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DXC.N - DXC Technology Co to Acquire Leading Digital Innovator
Luxoft Holding Inc Call

EVENT DATE/TIME: JANUARY 07, 2019 / 1:30PM GMT

OVERVIEW:

DXC technology to acquire LXFT for an all cash transaction value of \$59 a share or roughly \$2b.



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PRESENTATION

Operator

Good day, and welcome to the DXC and Luxoft conference call. Today's conference is being recorded.

At this time, I would like to turn the conference over to Mr. Jonathan Ford, Head of Investor Relations. Please go ahead.

Jonathan Ford - *DXC Technology Company - Head of IR*

Thank you, and good morning, everyone. I'm pleased you're joining us for DXC Technology and Luxoft's call regarding today's announcement. We posted a presentation to our website at dxc.com/investorrelations. These slides will accompany our discussion today.

On the second slide in the presentation, you'll see that certain comments we make on the call will be forward-looking. These statements are subject to known and unknown risks and uncertainties, which could cause actual results to differ materially from those expressed on the call. A discussion of risks and uncertainties is included in our annual report on Form 10-K and other SEC filings. I'd like to remind our listeners that DXC Technology and Luxoft assume no obligation to update the information presented on the call except, of course, as required by law.

And now, I'd like to introduce DXC Technology's Chairman, President and CEO, Mike Lawrie.

John Michael Lawrie - *DXC Technology Company - Chairman, President & CEO*

Okay. Good morning, everyone. Thanks for taking a little time with us this morning on our announcement. As is my practice, I've got a couple of key points to make and I'll just go into slight detail on that and then, we will open it up to any questions that you might have. First, we're announcing that DXC and the Luxoft boards have unanimously approved the plan for DXC to acquire Luxoft. Luxoft is a global at-scale digital innovator with differentiated offerings and platforms, deep vertical expertise and world-class digital talent. Luxoft has over \$900 million in revenue and has been growing at strong double-digit rates. This will be an all-cash transaction, roughly \$59 per share, which represents a 48% premium over Luxoft's average closing share price over the last 90 trading days. We believe this transaction will create significant value through revenue synergies and access to a broader pool of digital talent. And we're estimating \$300 million to \$400 million of incremental revenue for the combined company by fiscal year '22.



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Second, at our Investor Day in November, we outlined the key capabilities required to execute digital transformations at scale. Those included best-in-class offerings, platforms, industry-leading partnerships, digital go-to-market approach and digital talent and skills at scale. This acquisition strengthens DXC's capabilities in each of those areas. And I'll talk more about these in a moment.

Third, the combination of DXC and Luxoft will create a differentiated client value proposition by joining Luxoft's front-end digital capabilities with DXC's expertise in IT modernization and integration. Luxoft also broadens DXC's access to technology decision-makers through its deep relationships with business leaders outside of IT.

Fourth, this transaction creates value through revenue synergies. We believe there is an opportunity to expand wallet share with each company's clients. Additionally, we will be able to expand Luxoft's existing platforms into additional geographies and industries. And Luxoft's digital talent-acquisition capabilities will also accelerate DXC's ability to capitalize on digital demand for clients.

And then finally, we are targeting a deal close by the end of June, subject to regulatory approvals. And importantly, we have an agreement in place with Luxoft's CEO to continue leading the Luxoft business along with his management team. Luxoft will operate along DXC's core business and will align closely with DXC's Digital Transformation Centers and capabilities.

Now let me just go into a little more detail on each of those points. As I said, we announced today that DXC has entered into a definitive agreement to acquire Luxoft, a leading at-scale digital company. Luxoft has over \$900 million in revenue and has been growing at double-digit rates the last few years. And we believe that Luxoft is a unique asset and there are only a handful of pure play digital players of this size. Luxoft has a combination of leading-edge digital technology capabilities, deep industry expertise and a demonstrated ability to scale its talent base. As I said, the acquisition will be an all-cash transaction for \$59 a share or roughly \$2 billion. This represents a 48% premium over Luxoft average closing share price over the last 90 trading days.

Now we expect the Luxoft business to grow at 15% or more over the next 3 years. In addition to that growth for Luxoft, we're estimating \$300 million to \$400 million of incremental revenue synergies for the combined company by fiscal year '22. Also, we expect Luxoft's margin to expand by roughly 2 points or 200 basis points by fiscal year '22 through efficiencies of scale. In addition, we expect the transaction to be slightly accretive to DXC's earnings per share beginning in fiscal '20. And we'll discuss more specifics on that as we get a little closer to closing the transaction.

Next, I'd like to explain how the acquisition aligns with the strategy we outlined at our recent Investor Day. First, Luxoft strengthens DXC's portfolio of digital offerings with proven capabilities in high-growth areas, including analytics and business intelligence, user experience, IoT and blockchain. Luxoft also has a very strong outsourced engineering business, utilizing a combination of deep product engineering capabilities and embedded software to deliver innovation and tailored technology solutions for their clients. Luxoft has industry-leading vertical platforms and IP in the automotive, financial services and healthcare sectors. For example, Luxoft partnered with Daimler to create the Mercedes-Benz User Experience, a software platform that powers user experiences for the Mercedes-Benz A-class vehicles. Their automotive platforms and IP also include autonomous driving platforms, human machine interface toolchain, digital cockpit user experience and the use of telematics and IoT for connected vehicles.

In financial services, Luxoft is helping banks redesign their customer experience and leverage analytics to create value. For example, Luxoft recently digitized the sales and trading process for a leading international investment bank to drive automated decision-making. Luxoft created a data lake and then leveraged machine learning and natural language processing to provide insights into risks and opportunities in the portfolio. Luxoft also streamlines the implementation, integration and management of third-party enterprise trading and risk management packages for providers such as Murex, Avaloq and Calypso. Luxoft is the leading systems integrator in the world for Murex and Avaloq implementations. Luxoft's healthcare solutions include digital labs, leveraging automated testing via computer vision and artificial intelligence as well as process optimization and management, secure management of health records, patient engagement and blockchain technologies.

Second, Luxoft brings a strong partner network in each of its industries, including the financial software providers I mentioned as well as LG Electronics in Automotive and companies such as R3 in health care blockchain. Luxoft also adds scale to DXC's existing practices with key partners such as AWS and Microsoft Azure.



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Third, Luxoft brings deep domain expertise and C-suite relationships in key sectors such as automotive, financial services, health care, media and telecommunications and travel and transportation.

And lastly, Luxoft has a highly skilled digital workforce of more than 13,000 people and an established digital recruiting engine. More than 80% of Luxoft workforce has a Master's degree or PhD and their engineering talent is primarily housed in central and eastern European delivery centers. This market provides a significant source of digital talent and Luxoft has the capacity to significantly scale its hiring.

And then my third point is that the combination of DXC and Luxoft will create a differentiated client value proposition for end-to-end digital transformations. Luxoft has differentiated capabilities in areas such as experience design, visualization, agile prototyping, business intelligence and consulting. DXC has compelling offerings at scale and a significant global client base in technology solutions, such as cloud infrastructure, enterprise applications, workforce and mobility, security, application services and BPS. Combining these capabilities will strengthen DXC's value proposition for business-line leaders, who are increasingly driving digital decisions. Luxoft's capabilities and established relationships also provide greater access to business unit leaders and C-level executives in functions like R&D, marketing and operations. These stakeholders currently account for \$300 billion of the digital technology spend or 30% to 40% of the industry.

Now a key driver of DXC's growth strategy is accelerating the scale out of digital capabilities, including advisory, engineering and delivery. And as I said, the acquisition of Luxoft accelerates the growth for these capabilities by adding a skilled workforce of more than 13,000 people and a strong recruiting engine in one of the most attractive markets for digital talent in the world.

And that leads me to my fourth point, which is about the driver of value creation for this transaction, namely revenue synergies. First the combination of DXC and Luxoft will create opportunities to expand wallet share with clients of both companies. We will leverage Luxoft's digital offerings in outsourced product development, engineering, analytics and mobility to expand DXC's digital footprint with our existing clients. Luxoft's vertical offerings and expertise will also strengthen DXC's industry value proposition in several key industries. And we will cross-sell DXC's broader digital technology solutions as well as modernization and integration capabilities to existing Luxoft clients. Examples include our managed cloud offering, digital workplace solutions and industry IP. DXC and Luxoft also have the opportunity to build on complementary relationships with existing clients. For example, both companies are currently serving one of the largest auto companies in the world, providing a broad range of services from IT infrastructure maintenance to analytics and autonomous driving. The combined company will be able to provide integrated solutions such as a complete autonomous vehicle platform on the cloud and end-to-end connected car solutions. The combined company will also have the opportunity to expand Luxoft's core offerings into other markets. Luxoft has a very strong presence with automotive clients in Europe. Leveraging their differentiated offerings, such as outsourced product development and digital cockpit, we plan to expand to automotive companies in other geographies, including the U.S. and Asia. In addition, these product development capabilities are also applicable to customers in other verticals, such as technology, life sciences and manufacturing.

And third, Luxoft's digital talent acquisition engine will allow DXC to accelerate its digital hiring efforts and reduce the time to fulfill digital demand for clients. This will help address one of the pain points I discussed with you last quarter and at our Investor Day. Luxoft's established digital delivery footprint will also improve the client proximity for many of DXC's digital capabilities.

And finally, let me just talk a little bit about what happens next. On timing, we are targeting a deal close by the end of June, subject to regulatory approvals. We will be keeping all of our stakeholders up-to-date as we approach major milestones. And we have an agreement in place with Luxoft's CEO, Dmitry Loschinin, to continue leading the Luxoft business and also expect to retain his management team. This will help us preserve Luxoft's differentiated capabilities and culture while enabling overall growth for the combined company.

So let me, operator, open it up to see if there are any questions. I'm also joined by Paul and Dmitry here in Tysons Corner this morning. So operator, I'd be happy to take a few questions.



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QUESTIONS AND ANSWERS

Operator

(Operator Instructions) We take our first question from Joseph Foresi from Cantor Fitzgerald.

Joseph Dean Foresi - *Cantor Fitzgerald & Co., Research Division - Analyst*

Congratulations on the acquisition. Just 2 quick questions here. First, on the revenue synergy target that you gave, I think, of about 15% over the next 3 years, how do you handle DB and its challenges and what is included in that number? And then I have one follow up.

John Michael Lawrie - *DXC Technology Company - Chairman, President & CEO*

When you say DB, what are you talking? Are you talking by Deutsche Bank?

Joseph Dean Foresi - *Cantor Fitzgerald & Co., Research Division - Analyst*

Yes, and obviously Luxoft has had a lot of challenges with revenues from 2 of its large clients, including DB. So I'm wondering what's included in that 15% growth rate and how you're planning on handling it?

John Michael Lawrie - *DXC Technology Company - Chairman, President & CEO*

Yes. What we -- let me take a shot at this and then I'll have Paul follow up. So you are right. There has been 2 accounts where there has been some revenue runoff in Luxoft, Deutsche Bank and UBS. And we have accounted for that. Most of that, we think, is behind us. But in the business plan that we have just outlined, we have accounted for what we expect to transpire over the next year or so. So to answer your question, that runoff which has occurred and the expectation going forward has been included in the business case and has been included in the numbers that I've just given you, both revenue synergies and growth.

Paul N. Saleh - *DXC Technology Company - Executive VP & CFO*

Yes, I think, to build on what Mike has said, UBS has been relatively flat over the last several years. UBS is the one that had been actually quite -- the Luxoft had shared their performance there as they were shifting some of their investment within IT to other areas within the bank. As we look at it, we're not counting on this thing rebounding. We're just looking at the other sector. Auto is growing at 40 plus percent and the other segments of the market, digital was also growing very rapidly. So the 15 plus percent that we are expecting from Luxoft is very realistic. In fact, if you look at the performance of the business, excluding DB, for example, alone it's over 20% over the last 3 years, that's the revenue forecast for the last 3 years. So overall, we feel confident about that 15 plus percent, and we're also confident about the synergies that, as this is preliminary look at the synergies, hopefully, we'll dig even deeper and see other opportunities as time goes on.

Joseph Dean Foresi - *Cantor Fitzgerald & Co., Research Division - Analyst*

Got it. And then just 1 follow-up for Dmitry. It seems like the runoff in Deutsche Bank is probably in the seventh, eighth or ninth inning, obviously, if you're thinking that growth rate's going to accelerate to 15% and margins are going to go up. So I'm wondering why decide to do this acquisition now from your perspective given that you're in eighth or ninth inning of the Deutsche Bank runoff after you've already sort of gone through all the pain?



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Dmitry A. Loschinin - *Luxoft Holding, Inc. - President, CEO & Director*

Joseph. And I think, regardless of the deal, DB story is kind of behind us as their concentration is going to fall below 10% and Luxoft is no more a DB company, all right, so we have so many exciting news outside of DB. And even for DB we have some of the opportunities looking forward. But I want to stress that the combined entity gives Luxoft a unique opportunity to work with DXC clients. And DXC has more than 6,000 clients, with hundreds of them a strategic relationship. It's on the MSA and we believe that our offering is very relevant there. So as you probably know and Luxoft is an engineering company, sales force hasn't been our major strengths, but the engineering -- the quote execution is something that we are very proud of. So I believe the combination gives tremendous opportunity for our business to grow.

Operator

Our next question is from James Schneider from Goldman Sachs.

James Edward Schneider - *Goldman Sachs Group Inc., Research Division - VP*

Mike, you've talked in the past about some of the challenges in getting your own organic digital capability jump-started. Can you maybe give us a sense about how big the combined digital practice will be once the acquisition takes place? And what kind of combined growth rate we can expect from that digital piece over time? And maybe just kind of like any puts and takes in terms of marrying your own organic capability with Luxoft's?

John Michael Lawrie - *DXC Technology Company - Chairman, President & CEO*

Yes. Listen, the combination will be a \$5 billion plus digital business. And as you know, we have been targeting 20% plus growth in that. And I think, we feel pretty confident about that 20% plus growth on that \$5 billion base once we close the transaction. So Jim, this -- I go back to the Investor Day. We all knew that we had to do -- we felt we had to do something to accelerate our digital performance, number one. Number two, Luxoft is positioned in an entirely different part of the market. And the few charts that we put out for this call, this is really much more about an end-to-end value proposition. There's very little overlap between what Luxoft does and what DXC does. And the power of this is combining that end-to-end value proposition. So the front-end capability and then the ability to integrate that into the existing IT infrastructures and fabric of our client base as well as Luxoft's client base. So that is the other key part of this. And then finally, we talked about this before, is talent. This is all about talent. And this acquisition gives us now a base of talent in addition to what we're doing around our digital business to more rapidly transform the DXC workforce and position us to acquire the skills we need more rapidly than we heretofore have been able to do.

James Edward Schneider - *Goldman Sachs Group Inc., Research Division - VP*

That's helpful. And then maybe just as a follow-up, regarding capital location, can you maybe give us your updated thoughts on that topic at this point? Can you give us a sense about how much you intend to emphasize buybacks? Whether that pace of buyback will be mitigated at all by this transaction? And then just say something about how you plan to finance this transaction, please?

John Michael Lawrie - *DXC Technology Company - Chairman, President & CEO*

That's fine Jim, I'll -- go ahead, Paul.

Paul N. Saleh - *DXC Technology Company - Executive VP & CFO*

Yes. First of all, the transaction financing will be done through cash on hand or our credit facilities and then we'll look at the capital market to fund it appropriately. In terms of capital allocation, if you remember, our priorities were always to reinvest in the business and make acquisition that extend our strategic capabilities as well as buying back shares because we felt that our stock offered compelling value. This acquisition just deliver



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strong value and a strong internal rate of return. But we haven't gotten our eyes off of also the opportunity to buy back our shares. In fact in the third quarter, we bought \$800 million of our own stock during the quarter.

Operator

We will take our next question from Rayna Kumar from Evercore ISI.

Rayna Kumar - *Evercore ISI Institutional Equities, Research Division - MD*

Can you discuss the key milestones we should look out for as you integrate Luxoft with your current digital business? And secondly, do you have an earn out in place for this acquisition?

John Michael Lawrie - *DXC Technology Company - Chairman, President & CEO*

Do we have a what in place?

Paul N. Saleh - *DXC Technology Company - Executive VP & CFO*

Earn out.

Rayna Kumar - *Evercore ISI Institutional Equities, Research Division - MD*

An earn out.

John Michael Lawrie - *DXC Technology Company - Chairman, President & CEO*

No. There's no earn out in place. What we will do is offer some retention packages very similar to what we do with any of our acquisitions, and that's well underway and got that done with Dmitry, and we'll continue to work on that for his management team as we go forward here. In terms of milestones. One, we are not going to integrate Luxoft. So Dmitry will work for me, and what we will do is we are going to have 2, what I'll call, go-to-market motions around digital. Our existing digital capabilities and offerings we'll continue to drive into the marketplace. Those are much more directed towards the IT world, Jim Smith leads that effort for us and will continue to lead that. And then Luxoft will continue to drive its digital go-to-market motion. And then we will put in the appropriate mechanisms to drive the cross-sell and to drive the revenue synergies between those two. So I think the most important milestone is to go through the regulatory process and get the necessary approvals. We will be going through our normal integration planning process and getting all that in place in the ensuing months. But the biggest milestone will be the regulatory approvals.

Operator

We will take our next question from Darrin Peller from Wolfe Research.

John Michael Lawrie - *DXC Technology Company - Chairman, President & CEO*

I'm sorry who was that? I didn't...



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Operator

Darrin Peller from Wolfe Research.

Darrin David Peller - Wolfe Research, LLC - MD & Senior Analyst

It's Darrin Peller from Wolfe. Just real quick on the synergy numbers on the top line, I guess I just want to understand 2 things. Number one is you're talking about keeping the 2 businesses pretty separate and yet you're also talking about finding a way to incentivize the cross-selling appropriately. Can you expand on how you're going to do both at the same time? And then I guess, with regard to the digital talent that this brings on, I mean, how much can you really utilize the 13,000 engineers at Luxoft for your existing -- your book of business? Which we thought you had decent bookings around digital, but the execution was soft the last couple -- last quarter. And so can this help that as soon as the deal closes by reallocating some of the headcount?

John Michael Lawrie - DXC Technology Company - Chairman, President & CEO

Yes. So first of all, we have the capability with the Luxoft hiring platform to probably double our hiring capacity and capability, that's point one. Point two, where Luxoft is located and where we're located, we have -- operator, if you could, there's a lot of noise in the background there.

So if you're not speaking, just put yourself on mute, please. So many of our digital delivery centers and our digital transformation centers are located and we'll begin to look for the ability to consolidate some of that as we go forward. The way we are going to drive the cross-sell, as you know, we have a go-to-market motion with DXC around our digital general managers, we're continuing to expand that quite significantly. And that sales force, if you will, will also be part of the go-to-market motion of Luxoft. So that -- those digital general managers, as they identify opportunities in the existing DXC installed base, will then have access to the skills and capabilities that Luxoft has, including what we consider one of the prime gems of this is their product engineering. That is something that is not a strength in DXC right now. And many, many of these digital projects and opportunities, both what Luxoft is focused on and what we're focused on, do require these product engineering skills for proof of concepts and minimally viable offerings and solutions to demonstrate that all of this works before companies make the commitment to scale. And now with DXC's capability particular around the IT infrastructure and application area, the ability to integrate many of these proof of concept, minimally viable solutions integrate those into the fabric of IT, we think, is the key differentiator in the marketplace and will allow both Luxoft's clients as well as DXC's clients to better scale and transform themselves with many of these digital technologies. So that's how we plan to go-to-market and drive the synergies quite simple, not hard to do, it's already there. All you do is turn that switch on. We want to increase the hiring capacity because that capacity can be used both within Luxoft's client base as well as at DXC client base, and we are picking up skills that frankly DXC doesn't have, product engineering is one of them, advanced analytics, yes, we have some very good analytic skills in DXC, this just augments that. Same thing with the Internet of Things, IoT. Yes, we have some skills, but this is a huge acceleration of those capabilities. UI/UX, the whole user experience, which is absolutely critical to digital transformation, yes, we have a lot of those skills in DXC, but this dramatically accelerates our capability. And other things like blockchain, for example, where DXC is very limited, this dramatically expands our reach with that capability. And then finally, some of the -- Luxoft has tremendous capability in some industry verticals, most notably automotive; but also financial services, which augments what DXC has; health care, which augments what DXC has. So hopefully, that gives you a little flavor of how we're going to approach this.

Darrin David Peller - Wolfe Research, LLC - MD & Senior Analyst

All right. Mike, if you just layer this revenue on, obviously, it could help your revenue growth rate by 0.5 point to 1 point even without the synergies, just assuming this business with Luxoft keeps growing the rate you say. But maybe you can give us a quick update on the core DXC after the quarter -- I mean you talked about sequential improvement in revenue quarter over quarter, I...

John Michael Lawrie - DXC Technology Company - Chairman, President & CEO

No, I can't, I can't, I can't update you on the third quarter. We will be doing our earnings call when that's scheduled and we'll give you an update then.



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Paul N. Saleh - DXC Technology Company - Executive VP & CFO

One of the things that we can tell you, though, we -- obviously, we said that we will have sequential growth, which we are really still on target to do, but one thing I can say is that about the revenue, we had given you guidance, if you remember, about the 3-year outlook to be up revenue 2% to 4%. Now it will be 4% to 6% when you overlay the Luxoft acquisition and the synergies that we expect from that. We gave you an EPS estimate at the time of \$11.75 to \$12.50. With this acquisition, we expect that, that range to increase to \$12.25 to \$13 a share, which would represent a 15% to 18% compounded growth rate over the next 3 years. So this is really quite accretive looking forward both on the top line as well as on the bottom line.

Operator

We now take our next question from Lisa Ellis from MoffettNathanson.

Lisa Ann Dejong Ellis - MoffettNathanson LLC - Partner

Congrats guys. Two quick ones for me. The first one, is there a synergy here also with the industry IP and BPS business given Luxoft's, like, deep industry domain expertise? And then the second one is also just can you comment -- I know, Mike, you've mentioned before some concerns around the geopolitical factors when it comes to the eastern European labor pool. And can you just comment on kind of how you got comfortable with that?

John Michael Lawrie - DXC Technology Company - Chairman, President & CEO

Yes. I -- we got pretty comfortable with the labor market and where the skills are located and the plans we have to expand those skill bases over time. We did a lot of due diligence on that. And yes, quite comfortable. And I really got even more than comfortable with it, I began to more fully appreciate the talent base that is in this part of the world. And I look at this as absolutely incremental to what we've done in Asia and India and some other places within DXC. So this gives us now a much fuller global footprint in terms of skills and capabilities and the education level, the skill level, the mobility, the flexibility and the labor law flexibility we have we felt was extremely beneficial as we go forward. Now in terms of the IP, the -- yes, we have a very strong IP base in things like health care and insurance. And this is absolutely synergistic with that, because this now does provide, as I said earlier, a much fuller, deeper, end-to-end value proposition where we've got strong intellectual property in the industries. And you combine that capability with the capability that Luxoft has in the front-end digital domain, it provides, I think, in some cases, unparalleled not only offerings but capabilities that we can bring. So that does underpin some of the revenue synergies we're looking at as we go forward.

Jonathan Ford - DXC Technology Company - Head of IR

And operator, we'll take one more question.

Operator

We'll take our next question from Bryan Bergin from Cowen.

Bryan C. Bergin - Cowen and Company, LLC, Research Division - Director

I wanted to ask first just on the government regulatory approval process required here. Is there anything out of the ordinary to consider?



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John Michael Lawrie - DXC Technology Company - Chairman, President & CEO

No.

Paul N. Saleh - DXC Technology Company - Executive VP & CFO

No. The European Union as well as the U.S., the normal HSR.

Bryan C. Bergin - Cowen and Company, LLC, Research Division - Director

Okay. And then, you touched on a little bit about the due diligence depth that you've done. Can you give us a little bit on the background of the deal? How long you've been looking at Luxoft? And really what got you comfortable with some of the company's large client portfolio?

John Michael Lawrie - DXC Technology Company - Chairman, President & CEO

We've been looking at this since the summer. And have been going back and forth. We started really in earnest as far we looked at it in the summer, Paul and I looked at it and began to get ourselves familiar with business, the clients, the overlap or, in this case, lack of overlap, which we got very comfortable with. Got pretty deeply involved with the labor force, how it was comprised, what was it, the recruiting engine, the platform, all of those things. And then Paul and I, as always, put together sort of a rough framework of how we would structure this financially and then it really began to accelerate the last 2 months, 3 months. Okay, guys, well again, thank you very much for your interest. We really think this is a transformative move for DXC. And Dmitry, we're glad to have you and the team on board. And we will continue to give you updates as we go along. I guess the next big update will be our earnings call. Have we announced when that is yet -- but we'll be announcing that pretty soon. But it will be always the time frame we always do and we'll provide an update of the progress we're making not only with our business, DXC business, but an update on how we're progressing with the acquisition of Luxoft. So again, thank you very much.

Operator

This will conclude today's conference call. Thank you for your participation. You may now disconnect.

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