

**SS&C Technologies Holdings,
Inc.**

Company▲

SSNC
Ticker▲Q4 2013 Earnings Call
Event Type▲Feb. 11, 2014
Date▲**— PARTICIPANTS****Corporate Participants**

Justine Stone – Investor Relations Coordinator, SS&C Technologies Holdings, Inc.
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-Alternative Assets, SS&C Technologies Holdings, Inc.
Patrick J. Pedonti – Senior Vice President & Chief Financial Officer, SS&C Technologies Holdings, Inc.

Other Participants

Ashish Sabadra – Analyst, Deutsche Bank Securities, Inc.
Peter J. Heckmann – Analyst, Avondale Partners LLC
Mayank Tandon – Analyst, Needham & Co. LLC
Jackson E. Ader – Analyst, JPMorgan Securities LLC
Ross MacMillan – Analyst, Jefferies LLC
Eric C. Lemus – Analyst, Raymond James & Associates, Inc.

— MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon. My name is Saeed, and I'll be your conference operator today. I would like to welcome everyone to the SS&C Technologies Fourth Quarter and 2013 Conference Call. At this time, all participants are in a listen-only mode. Later, we'll conduct a question-and-answer session. [Operator Instructions] Please note that this conference is being recorded and will be made available on SS&C's website, www.sscotech.com.

I would now like to turn the call over to Justine Stone, Investor Relations Coordinator. Ms. Stone, you may begin your conference.

Justine Stone, Investor Relations Coordinator

Welcome and thank you for joining us for our Q4 and 2013 earnings call. I'm 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 we 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 Factors 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

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website. These forward-looking statements represent our expectations only as of today, February 11, 2014.

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 on the Investor Relations section of our website at www.ssctech.com.

Thank you, and I will now turn the call over to Bill.

William C. Stone, Chairman & Chief Executive Officer

Thanks Justine. I'll start with a brief overview, and then I'll turn it over to Norm to cover some operational highlights. Rahul will give us an SS&C GlobeOp update, and Patrick will take us through the financials. As you can see, 2013 was another strong year for SS&C with record revenue, record EBITDA, record operating cash flow and record earnings per share. In Q4, our revenue grew to \$182.5 million, an increase of 6.3% over the same period a year ago.

In Q4, revenue from software-enabled services was 77.1% of total revenue. Once again, in 2013, we delivered record adjusted revenues, up 28.9% to \$712.8 million, while increasing our adjusted operating margins to 38.8%. We were able to pay-down \$239 million in debt and end the year at 2.4 times leverage. This leverage ratio is almost [ph] two-fold turn (03:23) of leverage improvement since the GlobeOp acquisition in June of 2012.

In 2013, we also continued our approach of adding to our capabilities through the target acquisitions of Prime Management Limited, a service provider for the insurance linked securities market, and we completed the integration of SS&C PORTIA and GlobeOp. We added offices in Los Angeles and Luxembourg, and expanded our presence in Midwest in Evansville.

And we were also recognized for numerous awards, including being named to the FinTech 100 and Forbes America's Best Small Companies list for 2013. We announced the collaboration with University of Southern Indiana to build a curriculum and a concentration in Investment Accounting. USI has an award-winning accounting program, and SS&C is actively growing our business there and we have reached the head count of 110. We hope to build this in 2014.

Now, I will turn it over to Norm.

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

Thanks Bill. We closed out 2013 with a solid quarter. As I look back this past year, I'm proud of SS&C's many accomplishments. We executed at a high level in 2013 growing revenue and maintained industry-leading margins. Acquisition synergies remained on track, as our integration activities for SS&C PORTIA and GlobeOp acquisitions are essentially complete, and to-date, we achieved approximately \$17 million in synergies.

In our view, we have only begun to scratch the surface on the exceptional cross-training opportunities presented by these businesses. And we expect these opportunities, coupled with solution enhancements we have in the pipeline, to increase the value we deliver to our customers. Our SS&C PORTIA, SS&C GlobeOp, institutional asset management businesses capped the strong 2013 performance with solid Q4 results.

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We rounded out a strong executive management team by adding Christy Bremner through the PORTIA acquisition, promoting Bob Schwartz to SS&C's Chief Technology Officer from GlobeOp, and hiring Tim Reilly from PwC to manage our Institutional Organization. We invested in our technology enabling us to roll-out new products and services.

We continue to evolve our mobility strategy, delivering innovative cloud-based services, including wireless, mobile apps and web-based portals. Our mobility strategy remains a focus in 2014 and will continue to be a differentiator. We've rolled out major releases of our platforms, including our private equity platform TNR Solution, [ph] SS&C PORTIA (05:58) and our loan servicing and origination solution, LMS.

Key deals for the quarter include a large institutional asset manager selected our client reporting and performance attribution solution. A Canadian insurance manager, a global investment manager and a U.S. hedge fund expanded its relationship with SS&C for our reconciliation technology. An international bank selected SS&C for its margin trading capabilities. A Canadian asset manager contracted us for our ASP and business continuity services. The largest bank in Australia selected our client reporting solution, and we closed a couple of PORTIA deals; Middle Eastern family office, a Hong Kong-based asset manager, a U.S. asset manager and a U.S. independent broker-dealer.

I'll now turn it over to Rahul.

**Rahul Kanwar, Senior Vice President & Managing Director-Alternative Assets, SS&C
Technologies Holdings, Inc.**

Thanks Norm. 2013 has been a very strong year for SS&C's Alternatives business. Revenue increased 48.6% over the same period in 2012. We ended the year with \$566 billion in assets under administration, an increase of 30.7% over \$433 billion at the end of 2012. In Q4, we continued our efforts to offer additional products to our customers. We added EMIR trade repository solutions to our services.

EMIR, which stands for European Market Infrastructure Regulation, places trade reporting and reconciliation requirements on derivatives users in Europe. Initial reaction to our offering has been positive, and we now have 20 customers subscribed for this service. Similarly, we continue to build technology and interfaces to support the OTC central clearing requirements and have enhanced this offering in Q4.

We launched Annex IV reporting and depository-light services to help customers comply with the requirements of the Alternative Investment Fund Managers Directive or AIFMD in Europe. We have a number of customers already and are continuing to build our pipeline for these new services. We continued to invest in our sales organization in 2013, adding a number of new sales people, and a new sales management and training program, which is starting to yield results.

Sales performance was strong in Q4, with a number of large organizations selecting SS&C. Some highlights include the asset management division of a large bank selected SS&C to provide fund administration services for several fixed-income funds. A New York-based multi-billion dollar healthcare focused private equity firm selected SS&C for fund administration services. A large global macro manager in Europe selected SS&C for middle-office fund administration and regulatory services, and a billion-dollar-plus manager based in New York selected SS&C to takeover fund administration for its event-driven strategies.

I'll now turn it over to Patrick.

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Thanks Rahul. Results for the fourth quarter of 2013 were revenue of \$182.5 million, GAAP net income of \$26.9 million and diluted EPS of \$0.31. Revenue in Q4 increased by \$10.8 million or 6% over Q4 2012. We had strong license revenue from our PORTIA, Pages and Sylvan products, and year-over-year 7% growth in our software-enabled services business. Foreign exchange did have a negative impact on our revenue in Q4 by approximately \$800,000.

Adjusted operating income in the fourth quarter was \$72.2 million, an increase of \$6.1 million or 9% from the fourth quarter of 2012. Operating margins increased to 39.6% from 38.4% in Q4 2012. We made significant progress in implementing GlobeOp and PORTIA acquisition cost synergies, and as Norm mentioned, we generated approximately \$17 million of savings in the year 2013. In addition, margins significantly improved in our fund administration and our PORTIA businesses.

Consolidated EBITDA was \$76 million or 41.6% of revenue. This is an improvement of 8% or \$5.9 million over Q4 2012. Net interest expense for the quarter was \$8 million and includes \$1.4 million of non-cash amortized financing cost and OID. Interest expense increased due to the \$239 million debt pay-down since the fourth quarter of 2012 and the June 2013 re-pricing of the Term B credit facility that reduced the interest spread by 1.75%.

We recorded a tax provision of \$14.1 million or 34% in the quarter. For the full-year, the effective tax rate was 19%. The full-year tax provision was impacted by several one-time extraordinary benefits, including prior year R&D credits, reduction in the U.K. rates that reduced our deferred tax liabilities, and additional releases of reserves. We expect the GAAP effective tax rate excluding one-time items to be between 26% and 28% for the full-year 2014.

Adjusted net income was \$46 million and adjusted diluted EPS was \$0.53. The adjusted net income excludes \$21.6 million of amortization of intangible assets, \$2.4 million of stock-based compensation, \$1.4 million of non-cash debt issuance cost and \$800,000 of unusual gains. The effective tax rate used for adjusted income of 2013 was 30%. For the year, we ended with revenue of \$712.8 million, a 28.9% increase. Adjusted operating margins increased 32% and adjusted EPS increased 38.7%, as we grew the business, integrated the 2012 acquisitions of GlobeOp and PORTIA, and paid down \$239 million of debt.

On that balance sheet and cash flow, as of December 31, we had \$84 million of cash on the balance sheet, \$782 million of gross debt for a net debt position of approximately \$697 million. The business is showing very strong cash flow characteristics, with operating cash flow exceeding adjusted net income. We generated \$208 million of operating cash flow for the year ended December 31, a 55% increase over 2012.

And for the year, we used our cash to pay down \$239 million of debt. It brings the total that we've paid down since the GlobeOp acquisition to \$375 million. We purchased 23,900 shares in the fourth quarter for \$943,000. We used \$14.3 million for CapEx and capitalized software, which is approximately 2% of revenue. In 2013, we paid \$21.6 million in cash taxes compared to \$28.8 million in 2012. Our account receivable DSO was 45 days as of December 2013 compared to 48 days in December 2012, which significantly improved our working capital.

In finance activities, we recorded proceeds from option exercises of approximately \$28 million and a tax benefit related to those option exercises of \$24 million. Our LTM EBITDA for covenant purposes at December 31 was \$292.8 million, and with the net debt balance, that gave us the leverage ratio of 2.4. On outlook for 2014, our current expectation for the first – for the full-year is revenue in the range of \$755 million to \$775 million, which represents a growth of 5.9% to 8.7%.

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Adjusted net income of \$195 million to \$204 million and outstanding diluted shares increasing approximately 3% to a range of 88 million to 88.5 million. In addition, in 2014, we'll receive the full benefit of the corporate reorganization we did, and we'll be using an effective tax rate of 28% for the full-year. For the year, we expect cash from operating activities to be in the range of \$220 million to \$230 million, capital expenditures to be approximately 2.3% to 2.8% of revenues.

Excluding the effects of one-time items, which we had in 2013, we expect tax payments to increase about \$15 million to \$20 million in 2014. We'll use all excess cash flow to fund potential acquisition, buyback shares in the open market and pay down debt. Our current expectation for the first quarter is revenue in the range of \$183 million to \$187 million, adjusted net income of \$45.5 million to \$47 million and diluted shares of 87.2 million to 87.4 million.

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

William C. Stone, Chairman & Chief Executive Officer

Thanks Patrick. We're pleased with the performance of our business, and we look forward to posting strong numbers for 2014. And with that, let's open it up for questions.

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QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Your first question comes from Bryan Keane from Deutsche Bank. Your line is open. Please go ahead.

<Q – Ashish Sabadra – Deutsche Bank Securities, Inc.>: Hi, this is Ashish Sabadra calling on behalf of Bryan Keane. Pretty solid operating margins there. On the revenue side, licenses and professional services were pretty solid, but maintenance and software-enabled services came in a bit weaker than our expectations. I was just wondering [indiscernible] (16:50) on the last call, you mentioned some acceleration in the next year and certain longer duration contract – longer – bigger contracts coming online. So, I was just wondering if you could provide some more color on that part.

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: I'll take that first. But I think that we're pretty confident in our professional services line that we have a number of large projects going on and we've strengthened our consulting group. So, we would expect consulting to go up perhaps 10% in 2014. As far as maintenance is concerned, we've had two pretty strong quarters, Q3 and Q4, on license revenue. That's usually what generates maintenance revenue. As you know, we're not getting CPI plus [ph] 2% to 3% (17:45). When CPI is almost zero, we're only getting very little lift in our maintenance from annual increases. So, I would see that as remaining somewhat muted, but moving up with the addition in license that we've had. Norm, would you have anything else?

<A – Norm Boulanger – SS&C Technologies Holdings, Inc.>: No, I think those are the two drivers, Bill. The licenses are obviously the key to the growth of the maintenance line, and we've done a better job, I think, of hitting stronger license numbers over time that's going to help us. I do think as the rate environment changes, we'll start getting some of the traditional lift we've had in maintenance in the past that we haven't experienced really in the last year – over a couple years really. And then the timing of the deals are still important, right. So, getting these deals signed and getting the run rate hitting the books is the driver behind the outsourcing [ph] number really and (18:38) the bigger deals we have that are still a challenge, but it's a good problem to have.

<Q – Ashish Sabadra – Deutsche Bank Securities, Inc.>: Okay. Thanks for that color. But just as you look at software-enabled services and going through the year, should we see the software-enabled services growth improve through the year, through fiscal year 2014?

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: Yeah. We do believe that that business will improve. And I think that we have lots of business that come on in 2013 and we see a lot of deals in our pipeline that should help us in 2014. As Norm just said, it's getting those deals closed and getting that revenue to begin to hit our financial statements. Rahul, would you have any?

<A – Rahul Kanwar – SS&C Technologies Holdings, Inc.>: No, I think that's right. As we pointed last quarter, we have more large opportunities at this time than what I can remember, and our job this year is going to be to close those contracts, get them implemented, as Bill pointed out, get revenue to start hitting our books.

<Q – Ashish Sabadra – Deutsche Bank Securities, Inc.>: Great. Thanks. Thanks for the color.

Operator: Thank you. Our next question comes from Peter Heckmann from Avondale Partners. Your line is open. Please go ahead.

<Q – Pete Heckmann – Avondale Partners LLC>: Good afternoon, gentlemen. Patrick, could you comment on your guidance for shares outstanding? Maybe a little bit higher than I expected. Do you expect some share – employee share agreement? Is that the primary [indiscernible] (20:15)?

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<A – Patrick Pedonti – SS&C Technologies Holdings, Inc.>: I think the growth in shares is pretty similar to 2013. We do, do an annual option grant to employees in the fourth quarter. So, that's obviously having some impact. And we've recently have had significant exercises by employees, and that impacts it. And the stock price rising also impacts diluted shares. So, those three factors are contributing too, but we would expect about a 3% rise.

<Q – Pete Heckmann – Avondale Partners LLC>: Okay. That's fair. And that number would reflect no anticipated share repurchase activity?

<A – Patrick Pedonti – SS&C Technologies Holdings, Inc.>: That's correct.

<Q – Pete Heckmann – Avondale Partners LLC>: Okay, okay. And then perhaps to Bill...

<A – Patrick Pedonti – SS&C Technologies Holdings, Inc.>: What we assumed in our guidance – at least in our net income guidance is that we would use the cash to pay-down debt. So, that could be offset by stock purchases, which actually would be more accretive to EPS.

<Q – Pete Heckmann – Avondale Partners LLC>: Fair enough. Perhaps if you could, either Bill or Rahul, gives an update on the build-outs of both LA and Luxembourg on the fund administration side?

<A – Rahul Kanwar – SS&C Technologies Holdings, Inc.>: Sure. This is Rahul. I'll start there. I was just in Los Angeles last week. That build-out is going very, very well. We're making good progress on our largest customers there. We've got a number of new customers that we're looking at. We've got a good-sized operation there now and we feel good about our prospects in LA. Los Angeles similarly – I'm sorry, Luxembourg similarly, we're starting to see some pipeline from some current clients as well as new clients. We hired a couple of sales people in Luxembourg that are now starting to generate pipe as well, and so we're making progress in both fronts.

<Q – Pete Heckmann – Avondale Partners LLC>: Are there any major regulatory development that have occurred in the last, say, three months to four months that you highlight as potential demand drivers for outsourcing or things that generally we should be aware of as we survey the landscape?

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: Well, as Rahul has spoken in the comments, there is EMIR that just popped out, AIFMD, and the way that that's being implemented throughout Europe is causing a lot of consternation in the funds business in Europe, all things that give people uncomfortableness. They just as well have an outside expert do it rather than do it in-house and have to hire the expertise and then maintain the expertise. And that's something that we've been able to do pretty well. So we see a lot of opportunity in our regulatory services group, and I think we're trying to figure out ways in which to leverage that further.

<Q – Pete Heckmann – Avondale Partners LLC>: Great, thanks for the color. I'll get back in the queue.

Operator: Thank you. And our next question comes from Mayank Tandon from Needham & Company. Your line is open. Please go ahead.

<Q – Mayank Tandon – Needham & Co. LLC>: Thank you. Bill, I wanted to get a sense of the big deal pipeline. I think, in the past, you quantified that. Maybe if you could give us a sense of the number of big deals you have in the pipeline and sort of your best guesstimate in terms of what the real picture look like in terms of winning those opportunities.

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<A – Bill Stone – SS&C Technologies Holdings, Inc.>: Yeah. I would say that, last year, we felt like we had maybe up to 10 of those deals. And we would say that we won a couple of those and a couple others are still – we're still circling. A couple others have not chosen anything else, that they've kind of gone into hibernation, and a few more have come in. So, I would say that we're probably at the same level as we were a year ago. I don't think we have [ph] an Aries quite (24:32) to the point of where they were at this time last year, but we have a number of \$7 billion to \$20 billion private equity and hedge fund clients.

And we're reasonably confident that we're going to win a number of those. What I would like to have is more clarity as to the date we're going to win, because there's a lot of work that goes into showing them exactly how – what they do now is going to get transferred to what we do, what responsibilities they're going to keep, what responsibilities we're going to keep, how many people they're going to keep, how many people they want to have us absorb. And so, there's a whole series of things and we have lots of conversations going on with lots of big places.

<Q – Mayank Tandon – Needham & Co. LLC>: Let me ask you this, how important is it to win some of these deals to hit the midpoint of your guidance? I look at your guidance range, I think it's about 7% organic at the midpoint. I just want to get a sense of how important is it to win these deals to get to that range.

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: Well, we – as you can well imagine, Mayank, we'll get to that range a lot faster if we win those deals.

<Q – Mayank Tandon – Needham & Co. LLC>: Okay.

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: Traditionally, SS&C is a very good manager of its business. So we have had very good strength in hitting our earnings, right, even if we have been fractionally softer on our revenue. We have a little bit of a headwind with the FX. We had about \$800,000 in revenue in Q4, and I think Patrick can confirm this, but several million dollars for the year. That was a lot softer in the FX than in 2012.

But we have a big pipeline, we have an excellent sales force, we're counting on them. We've got some really talented sales managers like Punit Satsangi in London, Fred Jacobs here in New York, Eamonn Greaves in New York. We got Mark Bramley in Boston, Jon Symonds in Boston. We got a lot of talented people that we have a lot of confidence in and we have high expectation, and I'm confident they're going deliver for us.

<Q – Mayank Tandon – Needham & Co. LLC>: Okay, great. That's helpful color. Just two quick questions for Patrick. I believe you said \$17 million in synergies in 2013. I think you also achieved some back in 2012. So where are you in terms of hitting that \$25 million target and is there upside to that given that you already achieved most of it 18 month into the acquisitions?

<A – Patrick Pedonti – SS&C Technologies Holdings, Inc.>: Well, right now – so we – there was \$17 million benefit we got in the P&L in 2013. So, that includes action we took in 2013 and in 2012. Right now, we've got locked in about somewhere around \$20 million in savings, that is the minimum we would expect for 2014. So, we're working hard to get the rest of the \$4 million to hit the \$25 million target. Obviously, the last \$4 million is the hardest, but we think there's a lot of opportunity to hit that number and over time exceed it.

<Q – Mayank Tandon – Needham & Co. LLC>: Patrick, what is embedded in the margin guidance for 2014, in terms of both gross margins and operating margins or EBITDA margins?

<A – Patrick Pedonti – SS&C Technologies Holdings, Inc.>: For the synergies?

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<Q – Mayank Tandon – Needham & Co. LLC>: In total, what is your expectation in terms of margin – you haven't given specific guidance but just to get a sense?

<A – Patrick Pedonti – SS&C Technologies Holdings, Inc.>: I think our targets at the midpoint are to improve operating income by about 50 bps.

<Q – Mayank Tandon – Needham & Co. LLC>: Great. And just finally on the interest cost, what is – can you remind us what the blended cost on the debt is?

<A – Patrick Pedonti – SS&C Technologies Holdings, Inc.>: Yeah. It's – it obviously depends on where LIBOR is. But at current LIBOR rates, it's about 3.2% blended.

<Q – Mayank Tandon – Needham & Co. LLC>: Okay. So in terms of the interest cost, we should take that \$697 million that you mentioned and 3.2% would be the cost on that debt?

<A – Patrick Pedonti – SS&C Technologies Holdings, Inc.>: Well, you should take the gross number. I think the \$697 million is the net of cash.

<Q – Mayank Tandon – Needham & Co. LLC>: Got it.

<A – Patrick Pedonti – SS&C Technologies Holdings, Inc.>: I think the gross number is...

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: \$697 million plus \$84 million, \$782 million.

<A – Patrick Pedonti – SS&C Technologies Holdings, Inc.>: \$782 million.

<Q – Mayank Tandon – Needham & Co. LLC>: Got it.

<A – Patrick Pedonti – SS&C Technologies Holdings, Inc.>: Good job, Bill.

<Q – Mayank Tandon – Needham & Co. LLC>: Appreciate that. Thank you.

Operator: Thank you. And our next question comes from Sterling Auty from JPMorgan. Your line is open. Please go ahead.

<Q – Jackson Ader – JPMorgan Securities LLC>: Hi, this is Jackson Ader in for Sterling. Just one question on our side. The acquisitions of GlobeOp and PORTIA both really improved your international footprint over the last year to 18 months. Are you guys looking at 2014 to make any further investments to expand the international footprint? And if so, what are they?

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: Yeah, we're always looking to grow our footprint whether it's domestically or internationally. We are very methodically opportunistic on acquisitions. Prime is out of Bermuda. And we're looking at any number of opportunities across Europe and also in Asia, as well as here in the North America. Interest rates were awful low, private equity has tremendous cash, prices have firmed, SS&C is very disciplined.

So would we do an acquisition? Of course, we would. Would we do a big one? Yes, we'll do a very big one. Do we have one in our sight? I wouldn't tell you that I would expect anything imminent. So, I think that we're happy with what we're doing with GlobeOp. We're happy with what we do with PORTIA. We're really happy with what our product suite looks like and what we have as opportunity to go on a march across the international markets as well as domestic markets. It's all about execution, and if we execute, we'll do fine.

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<Q – Jackson Ader – JPMorgan Securities LLC>: Okay, thank you. And actually just one quick follow-up from – you mentioned the 50 basis points in operating margin expansion. And just what do you think – where is that going to come from? Is that only going to come from the synergies from GlobeOp and PORTIA or is there something more specific that's going to help you get to the expansion?

<A – Patrick Pedonti – SS&C Technologies Holdings, Inc.>: Well, I think there are more things. We're focused on a couple areas other than the cost synergies. We look across the company all the time. So, there's cost reduction efforts that are going on across the board. We're also focused on employee productivity and using our technology more, so that our cost per employee as a percentage of revenue goes down. And then, we're also looking at lower cost areas to have operation centers instead of New York City or Connecticut or Toronto, which should help us.

<A – Norm Boulanger – SS&C Technologies Holdings, Inc.>: Yes. This is Norm. In 2014, you'll see us concentrate more effort on driving our resources to both our Mumbai office in India and Evansville. We think that's going to help us. We're automating operations all of the time, and Bob Schwartz is taking a look at the IT infrastructure across the company. So, I think there's lots of areas for us to get margin expansion.

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: And lastly, I think that we've already found new space in Boston that we're going to consolidate some of our offices in Boston. That's several hundred thousand dollars in rent expense cheaper for us. And we've already had a study that's gone on for over nine months looking at all of our data costs, and we're going to roll that out. It looks like that's going to have a significant reduction in our data costs. So, there's a lot of things in this business that are very attractive from a cost standpoint that you have a chance to tweak, and we're constantly tweaking.

<Q – Jackson Ader – JPMorgan Securities LLC>: Great, that's very helpful. Thank you.

Operator: Thank you. Our next question comes from Ross MacMillan from Jefferies. Your line is open. Please go ahead.

<Q – Ross MacMillan – Jefferies LLC>: Thank a lot. I guess a question for Bill or Norm just on the demand environment. You'd commented last quarter about how it's taken a little bit longer than you expected to close some of the larger deals. We've had a strong equity market. AUM is up across the board. PE firms are exiting investments they made in the 2008-2009 vintage. It feels like it should be a pretty healthy environment for selling. I'd just love to do your high level comments on the environment right now. Thanks.

<A – Norm Boulanger – SS&C Technologies Holdings, Inc.>: Just from my aspect – this is Norm. We get pretty good demand across the board for our services and our products. The challenge of getting them closed is a little frustrating, but that's part of the game getting things closed and the contract process and the bureaucracy of these firms. But the overall demand for our products and services in alternatives and asset management and the insurance markets, they're actually really pretty good.

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: Yeah. To give a little more color to that, we have a number of products that are really best-in-class across all the different markets. That's our performance attribution product. It's also our reporting product. Those are both world-class products that we integrate with all of our systems and services. And we also have a number of opportunities in our Global Wealth Platform, which is the first [ph] SaaS based RIA (35:13) or high net worth or global – obviously Global Wealth, that we're very excited about its capability. Alex Marasco runs that business for us. He ran Security APL prior to coming to us. He understands and

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he understands unified managed account business like no one else. We have high expectations of Alex and what he can do with the Global Wealth Platform.

<Q – Ross MacMillan – Jefferies LLC>: That's great. And maybe just a follow-up. You mentioned – I think Patrick mentioned professional services, which was a stronger line item than we expected in Q4 and the gross margins on that line were very strong. And it sounds like you plan to grow that above the corporate average in 2014. What's driving that very strong demand for professional services and corresponding very high utilization rates and high gross margins?

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: Yeah. I'll take it first, Norm, and then you can add to my comments. But we have proprietary know-how. So depending on how you're managing your investment organizations, we have increasingly shown how we can streamline it. We can allow you to go into additional asset classes. We can build out a derivatives process for you. We can build out a bank loan processing process for you. We can take a look at your mortgage processing and figure out how you can bundle some of your mortgages, securitize them.

So, there's a lot of expertise that we bring to bear. And I think as we go out and see more of our customers execute better and getting in front of them, I think we've been able to really land some large business process reviews and other things, where clients are buying entire blocks of time from us, 3,000 hours or 1,500 hours that they get to use on a series of projects that they need and it's something that I think will continue in 2014.

<Q – Ross MacMillan – Jefferies LLC>: And is that at all a precursor for product sales do you think or is it really a separate exercise, a separate business?

<A – Bill Stone – SS&C Technologies Holdings, Inc.>: We hope it's a precursor for product sales.

<A – Norm Boulanger – SS&C Technologies Holdings, Inc.>: Yeah, I think it is, right. As particularly large customer who are looking for a solution-based consultant organization that can really help them solve their operational problems, and since we have our own operations we run, we really have a unique expertise to bring to bear. That's going to require – as we determine the solutions on these consulting engagements, it's going to require them to buy certain software for us to execute those efficiencies and automations, right.

So, I do think this a good driver for the license business. And the license business is stronger, as we pointed out earlier. That's going to drive more consultant services. But really what we're seeing in these organizations is trying to focus on really solving their operational challenges on a broader basis and looking for a partner that can deliver the expertise across the spectrum of tools that they have to use to achieve those goals. And that's going to drive additional sales, which will then in turn drive more consultant revenue.

<Q – Ross MacMillan – Jefferies LLC>: That's great. Thank you very much.

Operator: Thank you. [Operator Instructions] And our next question comes from Eric Lemus from Raymond James. Your line is open. Please go ahead.

<Q – Eric Lemus – Raymond James & Associates, Inc.>: Hey guys, thanks for taking the question. Most of my questions have actually been answered. But just real quickly as far as your sales head count, as we enter through the year, do you guys see yourselves adding to capacity there? And if so, is that more going to be front-end loaded, back-end loaded or just spread throughout the year? Thanks.

**SS&C Technologies Holdings,
Inc.**

Company▲

SSNC
Ticker▲Q4 2013 Earnings Call
Event Type▲Feb. 11, 2014
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<A – Bill Stone – SS&C Technologies Holdings, Inc.>: Yeah. We would hope to add 20%, 30% to our sales force, which is running at about 110 right now, between 100 and 110. So, we hope to be at 130 or 140 by the end of the year. And probably – we've hired a few in Q1. We'll probably hire a few more in Q2, a few – probably in eight to 10 in Q3 and maybe eight to 10 in Q4. So, it'd probably be a little more back-weighted then – we're still absorbing what we hired in the last two quarters of 2013.

<Q – Eric Lemus – Raymond James & Associates, Inc.>: Great. Thanks guys.

Operator: Thank you. And I'm showing no further questions at this time. I'd like to turn the conference back over to Mr. Stone for closing remarks.

William C. Stone, Chairman & Chief Executive Officer

Well, again, we really appreciate everybody on the call. We're working hard for our shareholders as we always do, and hopefully, we will be able to talk to you about positive results at the end of Q1 sometime in late April or early May. Thanks again.

Operator: Ladies and gentlemen, thank you for participating in today's conference. This concludes our program for today. You may all disconnect and have a wonderful day.

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