumers around the world.

“Mobile IP is going to have a lot of different technologies to it: SMS, GPRS, 3G. Applications that aren't invented yet are going to become critically important to the mobile-centric consumer. We are looking to bill a lot of different events, and the **Amdocs mobile IP** system has a lot of flexibility, providing billing for different products, revenue sharing and the ability to continue to evolve. **Amdocs was the best solution for us**, for our mobile IP billing requirements both today and into the future.”

Our customer-centric approach tailors the communications industry's most powerful customer care and billing software to every service provider's specific business needs.

We focus our energies

customer

Our dedicated onsite personnel and development teams work closely with the customer to deliver systems tailored for the way each service provider wants to do business.

on the customer's goals.

focus

Rogers AT&T Wireless is Canada's largest wireless communications service provider with over 2.8 million customers. With Amdocs' end-to-end Ensemble system, Rogers Group of Companies can provide customers with one convergent bill for wireless, high-speed Internet, broadband cable, long distance and paging.

“From our perspective, it’s all about attracting and retaining customers. **The Amdocs system** enables us to empower our customer care representatives to serve our customers’ needs.

“The Amdocs folks who were working

Rogers AT&T Wireless now offers ‘Your Plan’ which packages services as customers choose, enabling us to personalize our cellular offering and gain a competitive advantage in the marketplace.

We won a very large corporate account because of the flexibility and the abilities of the Amdocs system.”



on the project did an exceptional job.”

Rogers AT&T Wireless

Cathy MacDonald
Vice President
Business System
Development
Rogers AT&T Wireless
Canada