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PARTICIPANTS

Corporate Participants

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William C. Stone – Chairman & Chief Executive Officer, SS&C Technologies Holdings, Inc.
Normand A. Boulanger – President, Chief Operating Officer & Director, SS&C Technologies Holdings, Inc.
Rahul Kanwar – Senior Vice President & Managing Director, SS&C Technologies, Inc.
Patrick J. Pedonti – CFO, Senior VP & Head-Investor Relations, SS&C Technologies Holdings, Inc.

Other Participants

Bryan C. Keane – Analyst, Deutsche Bank Securities, Inc.
Peter J. Heckmann – Analyst, Avondale Partners LLC
Sterling Auty – Analyst, JPMorgan Securities LLC
Terry F. Tillman – Analyst, Raymond James & Associates, Inc.
Ross MacMillan – Analyst, Jefferies LLC
Timothy W. Willi – Analyst, Wells Fargo Securities LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon. My name is Nicole, and I'll be your operator on today's call. At this time I would like to welcome everyone to the SS&C Technologies 2013 Third Quarter Conference Call. [Operator Instructions] Please note that this conference is being recorded and will be made available on SS&C's website, www.ssctech.com. I'd now like to turn the call over to Justine Stone, Investor Relations Coordinator for SS&C. Ms. Stone, you may begin your conference.

Justine Stone, Investor Relations Coordinator, SS&C Technologies Holdings, Inc.

Welcome, and thank you for joining us for our quarter three 2013 earnings call. I am Justine Stone, Investor Relations Coordinator for SS&C. With me today is Bill Stone, Chairman and Chief Executive Officer; Norm Boulanger, President and Chief Operating Officer; Rahul Kanwar, Senior Vice President and Managing Director of Alternative Assets; and Patrick Pedonti, Chief Financial Officer.

Before we get started, we need to review the Safe Harbor statement. Please note that various remarks to make today about future expectations, plans and prospects, including the financial outlook we provide, constitute forward-looking statements for purposes of the Safe Harbor provisions under the Private Securities Litigation Reform Act of 1995.

Actual results may differ materially from those indicated by these forward-looking statements, as a result of various important factors, including those discussed in the Risk Factor section of our most recent Annual Report on Form 10-K, which is on file with the SEC and can also be accessed on our website. These forward-looking statements represent our expectations only as of today, October 31, 2013. While the company may elect to update these forward-looking statements, it specifically disclaims any obligation to do so.

During today's call we will be referring to certain non-GAAP financial measures. A reconciliation of these non-GAAP financial measures to comparable GAAP financial measures is included in today's earnings release, which is located in the Investor Relations section of our website at www.ssctech.com.

I will now turn the call over to Bill.

William C. Stone, Chairman & Chief Executive Officer

Thanks, Justine. I'll start with a brief review and then turn it over to Norm to cover operational highlights. And I'd like to welcome Rahul for the first time on this call. And he'll go through the SS&C fund administration update, and then I'll have Patrick take us through the financials, and then I'll close and take some questions.

We had another great quarter, as our results exceeded cash flow and EPS. We also saw traction across our industry verticals with major new customer wins. We continue to refine our business model as we add large, sophisticated clients. The implementations are as comprehensive as the organizations. This means we have and are going to continue to spread revenue over the life of these contracts. We're very confident in the strength of our business and the growth opportunities.

I'll now turn it over to Normand.

Normand A. Boulanger, President, Chief Operating Officer & Director

Thanks, Bill. We executed on another solid quarter and continued to build on the momentum we saw in the first half of this year. In particular, license sales were strong this quarter, up 39.1% over the same period last year. Most of the strength in license was related to our SS&C PORTIA and institutional businesses. We continue to see large opportunities in outsourcing across the business, and are optimistic we can capitalize on these opportunities.

The challenges as we win more and more large deals is managing the timing of the agreements and the long ramp-up required to provide production services, both of which have elongated our sales cycle and timing of the revenue. Our team is focused on driving growth by delivering world-class products and cloud-based services through technology innovation. We believe technology is our key competitive advantage in delivering services and our leading industry margins.

I just want to take you through a few key highlights of the deals for the quarter. A $300 billion asset manager will expand the use of our client reporting solution. A Montreal-based asset manager and a full service retail and commercial bank purchased our wealth management platform. A financial markets business signed over 20 contracts for its fixed connectivity network services. A large insurance company upgraded to our SQL version of our investment accounting platform. A Canadian asset manager expanded their relationship and purchased our loan origination and servicing platform. A London-based investment and pensions provider selected SS&C for outsourced performance and attribution service. Two international banks signed to use our margin trading solutions. An investment bank and a €61 billion investment manager signed for our middle office services.

We also sold a number of SS&C PORTIA deals. A large Netherlands insurance company expanded a relationship with SS&C. A $17 billion asset manager in Connecticut, a privately held financial service firm, and last, a Latin American central bank purchased PORTIA.

I'd like to now turn it over to Rahul to go through the GlobeOp services.

Rahul Kanwar, Senior Vice President & Managing Director, SS&C Technologies, Inc.

Thanks, Norm. 2013 has been a very strong year for SS&C's Alternatives business. The nine months ended September 30, 2013 revenue increased 70% over the same nine-month period in 2012. We continue to expand geographically in order to capitalize on our global opportunity. In Q3, we opened offices in Los Angeles, California and in Luxemburg, and added Luxemburg to the list of offshore domiciles in which we support fund managers. We have large anchor clients for both those offices, and sales and service teams on the ground are beginning to generate additional pipeline and opportunities for us.

In Q3, we also released version 4.2 of our client-facing Web portal, as well as an update to our mobility applications. In addition to other features, we incorporated voice recognition technology into our mobile applications, which allows users to query reports and data with spoken commands. We believe we were first to market in the fund administration industry with these applications, and have over the past few years continued to widen the gap between our offerings in mobility and those of our competitors.

Our Regulatory Solutions business continues to grow and gives us an opportunity to add more value to existing relationships, as well as develop new ones. We recently announced that we had over a 100 customers subscribing to our Form PF, FATCA and CPO-PQR services. This quarter we added 13F filing services to that mix. We continue to develop these services and look forward to announcing new products in future quarters.

At the beginning of the fourth quarter, we acquired Prime Management, a fund administrator and leading service provider to investment structures, sponsors and managers in the insurance linked securities market. Investors are looking to diversify and are attracted to ILS, and we are pleased to add this capability to our world-class offering. The acquisition of Prime also gives us a physical presence in Bermuda, another important offshore jurisdiction for our customers.

We continue to invest in the talent of our management team and build out our internal infrastructure. This quarter, we added David Goldstein to manage the legal and compliance teams for our Alternatives business. Formerly general counsel at Butterfield Fulcrum and head of product development at Atlantic Fund Services, David brings 25 years of experience to SS&C.

Sales performance was robust in Q3. Some highlights include an $11 billion complex fixed income manager based in Los Angeles selected SS&C to perform fund administration services after conducting an intensive due diligence process. A $4 billion credit manager based in New York selected SS&C to perform services for a new group of funds. And finally in Europe, we signed 18 new contracts for fund administration and regulatory services for this quarter.

I will now turn it over to Patrick.

Patrick J. Pedonti, CFO, Senior VP & Head-Investor Relations

Thanks, Rahul.

Results for the third quarter were GAAP revenue of $179.5 million and reported GAAP net income of $45.5 million and diluted EPS of $0.51. Adjusted revenue was $179.5 million, an increase of $13.5 million, or 8%, over Q3, 2012. Strong license revenue from our CAMRA and PORTIA products, and year-over-year 10% growth in our software-enabled services drove growth in the quarter.

Adjusted operating income was $71.1 million, an increase of $9.4 million, or 15%, from the third quarter of 2012. Operating margins increased to 39.6% of revenue from 37.2% in [ph] Q3, 2012 (0:08:43). We've made significant progress on implementing GlobeOp and PORTIA acquisition cost synergies, and expect to generate $17 million of cost savings for the full-year of 2013. In addition, operating margins significantly improved in our overall fund administration business.

Adjusted consolidated EBITDA was $74.6 million or 41.5% of revenue. This is an improvement of 14% or $9.4 million compared to Q3, 2012. Net interest expense for the quarter was $9 million and includes $1.4 million of non-cash amortized financing cost and OID. Interest expense decreased due to the $236 million debt pay down since the third quarter of 2012 and the June 2013 re-pricing of the Term B credit facility that reduced the interest rates spread by 1.75%.

We recorded a tax benefit for the quarter of $4.7 million. The tax benefit was due to three extraordinary items in the quarter that totaled $15.8 million. The tax benefit included $7.3 million related to a release of a prior-year tax reserve; $2.9 million due to an active rate change – tax rate reductions in the UK, and $5.6 million for a change in various tax methodologies we're using around the world. Excluding these items, the tax rate in the quarter was 29%. We expect the GAAP effect of tax rate, excluding one-time items, to be between 24% and 27% in the fourth quarter this year.

Adjusted net income was $44.5 million and adjusted EPS was $0.52. The adjusted net income excludes $21.1 million of amortization of intangible assets, $2 million of stock-based compensation, $1.4 million of non-cash debt issuance costs, and $200,000 of unusual expenses.The effective tax rate used for adjusted income is 30% in 2013.

As of September 30, we had $81.6 million of cash and $844 million of gross debt for a net debt position of $762.4 million. We generated $154.3 million of operating cash flow for the nine months ended September 30, and that's a 154% increase over the same period in 2012. The business is showing very strong cash flow characteristics and operating cash flow accelerated in the third quarter.

Year-to-date, we've paid down $177 million of debt. That brings the total of debt paydown to $313 million, since the GlobeOp and PORTIA acquisitions in June 2012. We've used $11.5 million for capital expenditures and capitalized software, which represents 2.2% of revenue. And we expect capital expenditures for the full-year to be a little bit higher at approximately 2.3% to 2.6% of revenue for the full-year. We paid $18 million of cash taxes compared to $24.6 million in 2012. We've made significant improvement in our accounts receivable DSO in the quarter. It was down to 43 days as of September 2013, compared to 48 days as of December 20121, and down from 50 days at September 2012.

In finance activities, we recorded proceeds from the option exercise of $22.4 million and tax benefit related to those option exercises was $11.8 million.

Our LTM EBITDA, which we use for compliance and includes acquisitions as if owned for the full period was $286 million as of September 2013. And based on a net debt of $762.4 million, our leverage ratio was 2.7 times at September 2013. That leverage ratio will trigger a 0.25 point reduction in our credit facility interest rate, effective once we submit our compliance reports for the third quarter.

On outlook, our current expectation for the fourth quarter is revenue in the range of $180 million to $184 million, adjusted net income of $44 million to $45.8 million, and outstanding diluted shares in the range of 86.7 million to 87.0 million. For the full-year 2013, we expect cash from operating activities to be in the range of $190 million to $200 million, and capital expenditures for the full-year to be in the range of 2.3% to 2.6% of revenue. And we'll continue to use – and we'll use all excess cash flow to fund potential acquisition, buy shares in the open market and pay down debt.

And I'll turn it over to Bill for final comments.

William C. Stone, Chairman & Chief Executive Officer

Thank you, Patrick. SS&C continues to grow and will continue to grow. We have broad and deep markets, and robust pipelines. We have added significantly to sales, and you see a 27% increase in sales expenses. These investments will pay off, and we're excited by them. We announced a $100 million stock buyback today, and we believe given historical low interest rate environment, this is a prudent thing to do. We will continue to allocate capital first to quality acquisitions and then decide between stock buybacks, stock dividends and debt pay down. At 2.7 times leverage, we have lots of flexibility. On the acquisition front, we are active, and as always methodically opportunistic.

I will now turn it over to questions. And with that, Nicole?

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Our first question comes from the line of Bryan Keane with Deutsche Bank. Your line is now open.

<Q – Bryan Keane – Deutsche Bank Securities, Inc.>: Yeah. Hi, guys. I might have missed it, but did you disclose or can you give us some color on the price paid for Prime Management and maybe annual revenue contribution expected?

<A –Bill Stone– SS&C Technologies Holdings, Inc.>: Yeah. We – Brian, we expect it to be less than 1% of revenue. And we paid in the range of 1% of revenue.

<Q – Bryan Keane – Deutsche Bank Securities, Inc.>: Okay. And then with the stock buyback, is there any valuation parameters that you guys look at for where the stock is? Is it – are you going to be more optimistic or more opportunistic to buy the stock at lower levels, at these levels? I mean is there any – I'm just curious, if you're looking at particular valuation metrics that could make this stock look attractive?

<A –Patrick Pedonti– SS&C Technologies Holdings, Inc.>: Well, I think the way we kind of do it is our alternatives between paying down debt and buying back stock. With the debt being at – running at around an average of 3% interest rate, it's a lot more accretive to buy back stock at these levels. So that's kind of the decision we'll make between what's accretive to earnings.

<Q – Bryan Keane – Deutsche Bank Securities, Inc.>: Okay. And then, just looking at the revenue, it came in a little bit lower – sort of the low-end of the range. And then it looks like revenue for the full-year now is expected to be lower than the original guidance of $714 million to $722 million. What's causing the slowdown in the revenue expectations?

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: You know, Bryan, I'll let Rahul in and Norm take this as well and then, Patrick, if you'd like to chime in. But I think what we're trying to indicate to the investing world and our shareholders is that we're getting bigger and bigger deals, and as we get bigger deals, we've have bigger and bigger implementations. And for anybody that's in this business and understands what GAAP accounting does to you, if you realize that everything gets deferred until you go live with those clients. And so as we go through that process, I think we're refining our business model to make sure that our contracts and all of our implementation services are built around how we recognize revenue, when we get cash flows, and making sure that that aligns with the services we're selling.

<A – Norm Boulanger – SS&C Technologies Holdings, Inc.>: I'll just expand that a little bit, Bill. As you mentioned, we have more and more large opportunities that we really feel good about winning. So the game really hasn't changed, right? You've got to win the deal, you've got to win them on time. And when we're talking about outsourcing business, the time is critical, because the amount of time I have to get them implemented and then get that revenue running through production and hitting the books, the longer the year goes, the longer those delays goes. But these large accounts really are very – a lot of them on the institutional side of the business. The contract process is elongated. Once you get that done, you've got to get them implemented. And then because the implementations are so significant relative to the relationship, that revenue will be deferred until we start going to production services. So that's one of the factors that's driving it, is in terms of did we win the business we expected to, did we win it on time, and could we get these guys up and running fast enough?

The other factor that I think is a positive but weighs on the reduction in revenue for this quarter and a little bit next quarter, is basically the seasonality of the business is changing a little bit. We've talked a lot about the regulatory services that we're offered. Rahul just mentioned a few more new ones we're adding. That's the business that's really driving significant growth for us. It's always been there. It's largely a Q1/Q2 type of revenue stream, but it also – it's a little bit in Q3 and Q4. The bigger that gets, the more seasonal it's going to feel.

So the drop-off between Q2 and Q3 and then Q3 and Q4, you're going to see a little seasonality, which was bigger than we expected. I do expect that to bounce back in Q1, because that's recurring annual services for regulatory. That doesn't get spread out over 12 months. Those are the two primary factors that are putting a little pressure on that number right now.

<Q – Bryan Keane – Deutsche Bank Securities, Inc.>: Okay. But it does sound like that will pick up starting in the first quarter – the acceleration in the revenue growth will pick up starting in the first quarter of next year?

<A – Norm Boulanger – SS&C Technologies Holdings, Inc.>: Yeah, that's what we're expecting.

<Q – Bryan Keane – Deutsche Bank Securities, Inc.>: Okay. Super. Thanks for the color.

Operator: Thank you. Our next question comes from the line of Peter Heckmann of Avondale Partners. Your line is now open.

<Q – Pete Heckmann – Avondale Partners LLC>: Good afternoon, gentlemen. Nice results. Could you talk a little bit about the L.A. office and what stage you are in ramping that up, as well the Ares Capital Management contract, when you expect that to be in full operation?

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: Sure, Pete, and we appreciate you picking this up. I think that's part of Rahul's expanding empire. So, Rahul, why don't you take that?

<A – Rahul Kanwar – SS&C Technologies, Inc.>: Sure. Thanks, Bill. So, I think as it relates to the L.A. office, we've got about 60 people in L.A. now. We are ready to perform full services there. Ares, which you mentioned, is obviously one of our biggest customers in L.A., and that is well underway with the implementation scheduled to be complete in the next six months to nine months. We also announced that we won another large customer in L.A., a $10 billion plus customer, and we've got salespeople on the ground actively drumming up opportunities for us. And we feel pretty good about our prospects in that market.

<Q – Pete Heckmann – Avondale Partners LLC>: Great. Great. And then, in terms of how we think about regulatory change, certainly there's been quite a bit, and I expect there will continue to be some. In terms of major pieces of regulatory change that we should keep an eye on over the next two years to three years, can you talk about that and where the opportunities may lie? And then, I thought I did see some discussion or some increased discussion, again, of some countries considering shortening the settlement cycle from three days to potentially two days or even one day, something that was a big push, maybe 10 years ago, and we haven't heard much of it since. But do you see that as a realistic possibility over the next five years or six years?

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: Well, I certainly think, Pete, that the trade settlement process is going to get shorter. I think whether or not that really impacts our revenue stream, I'm not sure how that would do that. But the other regulatory items, every government in the world seems to be starving for revenue. So the more forms they make people fill out and checks they mix in with those forms, generally it's the better for us; because we fill out the forms and help them send in the checks.

So, we think there'll be further fall out from Dodd-Frank. There's obviously a tremendous amount of concern in the banking industry about regulatory capital rules and, obviously, with these settlements you're seeing in the mortgage arena, we think there'll probably be additional regulation around mortgage-backed securities and REMICs and those types of conduits.

And then finally, I think as you see the clearing houses open up for derivatives – people like things that are not quite as transparent as clearing house prices and things like that. So, I think there'll be new structures coming out and those will beg for regulation. And I think that will help us as well.

<Q – Pete Heckmann – Avondale Partners LLC>: That's helpful. All right. I'll get back in the queue. I appreciate it.

Operator: Our next question comes from the line of Sterling Auty of JPMorgan. Your line is now open.

<Q – Sterling Auty – JPMorgan Securities LLC>: Yeah. Thanks. Happy Halloween, guys.

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: It's Sterling.

<Q – Sterling Auty – JPMorgan Securities LLC>: So, in terms of – I understand the re-acceleration starting the first quarter of next year, but for investors, how do we – from the outside, how do we gain confidence in the pace of the business now that's going to spur that? So, is there anything that either quantitatively or qualitatively that you could just discuss in terms of bookings and deal closures that will lead to that acceleration, since it's hard for us to see it in the financial statements, yet?

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: Well, I think there's a couple of things, right, Sterling, one is, as Rahul just said, that we have 60 people in Los Angeles and that the initial additional client that's going into Los Angeles is a $10 billion plus alternatives manager. So if you went back a year ago or a year-and-a-half, I would tell you that the average-size deal for assets in alternatives that we were signing would have been around $500 million to $750 million in assets. So now in Los Angeles, I think we have two clients, one at $66 billion and another at $11 billion. So I think that's indicative of what's happening to our business.

And accelerating to 60 people in Los Angeles in literally 30 days, 60 days, it's something where you're seeing the pace of our business start to pick-up, the value proposition that we're offering, and as these bigger players get to see what we offer, they're telling other big players. And so now our pipelines, I talked before about having six or seven deals where their asset size is in excess of $10 billion. I would tell you that, that's now twelve to fifteen dealsthat are in excess of $10 billion. And you still got to close them. It's still a competitive exercise. Nobody's rolling over because we're such a juggernaut. But we compete pretty hard, and I think we're bringing something new to the marketplace that they haven't seen before, and we're really getting a lot of great feedback from our client base.

<Q – Sterling Auty – JPMorgan Securities LLC>: And one follow-up would be in terms of the timing of the implementation, is it just purely the size, the complexity or is it the outsourcing versus perhaps how you supported some of those clients traditionally?

<A – Norm Boulanger – SS&C Technologies Holdings, Inc.>: I think it's all of those things, Sterling. Some of these organizations are not outsourced today. So the conversion from the license model to an outsourced takes other efforts to get done. Some of these organizations have multiple parts of their business that you have to bring them on piece by piece. So some of these – this looks more like a license implementation, where you could be doing a very large scale implementation for a 12 month to 18 month period. The difference between that and a license is you'll have some things in production sooner and will start getting paid fees, but the full ramp up of that business, included in that account in L.A., they may not put all $11 billion on day one. They've got to work, that's going to stagger in. So you won't feel the full weight of those accounts for somewhere between six months, maybe even nine months or twelve months.

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: And there is a couple of other things, too, is that as we get bigger deals internationally, there's E.U. rules, there's Swiss bank secrecy rules. There's – can you have data reside in the United States. We have to have a data center outside. Obviously we have a great data center in Mississauga, which is right outside of Toronto. But there's an awful lot of regulatory things that are happening, that elongate the implementation process.

There is still a number of clients that we're converting where they're coming off of some type of legacy system. You find out that the data isn't what they expected. So there's a lot of remedial work that needs to be done in that. When you're talking about $700 million, $800 million, $900 million, a couple of billion dollars and a few hundred positions, that's a lot different and you start talking $20 billion, $30 billion, $40 billion and 10,000 positions. I think that's kind of an issue.

<A – Norm Boulanger – SS&C Technologies Holdings, Inc.>: I do think over time this will be less of an issue, because as we sell more and more of these every quarter, every year, those numbers will be on both sides of the equation. So when you do the comparison quarter-over-quarter, you'll have them both sides. Because this is relatively new, the weight of one of these accounts slipping or not going live when we expect, then the revenue impact, that's going to have more of a swing effect on the revenue in a given quarter today.

<Q – Sterling Auty – JPMorgan Securities LLC>: Got it. Thanks, you guys.

<A – Patrick Pedonti – SS&C Technologies Holdings, Inc.>: And, Sterling, the other thing, I think if you look at the numbers, I know we ended up on the lower-end of the range, but at $179.5 million compared to Q3 last year, it grew 8%. And it's pretty comparable quarters, right? Because we had GlobeOp and PORTIA in Q3 last year. So we're really as far as year-to-year growth, this is the strongest quarter we've had this year.

<Q – Sterling Auty – JPMorgan Securities LLC>: Got you. Thank you, guys.

Operator: Thank you. Our next question comes from the line of Terry Tillman of Raymond and James. Your line is now open.

<Q – Terry Tillman – Raymond James & Associates, Inc.>: Yeah. Can you hear me, guys?

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: Clearly.

<Q – Terry Tillman – Raymond James & Associates, Inc.>: Yeah, I guess trick or treat. So...

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: The treat.

<Q – Terry Tillman – Raymond James & Associates, Inc.>: Yeah. So anyways, the first question is related to – if we take out Ares from last quarter, I feel like the level of commentary you've provided us, 18 deals in Europe on the fund administration side, just all the different color. It sounds like there was a lot of activity. But I know we're focused on the revenue guide. But, could you say anything quantitatively or qualitatively, again, keeping Ares out of the equation from last quarter, the value of business sign this quarter versus earlier in the year? Just give us some comfort there?

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: I think the third quarter was a strong quarter for us on signing business. Obviously, you see on license revenue that Norm talked about , that's at 39% from the prior year. And if you look at – actually that's the highest license revenue we've had since we've been public this time in March of 2010. And I would also say that the 18 contract that we signed in Europe – that doesn't mean that they've all started generating revenue for us, but that's the strongest quarter they've had on fund administration, since we've been public this time. There's a lot of stuff that's coming in the door. We're literally signing contracts every day. We have more products and services that we're offering and I think there's an awful lot of momentum. There's an awful of optimism around SS&C.

<Q – Terry Tillman – Raymond James & Associates, Inc.>: Yeah, yeah. Got it. And I guess you called out though actually the 26% growth in sales and marketing expense. So clearly there's a real focus on monetizing all the products and the capabilities you have. For investors, how do they think about the productivity from those investments or the payoffs from those investments? I mean, can some of those investments yield results, maybe as early as next quarter? Should we think about this as paying a little bit more seasoning, maybe it's second half of 2014?

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: Well, I think we should start seeing – we're seeing some at the end of the third quarter and we're seeing some – it's seedlings, right? You put these little seedlings out there and they start to grow and you get some water and some sun and they grow a little faster. They get trained, people get better – we've got a lot of young, new salespeople in the 25 year to 30 year old range, and they're getting seasoned, as you said. And we're optimistic about where they're going. And there's also just the energy and number of calls outgoing from SS&C, and there's a pretty good camaraderie, even though it's a competitive place in SS&C's organization, we're constantly culling salespeople, as well.

So we're optimistic about where we're going. We think we've got a lot of really, really good people. Guys like Fred Jacobs and [ph] Eamonn Greaves (31:18) that are running our sales organization in Alternatives. I think they've done a great job for us. We've got Jack Quinn, he's one of our top sales guys and now he's going to run our institutional sales organization. He's a real talent. And I think there's just lot of things that we're growing. Obviously you can just listen to Rahul and understand, he has a pretty good handle on what he's doing. We're just optimistic about where we're going, who we're competing against, the stresses and strains on those large financial institutions, and can they ever get out of the crosshairs of the government. And we're just underneath the radar screen paddling hard.

<Q – Terry Tillman – Raymond James & Associates, Inc.>: Yeah. Yeah, And I guess, Patrick, don't want to leave you out of this. I had a quick question for you in terms of, if we look at the segments for 4Q. I mean it was a strong 3Q license, how do we think about 4Q license? Just even if it's something that's more general, is there something sort of budget flush, seasonality to where we could actually kind of think this is more of the norm? Or should we be a little bit more conservative in license for 4Q? Thank you.

<A – Patrick Pedonti – SS&C Technologies Holdings, Inc.>: Typically the fourth quarter is our best quarter of the year. That's typical in the license and we think it'll continue to be as strong in Q4 as Q3.

<Q – Terry Tillman – Raymond James & Associates, Inc.>: Okay. Nice job. Thanks.

Operator: [Operator Instructions] Our next question comes from Ross MacMillan of Jefferies. Your line is now open.

<Q – Ross MacMillan – Jefferies LLC>: Great. Thanks a lot. Bill, just to circle back on the larger deals that are more complex, much bigger AUM, I just wanted to make sure I understand one thing, is it the pace at which they're getting signed is in line with plan, but it's the time to actually take revenue because of their higher complexity that's creating the impact to revenues? Or there also a corresponding impact in terms of the pace at which deals are actually closing? In other words they're closing at a slightly slower pace than expected, because again they're complex and they take longer to get done? It's a subtle difference. But I think, I just wanted to make sure I understood exactly what you're saying.

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: Hey, Ross, that's a great question and it's also part of the nuance of this business. I think if you take it in chronological order, right? We're getting way more opportunities to go show our wares at great big places. So, the first thing is we have more of them.

The second thing is that we're making the short list almost all the time. So even if we don't win, we're usually in the last two or the last three. The third thing prior to signing is, is that we get selected. And one great thing about these really big players is sometimes they pay you $150,000 or $200,000 just to do a small business process review prior to signing the contract, right? Whereas, before we didn't do too many of those. But now they'll spend 30 days and we'll go through an exercise and get paid, but that elongates the signing of the contract, and the implementation and then the ultimate revenue recognition.

So, each one of the steps in this process is elongated a little bit. And obviously the contractual process, if you're dealing with a very large money manager or very large financial institution is that you have in-house legal counsel and then you get outside legal counsel, right? So, you've got to go through that whole process. And we continue to get better at it; we continue to refine our model. But in the meantime, we have any number of multi-day to multi-week delays.

<Q – Ross MacMillan – Jefferies LLC>: That's really helpful. Maybe as a follow-on to that, you mentioned in the alternative business, you're AUM customers are now – at least you have many in the multiple tens of billions of dollars versus, let's call it, sub $1 billion or sub a couple of billion 18 months to two years ago. As we think about the ramp of revenue on those big deals, is it to your point that you'll get revenue on a consistent basis, it just takes longer to get to the full AUM? Or does it actually take longer to get to that initial rev rec on these bigger deals once you got the contract signed?

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: It's a little bit of both. And I would saythe initial conversion for the $11 billion manager could be $4 billion. And then the second phase will be, we're going to move another $4 billion. It can be by asset class, right? We're going to move the mortgage-related assets first, and then we're going to move the equity-related assets second, and then we're going to use the bank loans third, and then we'll do derivatives fourth, right? So, it could be by asset class, it can be asset class by fund, hence the size of the fund. If it's a managed account platform, it could be by geography. Right?

So there's a lot of different ways in which we can convert these funds. But what we're finding with bigger funds is the asset flows into these bigger fund is much larger and it seems to be that the industry itself is barbelling, right? So that you're going to see the bigger funds keep getting bigger and there's going to be less in the middle, and there's going to be a whole bunch of them at at the sub billion dollar level.

<Q – Ross MacMillan – Jefferies LLC>: That's helpful. And just a couple for Patrick, on the tax rate, I heard you on the reversal this quarter. But I think you also guided to a lower tax rate for Q4. Are we looking at a lower GAAP tax rate on a go forward basis now relative to that historic 30%?

<A – Patrick Pedonti – SS&C Technologies Holdings, Inc.>: Yeah. For our adjusted EPS, we've been using a 30% tax rate this year. But it looks to us that without any extraordinary items, we're running couple or 3% lower than that. And I think we'll evaluate that for 2014.

<Q – Ross MacMillan – Jefferies LLC>: Great. And one follow-up, your DSO obviously improved a lot. I'd actually say that across most of the companies I look at, Q3 DSOs were generally much better. Was there anything specific, aside from just more focus on collections, that drove the improved DSOs?

<A – Patrick Pedonti – SS&C Technologies Holdings, Inc.>: It was mainly more focus. I think we've got the collection department and the business unit managers working together and focused on collections and it had a big impact this quarter.

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: And we had some s'mores every time they collected some.

<Q – Ross MacMillan – Jefferies LLC>: Good job. Thanks a lot.

Operator: Our next question comes from the line of Tim Willi of Wells Fargo. Your line is now open.

<Q – Tim Willi – Wells Fargo Securities LLC>: Thanks, and good afternoon. And two questions. First was just going to sort of the cost savings and integration related to GlobeOp in PORTIA? I know you've talked about being a bit ahead of schedule I think in timing and magnitude of expenses. Just wondering if you could sort of remind us sort of where you're at and to what degree that [indiscernible] (39:27) is a lever to help earnings momentum as you sort of move up in the next couple of quarters with that – you said the elongated sales cycle and things like that associated with the bigger contracts?

<A – Patrick Pedonti – SS&C Technologies Holdings, Inc.>: Sure. What I've said is that we've gotten about $17 million of cost benefits for this year. That's obviously taken our EBITDA margins from 39.3% in Q3, 2012 to 41.6% this quarter. We've built that $17 million into the guidance we provided for Q4. So that's what we're going to get, that's going to affect our bottom line for 2013. But we basically have locked in about $20 million of savings. And we'll probably be at the minimum, at that number for next year. And as you know, our target is to hit $25 million at the end of three years after the GlobeOp acquisition, but we're clearly running ahead of schedule.

<Q – Tim Willi – Wells Fargo Securities LLC>: Okay, and that's helpful. Thank you. And then going back to the topic, I guess the bigger contracts and sales cycles, see, is there anything we should think about that as these happen, and as you go through the build and the deferred revenue and they come live, where initial margins would be different than what we're used to, or when you're allowed and able to recognize the revenue against all the work that you've done to get to that point, the margin profile of the company wouldn't really be altered to any degree even just from a temporary basis one or two quarters?

<A – Patrick Pedonti – SS&C Technologies Holdings, Inc.>: Yeah. How it works is, a lot of these deals that we're doing with these big asset managers, as far as revenue recognition, they're considered bundled deals. And we can't separate any revenue. So even if we're doing some work up front, we can't separate that revenue and recognize it up front. We have to recognize it ratably over the contract period. But at the same time, we can defer costs.

<Q – Tim Willi – Wells Fargo Securities LLC>: Okay.

<A – Patrick Pedonti – SS&C Technologies Holdings, Inc.>: So it doesn't really affect our margins in the short-term, but it affects our revenue.

<Q – Tim Willi – Wells Fargo Securities LLC>: Okay. And there's no capitalization of anything like with other types of outsourcing businesses, where if something's not hitting timelines or they're – a contract doesn't play out the way you think, that there would be write-downs or anything like that? I just wanted to make sure I understand the accounting around the assets on the balance sheet or anything that might start to emerge as you do more and more of these deals.

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: I'm not sure. There wouldn't be anything that would be capitalized. If you're doing work up front before the beginning of the contract, you would defer that revenue, defer that cost associated with that, and then take that amount on the balance sheet and then recognize all of that over the period of the contract, let's say it was three years.

<Q – Tim Willi – Wells Fargo Securities LLC>: Okay. That helps. I understand.

<A – Patrick Pedonti – SS&C Technologies Holdings, Inc.>: It's really a timing issue.

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: Yeah, we have very, very little capitalized deferred payroll expense because of large implementations on the balance sheet today.

<Q – Tim Willi – Wells Fargo Securities LLC>: Okay. Yeah, that's great. That's all I have.

<A – Patrick Pedonti – SS&C Technologies Holdings, Inc.>: The other thing that affected us a little bit in the third quarter was that we had some negative impact on FX, on revenue. So I think the impact on revenue sequentially from Q2 to Q3 on FX was about $0.5 million.

<Q – Tim Willi – Wells Fargo Securities LLC>: $0.5 million. Okay.

<A – Patrick Pedonti – SS&C Technologies Holdings, Inc.>: Negative.

<Q – Tim Willi – Wells Fargo Securities LLC>: Yeah, that's a good point. Wonderful. That's all I had. Thanks very much for your time.

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: Thank you.

Operator: Thank you. Our last question comes from the line of Sterling Auty of JPMorgan. Your line is now open.

<Q – Sterling Auty – JPMorgan Securities LLC>: Hey. Just one quick follow-up and you kind of touched a little bit upon it in some of the answers. On these larger deals, what do the collections look like? Are they milestone-based? I don't have the release in front of me. So is there any build up deferred revenue that you get from maybe a collection for pre-implementation that you then earn-off?

<A – Patrick Pedonti – SS&C Technologies Holdings, Inc.>: There is a little bit of deferred revenue, but we get paid for it right away. So it's not like there's a problem with collections. We just can't recognize it.

<A – Norm Boulanger – SS&C Technologies Holdings, Inc.>: I think the key milestone of getting to the point where you can provide production services for the outsourcing. And once that starts, the revenue starts getting spread out. But until you're there, no revenue can be recognized.

<Q – Sterling Auty – JPMorgan Securities LLC>: Got you. I wasn't worried about the collections. I was actually just wondering if that was partly responsible for the rationale, the strong cash flow and the strong cash flow outlook was maybe some of the collections around some of these larger deals?

<A –Patrick Pedonti – SS&C Technologies Holdings, Inc.>: No. I think that the bottom line on the cash flow is that we did a much better job managing working capital, and our DSO came down five days. That was the significant difference.

<Q – Sterling Auty – JPMorgan Securities LLC>: All right. Perfect. Thank you, guys.

Operator: And I'm showing no further questions at this time. I'd now like to turn the call back over to Bill for any closing remarks.

William C. Stone, Chairman & Chief Executive Officer

Again, we appreciate everybody coming and spending part of their Halloween with us. We look forward to treating you to a good call in a quarter. Thanks.

Operator: Ladies and gentlemen, thank you for participating in today's conference. This does conclude today's program. You may all disconnect. Have a great day.