TTEC Holdings, Inc.
Form 10-K
March 13, 2018
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

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

For the fiscal year ended December 31, 2017

or

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

For the transition period from to

Commission File Number: 001-11919

TTEC Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	84-1291044 (I.R.S. Employer Identification No.)

9197 South Peoria Street

Englewood, Colorado 80112

(Address of principal executive offices)

Registrant’s telephone number, including area code:

(303) 397-8100

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

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 par value	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by checkmark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer	Accelerated filer	Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 30, 2017, the last business day of the registrant's most recently completed second fiscal quarter, there were 45,694,081 shares of the registrant's common stock outstanding. The aggregate market value of the registrant's voting and non-voting common stock that was held by non-affiliates on such date was $562,964,438 based on the closing sale price of the registrant's common stock on such date as reported on the NASDAQ Global Select Market.

As of February 28, 2018, there were 45,876,511 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required for Part III of this report is incorporated by reference to the proxy statement for the registrant's 2018 annual meeting of stockholders.

TTEC HOLDINGS, INC. AND SUBSIDIARIES

DECEMBER 31, 2017 FORM 10-K

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CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995, relating to our operations, expected financial position, results of operation, and other business matters that are based on our current expectations, assumptions, and projections with respect to the future, and are not a guarantee of performance. In this report, when we use words such as “may,” “believe,” “plan,” “will,” “anticipate,” “estimat “expect,” “intend,” “project,” “would,” “could,” “target,” or similar expressions, or when we discuss our strategy, plans, goals, initiatives, or objectives, we are making forward-looking statements.

We caution you not to rely unduly on any forward-looking statements. Actual results may differ materially from what is expressed in the forward-looking statements, and you should review and consider carefully the risks, uncertainties and other factors that affect our business and may cause such differences as outlined but are not limited to factors discussed in the section of this report entitled “Risk Factors”. Our forward-looking statements speak only as of the date that this report is filed with the United States Securities and Exchange Commission (“SEC”) and we undertake no obligation to update them, except as may be required by applicable laws.

AVAILABILITY OF INFORMATION

TTEC Holdings, Inc.’s principal executive offices are located at 9197 South Peoria Street, Englewood, Colorado 80112. Electronic copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements and any amendments to these reports are available free of charge by (i) visiting our website at http://www.ttec.com/investors/sec-filings/ or (ii) sending a written request to Investor Relations at our corporate headquarters or to investor.relations@ttec.com. TTEC’s SEC filings are posted on our corporate website as soon as reasonably practical after we electronically file such materials with, or furnish them to, the SEC. Information on our website is not incorporated by reference into this report.

You may also access any materials that we file with the SEC at the SEC’s Public Reference Room at 100 F. Street, N.E., Room 1580, Washington, D.C. 20549 (telephone number 1-800-SEC-0330); or via the SEC’s public website at www.sec.gov.

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PART I

ITEM 1. BUSINESS

Our Business

TTEC Holdings, Inc. (“TTEC”, “the Company”, “we”, “our” or “us”) is a global customer experience company that designs, builds and operates omnichannel customer experiences on behalf of some of the world's most innovative brands. We help these large global companies increase revenue and reduce costs by delivering personalized customer experiences across every interaction channel and phase of the customer lifecycle as an end-to-end provider of customer engagement services, technologies, insights and innovations. Since our establishment in 1982, we have helped clients strengthen their customer relationships, brand recognition and loyalty by simplifying and personalizing interactions with their customers. We deliver thought leadership, through innovation in programs that differentiate our clients from their competition.

We are organized into two centers of excellence: TTEC Digital and TTEC Engage.

- TTEC Digital provides digital consultancy for designing and building human centric, tech-enabled, insight-driven customer experience solutions.
- TTEC Engage is the Company’s global hub of operational excellence providing clients with turnkey customer acquisition, care, revenue growth, and digital trust and safety services.

TTEC Digital and TTEC Engage come together under our unified offering, HumanifyTM Customer Engagement as a Service, which drives measurable results for clients through delivery of personalized omnichannel interactions that are seamless and relevant. Our offering is supported by 56,000 employees delivering services in 24 countries from 97 customer engagement centers on six continents. Our end-to-end approach differentiates the Company by combining service design, strategic consulting, data analytics, process optimization, system integration, operational excellence, and technology solutions and services. This unified offering is value-oriented, outcome-based, and delivered on a global scale across four business segments, two of which comprise TTEC Engage - Customer Management Services (“CMS”) and Customer Growth Services (“CGS”); and two of which comprise TTEC Digital - Customer Technology Services (“CTS”) and Customer Strategy Services (“CSS”).

Our revenue for fiscal 2017 was $1,477 million, approximately 23% or $336 million of which came from the CGS, CTS and CSS segments, focused on customer-centric strategy, growth or technology-based services with the remainder of our revenue coming from the core customer care services of our CMS segment.

To improve our competitive position in a rapidly changing market and stay strategically relevant to our clients, we continue to invest in innovation and growth businesses, diversifying and strengthening our core customer care services with consulting, data analytics and insights technologies, and technology-enabled, outcomes-focused services.

We also invest in businesses that enable us to expand our geographic footprint, broaden our product and service capabilities, increase our global client base and industry expertise, and further scale our end-to-end integrated solutions platform. In 2017, we acquired Motif, Inc., a digital trust and safety services company based in India and the Philippines, and Connextions, Inc., a U.S.-based health services company focused on improving the customer relationships for healthcare plan providers and pharmacy benefits managers.

While we have customer relationship experience in almost every industry, we have developed tailored expertise in the automotive, communications, healthcare, financial services, government, logistics, media and entertainment, retail, technology, travel and transportation industries. We target customer-focused industry leaders in the Global 1000 and serve approximately 300 clients globally.

Our strong balance sheet, cash flows from operations and access to debt and capital markets have historically provided us the financial flexibility to effectively fund our organic growth, capital expenditures, strategic acquisitions, incremental investments, and capital distributions.

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We continue to return capital to our shareholders via an ongoing stock repurchase program and semi-annual dividends. As of December 31, 2017, our cumulative authorized share repurchase allowance was $762.3 million, of which we have repurchased 46.1 million shares for $735.8 million. Our remaining repurchase allowance is $26.6 million which may be increased at the discretion of our Board of Directors. For the period from January 1, 2018 through February 28, 2018, we did not purchase any additional shares. Our stock repurchase program does not have an expiration date.

Given our cash flow generation and balance sheet strength, we believe cash dividends and early returns to shareholders through share repurchases, in balance with our investments in innovation and strategic acquisitions, align shareholder interests with the needs of the Company. On February 24, 2015, our Board of Directors adopted a dividend policy, with the intent to distribute a periodic cash dividend to stockholders of our common stock, after consideration of, among other things, TTEC's performance, cash flows from operations, capital needs and liquidity factors. The initial dividend of $0.18 per common share was paid on March 16, 2015 to shareholders of record as of March 6, 2015. Thereafter, the Company has been paying a semi-annual dividend in October and April of each year in amounts ranging between $0.18 and $0.25 per common share. Effective February 28, 2018, the Company's Board of Directors authorized an additional semi-annual dividend of $0.27 per common share, payable on April 12, 2018 to shareholders of record as of March 30, 2018.

Our Market Opportunity

Our end-to-end customer experience approach is designed to drive retention, affinity, growth, and customer protection, all with savings for our clients. Our transition from multichannel to true omnichannel service requires agility and speed and TTEC's integrated approach is growing in strategic relevance because of the following trends:

- Increasing focus on customer engagement to sustain competitive advantage. — The ability to sustain a competitive advantage based on price or product differentiation has significantly narrowed given the speed of technological innovation. As our clients' customers become more connected and widely broadcast their experiences across a variety of social networking channels, the quality of the experience has a profound impact on brand loyalty and business performance. We believe customers are increasingly shaping their attitudes, behaviors and willingness to recommend or stay with a brand on the totality of their experience, including not only the superiority of the product or service but more importantly on the quality of their ongoing service interactions. Given the strong correlation between high customer satisfaction and improved profitability, we believe more companies are increasingly focused on selecting third-party partners, such as TTEC, that can deliver integrated insights-driven strategy, service and technology solutions that increase the lifetime value of each customer relationship versus merely reducing costs.
- Increasing percentage of companies consolidating their customer engagement requirements with a few select partners who can deliver measurable business outcomes by offering an integrated, technology-rich solution. — The proliferation of mobile communication technologies and devices along with customers' increased access to information and heightened expectations are driving the need for companies to implement enabling technologies that ensure customers have the best experience across all devices and channels. These two-way interactions need to be received or delivered seamlessly via the customer channel of choice and include voice, email, chat, SMS text, intelligent self serve, virtual agents and the social network. We believe companies will continue to consolidate to third-party partners, like TTEC, who have demonstrated expertise in increasing brand value by delivering a holistic, integrated customer-centric solution that spans the customer experience from strategy through execution versus the time, expense and often failed returns resulting from linking together a series of point solutions from different providers.

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- Focus on speed-to-market by companies launching new products or entering new geographic locations. — As companies broaden their product offerings and enter new markets, they are looking for partners that can provide speed-to-market while reducing their capital and operating risk. To achieve these benefits, companies select us because of our extensive operating track record, established global footprint, financial strength, commitment to innovation, and our ability to quickly scale infrastructure and complex business processes around the globe in a short period of time while assuring a high-quality experience for their customers.

Our Strategy

We aim to grow our revenue and profitability by focusing on our core customer engagement operational capabilities linking them to higher margin, insights and technology-enabled platforms and managed services to drive a superior customer experience for our clients' customers. To that end we plan to continue:

- Building deeper, more strategic relationships with existing global clients to drive enduring, transformational change within their organizations;
- Pursuing new clients who lead their respective industries and who are committed to customer engagement as a differentiator;
- Investing in our sales leadership team at both the segment level to improve collaboration and speed-to-market and consultative sales level to deliver more integrated, strategic, and transformational solutions;
- Executing strategic acquisitions that further complement and expand our integrated solutions;
- Investing in technology-enabled platforms and innovating through technology advancements, broader and globally protected intellectual property, and process optimization, and
- Working within our technology partner ecosystem to deliver best in class solutions with expanding intellectual property through value-add applications, integrations, services and solutions.

Our Integrated Service Offerings, Centers of Excellence and Business Segments

We have two centers of excellence that encompass our four operating and reportable segments.

TTEC Digital houses our professional services and technology platforms. These solutions are critical to enabling and accelerating digital transformation for our clients.

Customer Strategy Services Segment

Through our strategy and operations, analytics, and learning and performance consulting expertise, we help our clients design, build and execute their customer engagement strategies. We help our clients to better understand and predict their customers' behaviors and preferences along with their current and future economic value. Using proprietary analytic models, we provide the insight clients need to build the business case for customer centricity and to better optimize their investments in customer experience. This insight-based strategy creates a roadmap for transformation. We build customer journey maps to inform service design across automated, human and hybrid interaction and increasingly are developing and implementing strategies around Interactive Virtual Assistants (chat bots). A key component of this segment involves instilling a high-performance culture through management and leadership alignment and process optimization.

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Customer Technology Services Segment

In connection with the design of the customer engagement strategy, our ability to architect, deploy and host or manage the client's customer experience environments becomes a key enabler to achieving and sustaining the client's customer engagement vision. Given the proliferation of mobile communication technologies and devices, we enable our clients' operations to interact with their customers across the growing array of channels including email, social networks, mobile, web, SMS text, voice and chat. We design, implement and manage cloud, on-premise or hybrid customer experience environments to deliver a consistent and superior experience across all touch points on a global scale that we believe result in higher quality, lower costs and reduced risk for our clients. Through our Humanify™ Technology platforms, we also provide data-driven context aware software-as-a-service ("SaaS") based solutions that link customers seamlessly and directly to appropriate resources, any time and across any channel.

TTEC Engage houses our end-to-end managed services operations for customer care, growth and trust and safety services.

Customer Management Services Segment

We design and manage clients' front-to-back office processes to deliver just-in-time, personalized, protected, multi-channel interactions. Our front-office solutions seamlessly integrate voice, chat, email, e-commerce and social media to optimize the customer experience for our clients. In addition, we manage certain client back-office processes to enhance their customer-centric view of relationships and maximize operating efficiencies. We also perform fraud prevention and content moderation services to protect our clients and their customers from malevolent digital activities. Our delivery of integrated business processes via our onshore, offshore or work-from-home associates reduces operating costs and allows customer needs to be met more quickly and efficiently, resulting in higher satisfaction, brand loyalty and a stronger competitive position for our clients.

Customer Growth Services Segment

We offer integrated sales and marketing solutions to help our clients boost revenue in new, fragmented or underpenetrated business-to-consumer or business-to-business markets. We deliver or manage approximately $4 billion in client revenue annually via the discovery, acquisition, growth and retention of customers through a combination of our highly trained, client-dedicated sales professionals and proprietary analytics platform. This platform continuously aggregates individual customer information across all channels into one holistic view so as to ensure more relevant and personalized communications.

Based on our clients' requirements, we provide our services on an integrated cross-business segment and on a discrete basis.

Additional information with respect to our segments and geographic footprint is included in Part II, Item 8. Financial Statements and Supplementary Data, Note 3 to the Consolidated Financial Statements.

Our Competitive Strengths

We believe that our differentiation lies in our integrated unified offering and our holistic approach to customer experience and engagement as an end-to-end provider of customer engagement services, technologies, insights and innovations. Humanify Customer Engagement as a Service includes customer strategy, technology services, customer management, growth and protections services. We also believe that our insight-driven technological solutions, innovative human capital strategies and globally scaled and deployed best practices in operational excellence are key elements to our continued industry leadership.

As the complexity and pace of technological change required to deliver our omnichannel customer engagement increases, the successful execution of our principal corporate strategies depends on our competitive strengths, which are briefly described below:

- Our industry reputation and leadership position reflecting more than three decades of delivering integrated customer engagement solutions to our clients;
- Omnichannel, multi-modal solutions that meet the rapidly changing profile of the customer and their heightened expectations;

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- Scalable technology and human capital infrastructure using globally deployed best practices to ensure a consistent, high-quality service;
- Tailored and optimized customer care delivery through the use of proprietary workforce hiring, award-winning training and development programs, and performance optimization methodology and tools; and
- Commitment to continued investment and innovation that enhances the strategic capabilities of our clients.

Technological Excellence

Our Humanify Technology Platforms are based on secure, private, 100% internet protocol based infrastructure. This architecture enables us to centralize and standardize our worldwide delivery capabilities resulting in improved scalability and quality of delivery for our clients, as well as lower capital, and lower information technology (“IT”) operating costs.

The foundation of this platform is our nine data centers located on five continents. Our data centers provide a fully integrated suite of voice and data routing, workforce management, quality monitoring, business analytic and storage capabilities, enabling seamless operations from any location around the globe. This hub and spoke model enables us to provide our services at competitive cost while increasing scalability, reliability, asset utilization and the diversity of our service offerings. It also provides an effective redundancy for timely responses to system interruptions and outages due to natural disasters and other conditions outside our control. We monitor and manage our data centers 24 x 7, 365 days per year from several strategically located global command centers to ensure the availability of our redundant, fail-over capabilities for each data center.

Importantly, this platform has become the foundation for new, innovative offerings including TTEC’s cloud-based offerings, Humanify @Home for remote omnichannel agents, and our suite of human capital solutions.

Further, our Humanify Technology Platforms leverage reference architectures for multiple scenarios whether we are operating the platforms and the services, implementing customized platforms for clients, or providing advanced managed services, continuous and automated development environments.

Innovative Human Capital Strategies

Our globally located, highly trained employees are a crucial component of the success of our business. We have made significant investments in proprietary technologies, management tools, methodologies and training processes in the areas of talent acquisition, learning services, knowledge management, workforce collaboration and performance optimization. These capabilities are the culmination of more than three decades of experience in managing large, global workforces combined with the latest technology, innovation and strategy in the field of human capital management. This capability has enabled us to deliver a consistent, scalable and flexible workforce that is highly engaged in achieving or exceeding our clients’ business objectives.

Globally Deployed Best Operating Practices

Globally deployed best operating practices assure that we deliver a consistent, scalable, high-quality experience to our clients’ customers from any of our 97 customer engagement centers and work from home associates around the world. Standardized processes include our approach to attracting, screening, hiring, training, scheduling, evaluating, coaching and maximizing associate performance to meet our clients’ needs. We provide real-time reporting and analytics on performance across the globe to ensure consistency of delivery. This information provides valuable insight into what is driving customer inquiries, enabling us to proactively recommend process changes to our clients to optimize their customers’ experience.

Our global operating model includes customer engagement centers in 17 countries on six continents that operate 24 hours a day, 365 days a year. New customer engagement centers are established and existing centers are expanded or scaled down to accommodate anticipated business demands or specific client needs. We have significant capacity in the Philippines, India, Mexico and Brazil to support customer demand and deliver superior cost efficiencies. We continue to explore opportunities in North America, Central Europe and Africa to diversify our client footprint enabling near-shore and off-shore locations that enable our multi-lingual service offerings and provide superior client economics.

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Of the 17 countries from which we provide customer management solutions, 10 provide some services for onshore clients including the U.S., Australia, Brazil, Canada, China, Germany, Ireland, South Africa, Thailand, and the United Kingdom. The total number of workstations in these countries is 19,900, or 45% of our total delivery capacity. The other seven countries provide services, partially or entirely, for offshore clients including Bulgaria, Costa Rica, India, Macedonia, Mexico, Poland, and the Philippines. The total number of workstations in these countries is 24,500 or 55% of our total delivery capacity.

See Item 1A. Risk Factors for a description of the risks associated with our foreign operations.

Clients

We develop long-term relationships with Global 1000 companies in customer intensive industries, whose business complexities and customer focus requires a partner that can quickly and globally scale integrated technology and data-enabled services.

In 2017, our top five and ten clients represented 35% and 49% of total revenue, respectively; and one of our clients, Telstra Corporation Limited, represented 9.0% of our total annual revenue. In several of our operating segments, we enter into long-term relationships which provide us with a more predictable revenue stream. Although most of our contracts can be terminated for convenience by either party, our relationships with our top five clients have ranged from 10 to 21 years including multiple contract renewals for several of these clients. In 2017, we had a 95% client retention rate for the combined Customer Management Services and Customer Growth Services segments.

Certain of our communications clients provide us with telecommunication services through arm’s length negotiated transactions. These clients currently represent approximately 13% of our total annual revenue. Expenditures under these supplier contracts represent less than one percent of our total operating costs.

Competition

We are a global customer experience company that designs, builds and operates omnichannel customer experiences on our clients’ behalf. Our competitors vary by geography and business segment, and range from large multinational corporations to smaller, narrowly-focused enterprises. Across our lines of business, the principal competitive factors include: client relationships, technology and process innovation, integrated solutions, operational performance and efficiencies, pricing, brand recognition and financial strength.

Our strategy in maintaining market leadership is to prudently invest, innovate and provide integrated value-driven services, all centered around customer engagement management. Today, we are executing on a more expansive, holistic strategy by transforming our business into higher-value offerings through organic investments and strategic acquisitions. As we execute, we are differentiating ourselves in the marketplace and entering new markets that introduce us to an expanded competitive landscape.

In our Customer Management Services business, we primarily compete with in-house customer management operations as well as other companies that provide customer care including: Alorica, Convergys, Sykes, and Teleperformance, among others. As we expand our offerings into customer engagement consulting, technology, and growth, we are competing with smaller specialized companies and divisions of multinational companies, including Bain & Company, McKinsey & Company, Accenture, IBM, AT&T, Interactive Intelligence, LiveOps, inContact, Five9, WPP, Publicis Groupe, Dentsu, Sitel, and others.

Employees

Our people are our most valuable asset. As of December 31, 2017, we had 56,000 employees in 24 countries on six continents. Although a percentage of our Customer Management Services segment employees are hired seasonally to address the fourth quarter and first quarter higher business volumes in retail, healthcare and other seasonal industries, most remain employed throughout the year and work at 97 locations and through our @home environment. Approximately 65% of our employees are located outside of the U.S. Approximately 10% of our employees are covered by collective bargaining agreements, most of which are mandated under national labor laws outside of the United States. These agreements are subject to periodic renegotiations and we anticipate that they will be renewed in the ordinary course of business without material impact to our business or in a manner materially different from other companies covered by such industry-wide agreements.

Research, Innovation, Intellectual Property and Proprietary Technology

We recognize the value of innovation in our business and are committed to developing leading-edge technologies and proprietary solutions. Research and innovation have been a major factor in our success and we believe that they will continue to contribute to our growth in the future. We use our investment in research and development to create, commercialize and deploy innovative business strategies and high-value technology solutions.

We deliver value to our clients through, and our success in part depends on, certain proprietary technologies and methodologies. We leverage U.S. and foreign patent, trade secret, copyright and trademark laws as well as confidentiality, proprietary information non-disclosure agreements, and key staff non-competition agreements to protect our proprietary technology.

As of December 31, 2017 we had 41 patent applications pending in 8 jurisdictions; and own 116 U.S. and non-U.S. patents that we leverage in our operations and as market place differentiation for our service offerings. Our trade name, logos and names of our proprietary solution offerings are protected by their historic use and by trademarks and service marks registered in 27 countries.

ITEM 1A. RISK FACTORS

In addition to the other information presented in this Annual Report on Form 10-K, you should carefully consider the risks and uncertainties discussed in this section when evaluating our business. If any of these risks or uncertainties actually occur, our business, financial condition, and results of operations (including revenue, profitability and cash flows) could be materially adversely affected and the market price of our stock may decline.

Our markets are highly competitive and we might not be able to compete effectively

The markets where we offer our services are highly competitive. Our future performance is largely dependent on our ability to compete successfully in markets we currently serve, while expanding into new, profitable markets. We compete with large multinational service providers; offshore service providers from lower-cost jurisdictions that offer similar services, often at highly competitive prices and more aggressive contract terms; niche solution providers that compete with us in specific geographic markets, industry segments or service areas; companies that rely on new disruptive technologies or delivery models, including artificial intelligence powered solutions; and in-house functions of large companies that use their own resources, rather than outsourcing customer care and customer experience services we provide. Some of our competitors have greater financial or marketing resources than we do and, therefore, may be better able to compete.

Further, the continuing trend of consolidation in the technology sector and among business process outsourcing competitors in various geographies where we have operations may result in new competitors with greater scale, a broader footprint, better technologies, and price efficiencies attractive to our clients. If we are unable to compete successfully and provide our clients with superior service and solutions at competitive prices, we could lose market share and clients to competitors, which would materially adversely affect our business, financial condition, and results of operations.

If we are unsuccessful in implementing our business strategy, our long-term financial prospects could be adversely affected

Our growth strategy is based on continuous diversification of our business beyond contact center customer care outsourcing to an integrated customer experience platform that unites innovative and disruptive technologies, strategic consulting, data analytics, client growth solutions, and customer experience focused system design and integration. These investments in technologies and integrated solution development, however, may not lead to increased revenue and profitability as we may not be successful in deploying our new products and services. If we are not successful in creating value from these investments, the investments could have a negative impact on our operating results and financial condition.

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Cyber-attacks, cyber-fraud, and unauthorized information disclosure could harm our reputation, cause liability, result in service outages and losses, any of which could adversely affect our business and results of operations

Our business involves the use, storage, and transmission of information about our clients, customers of our clients, and our employees. While we take reasonable measures to protect the security of and unauthorized access to our systems and the privacy of personal and proprietary information that we access and store, our security controls over our systems may not prevent the improper access to or disclosure of this information. Such unauthorized access or disclosure could subject us to liability under relevant law and our contracts and could harm our reputation resulting in loss of revenue and loss of business opportunities.

In recent years, there have been an increasing number of high profile security breaches at companies and government agencies, and security experts have warned about the growing risks of hackers and cyber criminals launching a broad range of attacks targeting information technology systems. Our business is dependent on information technology systems. Information security breaches, computer viruses, interruption or loss of business data, DDoS (distributed denial of service) attacks, and other cyber-attacks on any of these systems could disrupt the normal operations of our contact centers, our cloud platform offerings, and our enterprise services, impeding our ability to provide critical services to our clients.

We are experiencing an increase in frequency of cyber-fraud attempts, such as so-called “social engineering” attacks and phishing scams, which typically seek unauthorized money transfers or information disclosure. We actively train our employees to recognize these attacks and have implemented proactive risk mitigation measures to curb them. There are no assurances, however, that these attacks, which are also growing in sophistication, may deceive our employees, resulting in a material loss.

While we have taken reasonable measures to protect our systems and processes from intrusion and cyber-fraud, we cannot be certain that advances in cyber-criminal capabilities, discovery of new system vulnerabilities, and attempts to exploit such vulnerabilities will not compromise or breach the technology protecting our systems and the information that we manage and control, which could result in damage to our systems, our reputation and our profitability.

Our need for consistent improvements in cybersecurity may force us to expend significant additional resources to respond to system disruptions and security breaches, including additional investments in repairing systems damaged by such attacks, reconfiguring and rerouting systems to reduce vulnerabilities, and resolution of legal claims that may arise from data breaches. A significant cyber security breach could materially harm our business, financial condition, and operating results.

The recently enacted General Data Protection Regulation (“GDPR”) in Europe goes into effect in the second quarter of 2018. We are currently working to develop our compliance solutions for GDPR and, once fully implemented these solutions may impose significant incremental costs on our operations in Europe, thus impacting our results of operations.

Our results of operations and ability to grow could be materially adversely affected if we cannot adapt our service offerings to changes in technology

Our success depends on our ability to develop and implement technology, consulting and outsourcing services and solutions that anticipate and respond to rapid and continuous changes in technology. Areas of significant change include artificial intelligence, digital offerings, voice recognition and self-help software solutions, automation, chatbots, and ‘as-a-service’ cloud solutions. Our growth and profitability will depend on our ability to develop and adopt new disruptive technologies that expand our existing offerings to leverage new technological trends and cost efficiencies in our operations.

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We may not be successful in anticipating or responding to new technology developments and our integration of these technologies may not achieve their intended service enhancements or cost reductions. Services and technologies offered by our competitors may make our service offerings obsolete and may reduce or replace some of our offerings. As technology continues to evolve, more tasks currently performed by our agents may be replaced by automation, robotics, artificial intelligence, chatbots and other technological advances, which pose risks our lower-skill, tier one, customer care offerings. These technology innovations could potentially reduce our business volumes and related revenues, unless we are successful in adoption and deployment of technological alternatives that replace our tier one service offerings. Our failure to innovate, maintain technological advantage, or respond effectively and timely to transformational changes in technology could have a material adverse effect on our business, financial condition, and results of operations.

If we are unable to attract and retain talented and experienced executives for key positions in our business, our business and our strategy execution can be adversely impacted

Our business success depends on contributions of senior management and key personnel. Our ability to attract, motivate and retain key senior management staff is conditioned on our ability to pay adequate compensation and incentives. We compete for top senior management candidates with other, often larger, companies that at times have access to greater resources. Our ability to attract qualified individuals for our senior management team is also impacted by our requirement that members of senior management sign non-compete agreements as a condition to joining TTEC. If we are not able to attract and retain talented and experienced executives, we would be unable to compete effectively and our growth may be limited, which could have a material adverse effect on our business, results of operations, and prospects.

A large portion of our revenue is generated from a limited number of clients and the loss of one or more of our clients could adversely affect our business

We rely on strategic, long-term relationships with large, global companies in targeted industries. As a result, we derive a substantial portion of our revenue from relatively few clients. Our five and ten largest clients collectively represented 35% and 49% of our revenue in 2017 while the largest client represented 9.0% of our revenue in 2017.

Although we have multiple engagements with all of our largest clients and all contracts are unlikely to terminate at the same time, the contracts with our five largest clients expire between 2018 and 2023 and there can be no assurance that these contracts will continue to be renewed at all or be renewed on favorable terms. The loss of all or part of a major client’s business could have a material adverse effect on our business, financial condition, and results of operations, if the loss of revenue was not replaced with profitable business from other clients.

We serve clients in industries that have historically experienced a significant level of consolidation. If one of our clients is acquired (including by another of our clients) our business volume and revenue may materially decrease due to the termination or phase out of an existing client contract, volume discounts or other contract concessions which could have an adverse effect on our business, financial condition, and results of operations.

Our delivery model involves geographic concentration exposing us to significant operational risks

Our business model is dependent on our service customer engagement centers and enterprise support functions being located in low cost jurisdictions around the globe. We have on the ground presence in 24 countries, but our customer care and experience management delivery capacity and our back office functions are concentrated in the Philippines, Mexico, India, and Bulgaria and our technology solutions customer engagement centers are concentrated in a few locations in the United States. Natural disasters (floods, winds, and earthquakes), terrorist attacks, pandemics, large-scale utilities outages, telecommunication and transportation disruptions, labor or political unrest, and restriction on repatriation of funds at some of these locations may interrupt or limit our ability to operate or may increase our costs. Our business continuity and disaster recovery plans, while extensive, may not be effective, particularly if catastrophic events occur.

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Our dependence on our customer engagement centers and enterprise services support functions in the Philippines, which is subject to frequent severe weather, natural disasters, and occasional security threats, represents a particular risk. For these and other reasons, our geographic concentration could result in a material adverse effect on our business, financial condition and results of operations. Although we procure business interruption insurance to cover some of these exposures, adequate insurance may not be available on an ongoing basis for a reasonable price.

Our growth of operations could strain our resources and cause our business to suffer

We plan to continue growing our business organically through expansion, sales efforts, and strategic acquisitions, while maintaining tight controls on our expenses and overhead. Lean overhead functions combined with focused growth may place a strain on our management systems, infrastructure and resources, resulting in internal control failures, missed opportunities, and staff attrition which could impact our business and results of operations.

Our profitability could suffer if our cost-management strategies are unsuccessful

Our ability to improve or maintain our profitability is dependent on our ability to engage in continuous management of our costs. Our cost management strategies include optimizing the alignment between the demand for our services and our resource capacity, including contact center utilization; the costs of service delivery; the cost of sales and general and administrative costs as a percentage of revenues, and the use of process automation for standard operating tasks. If we are not effective in managing our operating and administrative costs in response to changes in demand and pricing for our services, or if we are unable to absorb or pass on to our clients the increases in our costs of operations, our results of operations could be materially adversely affected.

Our financial results depend on our capacity utilization and our ability to forecast demand and make timely decisions about staffing levels, investments, and operating expenses

Our ability to meet our strategic growth and profitability objectives depends on how effectively we manage our contact center capacity against the fluctuating and seasonal client demands. Predicting customer demand and making timely staffing level decisions, investments, and other operating expenditure commitments in each of our delivery center locations is key to our successful execution and profitability maximization. We can provide no assurance that we will continue to be able to achieve or maintain desired delivery center capacity utilization, because quarterly variations in client volumes, many of which are outside our control, can have a material adverse effect on our utilization rates. If our utilization rates are below expectations, because of our high fixed costs of operation, our financial conditions and results of operations could be adversely affected.

If we cannot recruit, hire, train, and retain qualified employees to respond to client demands, our business will be adversely affected

Our business is labor intensive and our ability to recruit and train employees with the right skills, at the right price point, and in the time frame required by our client commitments is critical to achieving our growth objective. Demand for qualified personnel with multiple language capabilities and fluency in English may exceed supply. Employees with specific backgrounds and skills may also be required to keep pace with evolving technologies and client demands. While we invest in employee retention, we continue to experience high employee turnover and are continuously recruiting and training replacement staff. Some of our facilities are located in geographies with low unemployment, which makes it costly to hire personnel, and in several jurisdictions, jurisdiction-specific wage regulations are changing rapidly making it difficult to recruit new employees at price points acceptable for our business model. Our inability to attract and retain qualified personnel at costs acceptable under our contracts, our costs associated with attracting, training, and retaining employees, and the challenge of managing the continuously changing and seasonal client demands could have a material adverse effect on our business, financial condition, and results of operations.

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Uncertainty related to cost of labor across various jurisdictions in the United States could adversely affect our results of operating

As a labor intensive business, we sign multi-year client contracts that are priced based on prevailing labor costs in jurisdictions where we deliver services. Yet, our business is confronted with a patchwork of ever changing minimum wage, mandatory time off, and rest and meal break laws at the state and local levels. As these jurisdiction-specific laws change with little notice or grace period for transition, we often have no opportunity to adjust and change how we do business and pass cost increases to our clients. The frequent changes in the law and inconsistencies in laws across different jurisdictions in the United States, may result in higher costs, lower contract profitability, higher turnover, and reduced operational efficiencies, which could in the aggregate have material adverse impact on our results of operations.

Turnover in senior sales staff and the length of time required for newly-hired sales staff to become productive could adversely impact our growth and our results of operations

It can take several months before newly-hired sales staff are productive in selling our service offerings, technology and consulting solutions to prospective clients. The long ramp period impacts the speed at which they can be effective in contributing to our growth. The cost of sales staff recruiting and their base compensation, therefore, cannot be immediately offset by the revenue such staff produce. Further, given the length of the ramp period, sometimes we cannot determine if new sales representatives would succeed until they have been employed for a period of time. If we cannot reliably limit turnover in our sales staff and speed up development of newly-hired sales staff to a productive level, or if we lose productive sales representatives in whom we have heavily invested, our future growth rates and revenue will suffer.

Our sales cycles for new client relationships and new lines of business with existing clients can be long, which results in a long lead time before we receive certain revenues

We often face a long selling cycle to secure contracts with new clients or contracts for new lines of business with existing clients. When we are successful in securing a new engagement, it is generally followed by a long implementation period when clients must give notice to incumbent service providers or transfer in-house operations to us. There may also be a long ramp up period before we commence our services, and for certain contracts we receive no revenue until we start performing the work. If we are not successful in obtaining contractual commitments after the initial prolonged sales cycle or in maintaining the contractual relationship for a period of time necessary to offset new project investment costs and appropriate return on that investment, the investments may have a material adverse effect on our results of operations.

Contract terms typical in our industry can lead to volatility in our revenue and our margins

Many of our contracts have termination for convenience clauses, which could have a material adverse effect on our results of operation. Although many of our contracts can be terminated for convenience, our relationships with our top five clients have ranged from 10 to 21 years with the majority of these clients having completed multiple contract renewals with us. Yet, our contracts do not guarantee a minimum revenue level or profitability, and clients may terminate them or materially reduce customer interaction volumes, which would reduce our earning potential. This could have a material adverse effect on our results of operations and makes it harder to make projections.

Many of our contracts utilize performance pricing that link some of our fees to the attainment of performance criteria, which could increase the variability of our revenue and operating margin. These performance criteria can be complex, and at times they are not entirely within our control. If we fail to satisfy our contract performance metrics, our revenue under the contracts and our operating margin are reduced.

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We may not always offset increased costs with increased fees under long-term contracts. The pricing and other terms of our client contracts, particularly our long-term contact center agreements, are based on estimates and assumptions we make at the time we enter into these contracts. These estimates reflect our best judgments regarding the nature of the engagement and our expected costs to provide the contracted services and could differ from actual results. Not all our larger long-term contracts allow for escalation of fees as our cost of operations increase and those that allow for such escalations do not always allow increases at rates comparable to increases that we experience due to rising minimum wage costs and related payroll cost increases. If we cannot negotiate long-term contract terms that provide for fee adjustments to reflect increases in our cost of service delivery, our business, financial conditions, and results of operation would be materially impacted.

Our contracts seldom address the impacts of currency fluctuation on our costs of delivery. As we continue to leverage our global delivery model, more of our expenses may be incurred in currencies other than those in which we bill for services. An increase in the value of certain currencies, such as U.S. or Australian dollar against the Philippine peso and India rupee, could increase costs for our delivery at offshore sites by increasing our labor and other costs that are denominated in local currencies. Our contractual provisions, cost management efforts, and currency hedging activities may not be able to offset the currency fluctuation impact, resulting in the decrease of the profitability of our contracts.

Our pricing depends on effectiveness of our forecasting of the level of effort. Pricing for our services in our technology and strategic consulting businesses is highly contingent on our ability to accurately forecast the level of effort and cost necessary to deliver our services, which is data dependent and could turn out to be materially inaccurate. The inaccurate level of effort in project estimates could yield lower profit margins or cause projects to become unprofitable, resulting in adverse impacts on our results of operations.

The new U.S. tax reform legislation and uncertainties of related interpretations may adversely affect our results of operations

The United States recently enacted comprehensive tax reform legislation known as the Tax Cuts and Jobs Act (the "2017 Tax Act") that, among other things, reduces the U.S. federal corporate income tax rate from 35% to 21% and implements a territorial tax system, but imposes an alternative “base erosion and anti-abuse tax” (“BEAT”), an incremental tax on global intangible low taxed foreign income (“GILTI”) as well as a one-time mandatory repatriation tax on accumulated foreign earnings on domestic corporations. The comprehensive impact of the BEAT and GILTI on TTEC is not yet clear and will depend on future tax regulatory guidance and actions the Company may take, as a result of the 2017 Tax Act.

There are a number of uncertainties and ambiguities as to the interpretation and application of many of the provisions in the 2017 Tax Act, such as for example, the impact of the BEAT on the deductibility of payments we routinely make to our foreign affiliates for cost of services delivered outside of the United States and sold to clients based in the United States. In the absence of guidance on these issues, we will use what we believe to be reasonable interpretations and assumptions in applying the provisions of the 2017 Tax Act for purposes of determining our income tax liability and results of operations. Future guidance on the interpretations of the 2017 Tax Act that will be provided by the U.S. Department of Treasury or audit positions that may be taken by the Internal Revenue Service that differ from the interpretations and assumptions that we will reasonably make could have a material adverse effect on our overall effective tax rate, results of operations and financial condition.

Uncertainty of tax regulations in countries where we do business may affect our costs of operation

We operate in multiple countries through legal entity structures that optimize our operations and tax positions globally. We make our business decisions regarding entity capitalization and repatriation of capital based on the needs of the business and costs and tax impacts of such decisions. Corporate tax reform, base-erosion efforts and tax transparency continue to be high priorities in many tax jurisdictions where we have business operations. As a result, policies regarding corporate income and other taxes in numerous jurisdictions are under heightened scrutiny. Changes in the tax regulations in the countries where we currently operate could lead to higher taxation levels, higher costs of doing business, and labor uncertainties when employees' take-home pay is impacted by unexpected tax changes.

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We face special risks associated with our business outside of the United States

An important component of our business strategy is service delivery outside of the United States and our continuing international expansion. In 2017 we derived approximately 44% of our revenue from operations outside of the United States. Conducting business abroad is subject to a variety of risks, including:

- currency exchange rate fluctuations, restrictions on currency movement, and impact of international tax laws could adversely affect our results of operations, if we are forced to maintain assets in currencies other than the U.S. dollars, while our financial results are reported in U.S. dollars;
- longer payment cycles and/or difficulties in accounts receivable collections particular to operations outside of the United States could impact our cash flows and results of operations;
- political and economic instability and unexpected changes in regulatory regimes could adversely affect our ability to deliver services overseas and our ability to repatriate cash;
- inconsistent regulations, licensing and legal requirements may increase our cost of operations as we endeavor to comply with multiple, complex laws that differ from one country to another;
- terrorist attacks and civil unrests in some of the regions where we do business (e.g. tension in the Middle East, Latin America, and the Philippines, and terror attacks in Europe), and the resulting need for enhanced security measures may impact our ability to deliver services, threaten the safety of our employees, and increase our costs of operations; and
- special challenges in managing risks inherent in international operations, such as unique and prescriptive labor rules, corrupt business environments, restrictive immigration and export control laws may cause an inadvertent violation of laws that we may not be able to immediately detect or correct.

While we monitor and endeavor to mitigate timely the relevant regulatory, geopolitical, and other risks related to our operations outside of the United States, we cannot assess with certainty what impact such risks are likely to have over time on our business, and we can provide no assurance that we will always be able to mitigate these risks successfully and avoid material impact to our business and results of operations.

Our profitability may be adversely affected if we are unable to expand and maintain our contact centers in countries with stable wage rates and find new “near shore” locations required by our clients.

Our business is labor-intensive and therefore cost of wages, benefits and related taxes constitute a large component of our operating expenses. As a result, expansion of our business is dependent upon our ability to maintain and expand our operations in cost-effective locations, in and outside of the United States. Most of our contact centers are located in jurisdictions subject to minimum wage regulations, which may result in increased wages in the future, thus impacting our profitability.

Our clients often dictate where they wish for us to locate the contact centers that serve their customers and ‘near shore’ jurisdictions located in close proximity to the United States have grown in popularity recently. There is no assurance that we will be able to find and secure locations suitable for contact center operations in ‘near shore’ jurisdictions which meet our cost-effectiveness and security standards. Our inability to expand our operations to such ‘near shore’ locations, however, may impact our ability to secure new and additional business from clients, and may impact our growth and results of operations.

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Restrictions on mobility of people across borders may affect our ability to compete for and provide services to clients

Our business depends on the ability of some of our employees to obtain the necessary visas and entry permits to do business in the countries where our clients and contact centers are located. In recent years, in response to terrorist attacks and global unrest, immigration authorities generally, and those in the United States in particular, have increased the level of scrutiny in granting such visas, and even imposed bans on immigration and commercial travel for citizens of certain countries. If further terrorist attacks occur or global unrest intensifies, we anticipate that these restrictions will further increase. Immigration and business entry rules outside of the United States may also require us to meet certain additional legal requirements as a condition to obtaining or maintaining visas. Furthermore, immigration laws in most countries where we do business are subject to legislative change and varying standards of application and enforcement due to political forces, economic conditions or other events unrelated to our operations. If we are unable to obtain the necessary visas for our personnel with need to travel to the United States or for our United States based employees who may need to travel to countries with newly restricted access; if the issuance of such visas is delayed or if the length of such visas is shortened, we may not be able to continue to provide services on a timely and cost-effective basis, receive revenues as early as expected or manage our customer engagement centers efficiently. Any of these developments could have a material adverse effect on our business, results of operations and financial condition.

If the transfer pricing arrangements we have among our subsidiaries are determined to be inappropriate, our tax liability may increase

We have transfer pricing arrangements among our subsidiaries in relation to various aspects of our business, including operations, marketing, sales, and delivery functions. U.S., Australian, Philippines and other transfer pricing regulations in other countries where we operate, require that cross-border transactions between affiliates be on arm's-length terms. We carefully consider the pricing among our subsidiaries to assure that they are at arm's-length. If tax authorities were to determine that the transfer prices and terms we have applied are not appropriate, we may incur increased tax liability, including accrued interest and penalties, which would cause material increase in our tax liability, thereby impacting our profitability and cash flows, and potentially resulting in a material adverse effect on our operations, effective tax rate and financial condition.

The recently enacted 2017 Tax Act in the U.S. may impact the transfer pricing arrangements we have with our cross-border affiliates, because of potential impact BEAT (base erosion and anti-abuse tax) may have on such payments. The comprehensive impact of the BEAT on TTEC is not yet clear and will depend on future tax regulatory guidance and actions the Company may take, as a result of the 2017 Tax Act. If the requirements of 2017 Tax Act and requirements of tax regulations in countries where we have subsidiaries do not reconcile, our overall tax liability and penalties resulting from transfer pricing arrangements may impact our profitability, effective tax rate and financial condition.

Our strategy of growing through acquisitions may impact our business in unexpected ways

Our growth strategy involves acquisitions that help us expand our service offerings and diversify our geographic footprint. We continuously evaluate acquisition opportunities, but there are no assurances that we will be able to identify acquisition targets that complement our strategy and are available at valuation levels accretive to our business.

Even if we are successful in acquiring, our acquisitions may subject our business to risks that may impact our results of operation:

- inability to integrate acquired companies effectively and realize anticipated synergies and benefits from the acquisitions;

- diversion of management's attention to the integration of the acquired businesses at the expense of delivering results for the legacy business;
- inability to appropriately scale critical resources to support the business of the expanded enterprise and other unforeseen challenges of operating the acquired business as part of TTEC's operations;

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- inability to retain key employees of the acquired businesses and/or inability of such key employees to be effective as part of TTEC operations;
- impact of liabilities of the acquired businesses undiscovered or underestimated as part of the acquisition due diligence;
- failure to realize anticipated growth opportunities from a combined business, because existing and potential clients may be unwilling to consolidate business with a single supplier or to stay with the acquirer post acquisition;
- impacts of cash on hand and debt incurred to finance acquisitions, thus reducing liquidity for other significant strategic objectives; and
- internal controls, disclosure controls, corruption prevention policies, human resources and other key policies and practices of the acquired companies may be inadequate or ineffective.

We have incurred and may in the future incur impairments to goodwill, long-lived assets or strategic investments

As a result of past acquisitions, as of December 31, 2017, we have approximately $206.7 million of goodwill and $92.1 million of intangible assets included on our Consolidated Balance Sheet. We review our goodwill and intangible assets for impairment at least once annually, and more often when events or changes in circumstances indicate the carrying value may not be recoverable. We perform an assessment of qualitative and quantitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of the goodwill or intangible asset is less than its carrying amount. In the event that the book value of goodwill or intangible asset is impaired, such impairment would be charged to earnings in the period when such impairment is determined. We have recorded goodwill and intangible impairments in the past, and there can be no assurance that we will not incur impairment charges in the future that could have material adverse effects on our financial condition or results of operations.

Our share price could be adversely affected if we are unable to maintain effective internal controls over financial reporting and we are not able to prevent or timely detect errors or fraud

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. As previously disclosed, in prior periods, our management had identified material weaknesses in our internal control over financial reporting and has taken remedial actions that we believe remediate such material weaknesses. Although we improved our control environment in response to the previously identified material weaknesses, there can be no assurances that we will be able to prevent future control deficiencies, including material weaknesses, from occurring.

Any internal and disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Inherent limitations within a control system include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, any controls can be circumvented by individuals acting alone or in collusion with others to override controls. If additional material weaknesses or significant deficiencies in our internal control over financial reporting are discovered or occur in the future, our consolidated financial statements may contain material misstatements. These misstatements could result in restatements of our consolidated financial statements and cause investors to lose confidence in our reported financial information, which could lead to a decline in our stock price.

Intellectual property infringement by us and by others may adversely impact our ability to innovate and compete

Our solutions could infringe intellectual property of others impacting our ability to deploy them with clients. From time to time, we and members of our supply chain receive assertions that our service offerings or technologies infringe on the patents or other intellectual property rights of third parties. While to date we have been successful in defending such claims and many of these claims are without basis, the claims could require us to cease activities, incur expensive licensing costs, or engage in costly litigation, which could adversely affect our business and results of operation.

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Our intellectual property may not always receive favorable treatment from the United States Patent and Trademark Office, the European Patent Office or similar foreign intellectual property adjudication and registration agencies; and our “patent pending” intellectual property may not receive a patent or may be subject to prior art limitations.

The lack of legal system sophistication in certain countries where we do business or lack of commitment to protection of intellectual property rights, may prevent us from being able to defend our intellectual property and related technology against infringement by others, leading to a material adverse effect on our business, results of operations and financial condition.

Increases in the cost of communication and data services or significant interruptions in such services could adversely affect our business

Our business is significantly dependent on telephone, internet and data service provided by various domestic and foreign communication companies. Any disruption of these services could adversely affect our business. We have taken steps to mitigate our exposure to service disruptions by investing in complex and multi-layered redundancies, and we can transition services among our different contact centers around the world. Despite these efforts, there can be no assurance, however, that the redundancies we have in place would be sufficient to maintain operations without disruption.

Our inability to obtain communication and data services at favorable rates could negatively affect our results of operations. Where possible, we have entered into long-term contracts with various providers to mitigate short term rate increases and fluctuations. There is no obligation, however, for the vendors to renew their contracts with us, or to offer the same or lower rates in the future, and such contracts are subject to termination or modification for various reasons outside of our control. A significant increase in the cost of communication services that is not recoverable through an increase in the price of our services could adversely affect our business.

Defects or errors within software could adversely affect our business.

The third-party software and systems that we use to conduct our business and serve our clients is highly complex and may, from time to time, contain design defects, coding errors or other software errors that may be difficult to detect or correct, and which are outside of our control. Although our commercial agreements may contain provisions designed to limit our exposure to potential claims and liabilities, these provisions may not effectively protect us against claims in all cases and in all jurisdictions. As a result, problems with the software and systems that we use may result in damages to our clients for which we are held responsible, or cause damage to our reputation, adversely affecting our business, results of operations, and financial condition.

Our financial results may be adversely impacted by foreign currency exchange rate risk

Many contracts that we service from customer care contact centers based outside of the United States are typically priced, invoiced, and paid in U.S. and Australian dollars or Euros, while the costs incurred to deliver the services and operate contact centers are incurred in the functional currencies of the applicable operating subsidiary. The fluctuations between the currencies of the contract and operating currencies present foreign currency exchange risks. Furthermore, because our financial statements are denominated in U.S. dollars, but approximately 24% of our revenue is derived from contracts denominated in other currencies, our results of operations could be adversely affected if the U.S. dollar strengthens significantly against foreign currencies.

While we hedge against the effect of exchange rate fluctuations, we can provide no assurance that we will be able to continue to successfully manage this foreign currency exchange risk and avoid adverse impacts on our business, financial condition, and results of operations.

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Compliance with laws, including unexpected changes to such laws, could adversely affect our results of operations

Our business is subject to extensive regulation by U.S. and foreign national, state and provincial authorities relating to confidential client and customer data, customer communications, telemarketing practices, and licensed healthcare and financial services activities, among other areas. Costs and complexity of compliance with existing and future regulations could adversely affect our profitability. If we fail to comply with regulations relevant to our business, we could be subject to civil or criminal liability, monetary damages and fines. Private lawsuits and enforcement actions by regulatory agencies may materially increase our costs of operations and impact our ability to serve our clients.

As we provide services to clients' customers residing in countries across the world, we are subject to numerous, and sometimes conflicting, legal regimes on matters as diverse as import/export controls, communication content requirements, trade restrictions and sanctions, tariffs, taxation, data privacy, labor relations, wages and severance, health care requirements, internal and disclosure control obligations, and immigration. Violations of these regulations could impact our reputation and result in financial liability, criminal prosecution, unfavorable publicity, restrictions on our ability to process information and breach of our contractual commitments.

Adverse changes in laws or regulations that impact our business may negatively affect the sale of our services, slow the growth of our operations, or mandate changes to how we deliver our services, including our ability to use offshore resources. These changes could threaten our ability to continue to serve certain markets.

The current trend to outsource customer care may not continue and the prices that clients are willing to pay for the services may diminish, adversely affecting our business

Our growth depends, in large part, on the willingness of our clients and potential clients to outsource customer care and management services to companies like TTEC. There can be no assurance that the customer care outsourcing trend will continue; and our clients and potential clients may elect to perform in-house customer care and management services that they currently outsource. Reduction in demand for our services and increased competition from other providers and in-house service alternatives would create pricing pressures and excess capacity that could have an adverse effect on our business, financial condition, and results of operations.

Legislation discouraging offshoring of service by U.S. companies or making such offshoring difficult could significantly affect our business

A perceived association between offshore service providers and the loss of jobs in the United States has been a focus of political debate in recent years. As a result, current and prospective clients may be reluctant to hire offshore service providers like TTEC to avoid negative perceptions and regulatory scrutiny. If they seek customer care and management capacity onshore that was previously available to them through outsourcers outside of the United States, they may elect to perform these services in-house as a less expensive alternative to outsourcing the services onshore. Possible tax incentives for U.S. businesses to return offshored, including outsourced and offshored, services to the U.S. could also impact our clients' continuing interest in using our services.

Legislation aimed to expand protections for U.S. based customers from having their personal data accessible outside of the United States could also impact offshore outsourcing opportunities by requiring notice and consent as a condition for sharing personal identifiable information with service providers based outside of the United States. Any material changes in current trends among U.S. based clients to use services outsourced and delivered offshore would materially impact our business and results of operations.

Health epidemics could disrupt our business and adversely affect our financial results

Our contact centers typically seat hundreds of employees in one location. Accordingly, an outbreak of a contagious infection in one or more of the markets in which we do business may result in significant worker absenteeism, lower capacity utilization rates, voluntary or mandatory closure of our customer engagement centers, travel restrictions on our employees, and other disruptions to our business. Any prolonged or widespread health epidemic could severely disrupt our business operations and have a material adverse effect on our business, its financial condition and results of operations.

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The volatility of our stock price may result in loss of investment

Our share price has been and may continue to be subject to substantial fluctuation. We believe that market prices of outsourced customer care management services stock in general have experienced volatility and such volatility will affect our stock price. As we continue to diversify our service offerings to include growth, technology and strategic consulting, our stock price volatility may stabilize or it may be further impacted by stock price fluctuations in these new industries. In addition to fluctuations specific to our industry and service offerings, we believe that various other factors such as general economic conditions, changes or volatility in the financial markets, and changing market condition for our clients could impact the valuation of our stock. The quarterly variations in our financial results, acquisition and divestiture announcements by us or our competitors, strategic partnerships and new service offering, our failure to meet our growth objectives or exceed our targets, and securities analysts' perception about our performance could cause the market price of our shares to fluctuate substantially in the future.

Our Chairman and Chief Executive Officer controls a majority of our stock and has control over all matters requiring action by our stockholders

Kenneth D. Tuchman, our Chairman and Chief Executive Officer, directly and beneficially owns approximately 69% of TTEC's common stock. As a result, Mr. Tuchman could and does exercise significant influence and control over our business practices and strategy, including the direction of our business and our dividend policy, and all matters requiring action by our stockholders, including the election of our entire Board of Directors and our capital structure. Further, a change in control of our company or significant capital transactions could not be effected without Mr. Tuchman's approval, even if such a change in control or other capital transactions could benefit our other stockholders.

ITEM 1B. UNRESOLVED STAFF COMMENTS

We have not received written comments regarding our periodic or current reports from the staff of the SEC that were issued 180 days or more preceding the end of our 2017 fiscal year that remain unresolved.

ITEM 2. PROPERTIES

Our corporate headquarters are located in Englewood, Colorado, which consists of approximately 264,000 square feet of owned office space. In addition to our headquarters and the customer engagement centers used by our Customer Management Services and Customer Growth Services segments discussed below, we also maintain sales and consulting offices in several countries around the world which serve our Customer Technology Services and Customer Strategy Services segments.

As of December 31, 2017 we operated 97 customer engagement centers that are classified as follows:

- Multi-Client Center — We lease space for these centers and serve multiple clients in each facility;
- Dedicated Center — We lease space for these centers and dedicate the entire facility to one client; and
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Managed Center — These facilities are leased or owned by our clients and we staff and manage these sites on behalf of our clients in accordance with facility management contracts.

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As of December 31, 2017, our customer engagement centers were located in the following countries:

	Multi-Client Centers	Dedicated Centers	Managed Centers	Total Number of Delivery Centers
Australia	—	4	—	4
Brazil	2	—	—	2
Bulgaria	2	—	—	2
Canada	8	—	1	9
China	—	—	1	1
Costa Rica	—	1	—	1
Germany	—	—	1	1
India	4	—	—	4
Ireland	1	—	—	1
Macedonia	1	—	—	1
Mexico	3	—	—	3
Philippines	18	3	—	21
Poland	—	—	1	1
South Africa	—	—	2	2
Thailand	—	—	1	1
United Kingdom	—	—	2	2
United States of America	25	7	9	41
Total	64	15	18	97

The leases for our customer engagement centers have remaining terms ranging from one to nine years and generally contain renewal options. We believe that our existing customer engagement centers are suitable and adequate for our current operations, and we have plans to build additional centers to accommodate future business.

ITEM 3. LEGAL PROCEEDINGS

From time to time, the Company has been involved in legal actions, both as plaintiff and defendant, which arise in the ordinary course of business. The Company accrues for exposures associated with such legal actions to the extent that losses are deemed both probable and reasonably estimable. To the extent specific reserves have not been made for certain legal proceedings, their ultimate outcome, and consequently, an estimate of possible loss, if any, cannot reasonably be determined at this time.

Based on currently available information and advice received from counsel, the Company believes that the disposition or ultimate resolution of any current legal proceedings, except as otherwise specifically reserved for in its financial statements, will not have a material adverse effect on the Company’s financial position, cash flows or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is traded on the NASDAQ Global Select Market under the symbol "TTEC." The following table sets forth the range of the high and low sales prices per share of the common stock for the quarters indicated as reported on the NASDAQ Global Select Market:

	High	Low
Fourth Quarter 2017	$ 43.35	$ 37.85
Third Quarter 2017	$ 42.15	$ 38.60
Second Quarter 2017	$ 42.60	$ 28.85
First Quarter 2017	$ 31.30	$ 29.10
Fourth Quarter 2016	$ 31.75	$ 25.40
Third Quarter 2016	$ 30.24	$ 26.87
Second Quarter 2016	$ 28.29	$ 25.80
First Quarter 2016	$ 28.71	$ 24.49

As of December 31, 2017, we had approximately 282 holders of record of our common stock and during 2017 we declared and paid a $0.22 per share dividend and a $0.25 per share dividend on our common stock. During 2016 we declared and paid an $0.185 per share dividend and a $0.20 per share dividend on our common stock as discussed below.

On February 24, 2015, our Board of Directors adopted a dividend policy, with the intent to distribute a periodic cash dividend to stockholders of our common stock, after consideration of, among other things, TTEC's performance, cash flows, capital needs and liquidity factors. The initial dividend of $0.18 per common share was paid on March 16, 2015 to shareholders of record as of March 6, 2015. Thereafter, the Company has been paying a semi-annual dividend in October and April of each year in amounts ranging between $0.18 and $0.25 per common share. On February 28, 2018, the Board of Directors authorized a $0.27 dividend per common share, payable on April 12, 2018, to shareholders of record as of March 30, 2018. While it is our intention to continue to pay semi-annual dividends in 2018 and beyond, any decision to pay future cash dividends will be made by our Board of Directors. In addition, our credit facility restricts our ability to pay dividends in the event we are in default or do not satisfy certain covenants.

Stock Repurchase Program

We continue to return capital to our shareholders via an ongoing stock repurchase program (originally authorized by the Board of Directors in 2001). As of December 31, 2017, the cumulative authorized repurchase allowance was $762.3 million, of which we have purchased 46.1 million shares for $735.8 million.

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Issuer Purchases of Equity Securities During the Fourth Quarter of 2017

The following table provides information about our repurchases of equity securities during the quarter ended December 31, 2017:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (In thousands)
September 30, 2017				$ 26,580
October 1, 2017 - October 31, 2017	—	$ —	—	$ 26,580
November 1, 2017 - November 30, 2017	—	$ —	—	$ 26,580
December 1, 2017 - December 31, 2017	—	$ —	—	$ 26,580
Total	—		—	

In 2018, through February 28, 2018, we purchased no additional shares. The stock repurchase program does not have an expiration date and the Board authorizes additional stock repurchases under the program from time to time.

Stock Performance Graph

The graph depicted below compares the performance of TTEC common stock with the performance of the NASDAQ Composite Index; the Russell 2000 Index; and customized peer group over the period beginning on December 31, 2012 and ending on December 31, 2017. We have chosen a “Peer Group” composed of Convergys Corporation (NYSE: CVG), Sykes Enterprises, Incorporated (NASDAQ: SYKE) and Teleperformance (NYSE Euronext: RCF). We believe that the companies in the Peer Group are relevant to our current business model, market capitalization and position in the overall BPO industry.

The graph assumes that $100 was invested on December 31, 2012 in our common stock and in each comparison index, and that all dividends were reinvested. We declared per share dividends on our common stock of $0.385 during 2016 and $0.47 during 2017. Stock price performance shown on the graph below is not necessarily indicative of future price performance.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN

Among TTEC Holdings, Inc., The NASDAQ Composite Index,

The Russell 2000 Index, And A Peer Group

	December 31,					
	2012	2013	2014	2015	2016	2017
TTEC Holdings, Inc.	100	134	133	159	176	236
NASDAQ Composite	100	142	162	173	187	242
Russell 2000	100	139	146	139	169	194
Peer Group	100	151	163	204	227	290

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ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data should be read in conjunction with Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, the Consolidated Financial Statements and the related notes appearing elsewhere in this Form 10-K (amounts in thousands except per share amounts).

	Year Ended December 31,									
	2017		2016		2015		2014		2013	
Statement of Operations Data										
Revenue	$ 1,477,365		$ 1,275,258		$ 1,286,755		$ 1,241,781	(11)	$ 1,193,157	(16)
Cost of services	(1,110,068)		(941,592)		(928,247)		(886,492)		(846,631)	
Selling, general and administrative	(182,314)		(175,797)		(194,606)		(198,553)		(193,423)	
Depreciation and amortization	(64,507)		(68,675)		(63,808)		(56,538)		(46,064)	
Other operating expenses	(19,987)	(1)	(36,442)	(5)	(9,914)	(9)	(3,723)	(12)	(5,640)	(17)
Income from operations	100,489		52,752		90,180		96,475		101,399	
Other income (expense)	(11,602)	(2)	(2,454)	(6)	(4,291)		3,984	(13)	(9,330)	(18)
Provision for income taxes	(78,075)	(3)	(12,863)	(7)	(20,004)	(10)	(23,042)	(14)	(20,598)	(19)
Noncontrolling interest	(3,556)		(3,757)		(4,219)		(5,124)		(4,083)	
Net income attributable to TTEC stockholders	$ 7,256		$ 33,678		$ 61,666		$ 72,293		$ 67,388	
Weighted average shares outstanding										
Basic	45,826		47,423		48,370		49,297		51,338	
Diluted	46,382		47,736		49,011		50,102		52,244	
Net income per share attributable to TTEC										

stockholders										
Basic	$ 0.16		$ 0.71		$ 1.27		$ 1.47		$ 1.31	
Diluted	$ 0.16		$ 0.71		$ 1.26		$ 1.44		$ 1.29	
Dividends issued per common share	$ 0.47		$ 0.385		$ 0.36		$ —		$ —	
Balance Sheet Data										
Total assets	$ 1,078,736	(4)	$ 846,304	(8)	$ 843,327		$ 852,475	(15)	$ 842,342	(20)
Total long-term liabilities	$ 514,113	(4)	$ 304,380	(8)	$ 191,473		$ 187,780	(15)	$ 175,564	(20)

(1) Includes $1.2 million expense related to reductions in force, a $2.2 million expense due to facility exit charges, a $3.5 million expense due to write-off of leasehold improvements and other fixed assets in connection with the facilities we exited, $7.8 million expense related to integration charges for the Connextions acquisition, and a $5.3 million impairment charge related to two trade name intangible assets.

(2) Includes a $5.3 million expense related to the finalization of the transition services agreement for Connextions, a net $2.6 million loss related to a held for sale business unit that was sold in December 2017 and a $1.2 million charge to interest expense related to the future purchase of the remaining 30% of the Motif acquisition offset by a $3.2 million benefit related to the release of the currency translation adjustment in equity in connection with the dissolution of a foreign entity.

(3) Includes $62.4 million of expense related to the US 2017 Tax Act, $0.4 million of expense related to the disposition of assets, $1.9 million of benefit related to impairments, $2.2 million of benefit related to stock options, $0.6 million of expense related to changes in valuation allowances, $5.8 million of benefit related to restructuring, $0.6 million of benefit related to return to provision adjustments and $2.1 million of benefit related to changes to a transition service agreement.

(4) The Company spent $116.7 million, net of cash acquired of $6.0 million, in 2017 for the acquisitions of Connextions and Motif. Upon acquisitions of Connextions and Motif, the Company acquired $40.8 million in assets and assumed, $21.1 million in liabilities ($12.1 million in long-term liabilities).

(5) Includes $3.4 million expense related to reductions in force, a $1.0 million expense due to facility exit and other charges, a $1.3 million impairment of fixed assets, a $1.4 million impairment of goodwill, a

$11.1 million impairment of internally developed software, and a $18.2 million of impairment charges related to several trade name, customer relationship and non-compete intangible assets.

(6) Includes a $5.3 million estimated loss related to two business units which have been classified as assets held for sale offset by a $4.8 million benefit related to fair value adjustments to the contingent consideration based on revised estimates of performance against targets for two of our acquisitions.

(7) Includes $1.7 million of expense related to return to provision adjustments, $1.1 million of expense related to a transfer pricing adjustment for a prior period, $0.5 million of expense related to tax rate changes, $0.5 million of expense related to changes in valuation allowances, $1.5 million of benefit related to restructuring charges, and $9.8 million of benefit related to impairments and assets held for sales.

(8) The Company spent $46.1 million, net of cash acquired of $2.7 million, in 2016 for the acquisition of Atelka. Upon acquisition of Atelka, the Company acquired $25.1 million in assets and assumed $7.7 million in liabilities ($1.4 million in long-term liabilities).

(9) Includes $1.8 million expense related to reductions in force, a $0.4 million expense related to the impairment of property and equipment, and a $7.7 million expense related to the impairment of goodwill.

(10) Includes a $0.7 million benefit related to restructuring charges, $1.2 million net of expense related to changes in valuation allowance and a related release of a deferred tax liability, $1.5 million of expense related to provisions for uncertain tax positions, $2.6 million of benefit related to impairments, $1.3 million of expense related to state net operating losses and credits, and $0.4 million of benefit related to other discrete items.

(11) Includes $30.0 million in revenue generated by Sofica and rogenSi, which were acquired in 2014.

(12) Includes $3.3 million expense related to reductions in force and $0.4 million expense related to the impairment of property and equipment.

(13) Includes a net $6.7 million benefit related to fair value adjustments to the contingent consideration based on revised estimates of performance against targets for four of our acquisitions.

(14) Includes a $1.3 million benefit related to restructuring charges, a $0.4 million benefit related to a valuation allowance for equity compensation, a $1.2 million benefit related to the closing of statute of limitations in Canada, $3.8 million of expense related to future contingent payments, $1.3 million of expense related to the resolution of an audit in the Netherlands, and $0.2 million of expense related to other discrete items.

(15) The Company spent $23.8 million net of cash acquired of $3.5 million in 2014 for the acquisitions of Sofica and rogenSi. Upon the acquisitions of Sofica and rogenSi, the Company acquired $59.5 million in assets and assumed $11.1 million in liabilities ($5.4 million in long-term liabilities). The Company also assumed a purchase price payable of $22.4 million related to these acquisitions. Of the $22.4 million purchase price payable, $13.2 million was included in long-term liabilities.

(16) Includes $51.4 million in revenue generated by WebMetro, which was acquired in 2013, and TSG, which was acquired on December 31, 2012.

(17) Includes $4.1 million expense related to reductions in force, $0.3 million related to facilities exit charges, $0.1 million expense related to the impairment of property and equipment and $1.1 million expense related to the impact of intangible assets.

(18) Includes a $3.7 million charge related to the deconsolidation of a subsidiary and a $1.9 million charge related to a fair value adjustment to the contingent consideration based on revised estimates of performance against targets for three of our acquisitions.

(19) Includes a $1.8 million benefit related to restructuring charges, a $1.5 million benefit related to return to provision adjustments, and $1.8 million of expense related to valuation allowance increases.

(20) The Company spent $8.9 million net of cash acquired of $6.4 million in 2013 for the acquisition of WebMetro. Upon the acquisition of WebMetro, the Company acquired $27.5 million in assets and assumed $9.7 million in liabilities ($0.8 million in long-term liabilities). The Company also assumed a purchase price payable of $2.5 million related to this acquisition. Of the $2.5 million purchase price payable, $1.8 million was included in long-term liabilities.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Executive Summary

TTEC Holdings, Inc. ("TTEC", "the Company", "we", "our" or "us") is a global customer experience company that designs, builds and operates omnichannel customer experiences on behalf of the world's most innovative brands. We help large global companies increase revenue and reduce costs by delivering personalized customer experiences across every interactional channel and phase of the customer lifecycle as an end-to-end provider of customer engagement services, technologies, insights and innovations. We are organized into two centers of excellence: TTEC Digital and TTEC Engage.

- TTEC Digital is the Company's digital consultancy that designs and builds human centric, tech-enabled, insight-driven customer experience solutions.
- TTEC Engage is the Company's global hub of operational excellence providing clients with turnkey customer acquisition, care, revenue growth, and digital trust and safety services.

TTEC Digital and TTEC Engage come together under our unified offering, HumanifyTM Customer Engagement as a Service, which drives measurable results for clients through delivery of personalized omnichannel interactions that are seamless and relevant. Our offering is supported by 56,000 employees delivering services in 24 countries from 97 customer engagement centers on six continents. Our end-to-end approach differentiates the Company by combining service design, strategic consulting, data analytics, process optimization, system integration, operational excellence, and technology solutions and services. This unified offering is value-oriented, outcome-based, and delivered on a global scale across four business segments: two of which comprise TTEC Engage - Customer Management Services ("CMS") and Customer Growth Services ("CGS"); and two of which comprise TTEC Digital - Customer Technology Services ("CTS") and Customer Strategy Services ("CSS").

Our revenue for fiscal 2017 was $1,477 million, approximately 23% or $336 million of which came from the CGS, CTS and CSS segments, focused on customer-centric strategy, growth and technology-based services with the remainder of our revenue coming from the core customer care services of our CMS segment.

Since our establishment in 1982, we have helped clients strengthen their customer relationships, brand recognition and loyalty by simplifying and personalizing interactions with their customers. We deliver thought leadership, through innovation in programs that differentiate our clients from their competition.

To improve our competitive position in a rapidly changing market and stay strategically relevant to our clients, we continue to invest in innovation and growth businesses, diversifying and strengthening our core customer care services with consulting, data analytics and insights technologies, and technology-enabled, outcomes-focused services.

We also invest in businesses that enable us to expand our geographic footprint, broaden our product and service capabilities, increase our global client base and industry expertise, and further scale our end-to-end integrated solutions platform. In 2017, we acquired Motif, Inc., a digital trust and safety services company based in India and the Philippines, and Connextions, Inc., a U.S.-based health services company focused on improving the customer relationships for healthcare plan providers and pharmacy benefits managers.

We have developed tailored expertise in the automotive, communications, healthcare, financial services, government, logistics, media and entertainment, retail, technology, travel and transportation industries. We target customer-focused industry leaders in the Global 1000 and serve approximately 300 clients globally.

Our Integrated Service Offerings, Centers of Excellence and Business Segments

We have two centers of excellence that encompass our four operating and reportable segments.

TTEC Digital houses our professional services and technology platforms. These solutions are critical to enabling and accelerating digital transformation for our clients.

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Customer Strategy Services Segment

Through our strategy and operations, analytics, and learning and performance consulting expertise, we help our clients design, build and execute their customer engagement strategies. We help our clients to better understand and predict their customers' behaviors and preferences along with their current and future economic value. Using proprietary analytic models, we provide the insight clients need to build the business case for customer centricity and to better optimize their investments in customer experience. This insight-based strategy creates a roadmap for transformation. We build customer journey maps to inform service design across automated, human and hybrid interactions and increasingly are developing and implementing strategies around Interactive Virtual Assistants (chat bots). A key component of this segment involves instilling a high-performance culture through management and leadership alignment and process optimization.

Customer Technology Services Segment

In connection with the design of the customer engagement strategy, our ability to architect, deploy and host or manage the client's customer experience environments becomes a key enabler to achieving and sustaining the client's customer engagement vision. Given the proliferation of mobile communication technologies and devices, we enable our clients' operations to interact with their customers across the growing array of channels including email, social networks, mobile, web, SMS text, voice and chat. We design, implement and manage cloud, on-premise or hybrid customer experience environments to deliver a consistent and superior experience across all touch points on a global scale that we believe result in higher quality, lower costs and reduced risk for our clients. Through our Humanify™ Technology platforms, we also provide data-driven context aware software-as-a-service ("SaaS") based solutions that link customers seamlessly and directly to appropriate resources, any time and across any channel.

TTEC Engage houses our end-to-end managed services operations for customer care, growth and trust and safety services.

Customer Management Services Segment

We design and manage clients' front-to-back office processes to deliver just-in-time, personalized, protected, multi-channel interactions. Our front-office solutions seamlessly integrate voice, chat, email, e-commerce and social media to optimize the customer experience for our clients. In addition, we manage certain client back-office processes to enhance their customer-centric view of relationships and maximize operating efficiencies. We also perform fraud prevention and content moderation services to protect our clients and their customers from malevolent digital activities. Our delivery of integrated business processes via our onshore, offshore or work-from-home associates reduces operating costs and allows customer needs to be met more quickly and efficiently, resulting in higher satisfaction, brand loyalty and a stronger competitive position for our clients.

Customer Growth Services Segment

We offer integrated sales and marketing solutions to help our clients boost revenue in new, fragmented or underpenetrated business-to-consumer or business-to-business markets. We deliver or manage approximately $4 billion in client revenue annually via the discovery, acquisition, growth and retention of customers through a combination of our highly trained, client-dedicated sales professionals and proprietary analytics platform. This platform continuously aggregates individual customer information across all channels into one holistic view so as to ensure more relevant and personalized communications.

Based on our clients' requirements, we provide our services on an integrated cross-business segment and on a discrete basis.

Additional information with respect to our segments and geographic footprint is included in Part II, Item 8. Financial Statements and Supplementary Data, Note 3 to the Consolidated Financial Statements.

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Our 2017 Financial Results

In 2017, our revenue increased 15.8% to $1,477 million over the same period in 2016, including an increase of 0.2% or $3.1 million due to foreign currency fluctuations. The increase in revenue is comprised of an increase from the Atelka, Connextions, and Motif acquisitions and organic growth in the CMS and CTS segments offset by lower revenue due to the sale of the Avaya business unit in the second quarter of 2017. Revenue adjusted for the $3.1 million increase related to foreign exchange increased 15.6% over the prior year.

Our 2017 income from operations increased $47.7 million to $100.5 million or 6.8% of revenue, from $52.8 million or 4.1% of revenue for 2016. The increase is primarily due to the CMS acquisitions, the CMS and CTS revenue growth noted above, and a $12.5 million benefit related to improved foreign exchange trends. These increases were partially offset by a $5.3 million impairment charge related to two trade names, and $14.7 million related to the restructuring and integration of the Connextions acquisition and other overhead restructurings (see Part II. Item 8. Financial Statements and Supplementary Data, Notes 7 and 11 to the Consolidated Financial Statements). Included in 2016 was $18.2 million of impairment charges related to trade name, customer relationship and non-compete intangible assets, $11.1 million of impairment charges related to internally developed software and technology, a $1.4 million impairment of goodwill (see Part II. Item 8. Financial Statements and Supplementary Data, Notes 6 and 7 to the Consolidated Financial Statements), a $1.3 million impairment of fixed assets, and a $3.7 million restructuring charge related to a reorganization of the global sales force and restructuring of a portion of the IT functions. Income from operations in 2017 and 2016 included a total of $20.0 million and $36.4 million of restructuring and integration charges and asset impairments, respectively.

Our offshore customer engagement centers serve clients based in the U.S. and in other countries and span seven countries with 24,500 workstations representing 55% of our global delivery capabilities. Revenue for our CMS and CGS segments that is provided in these offshore locations was $453 million and represented 36% of our revenue for 2017, as compared to $437 million and 41% of our revenue for 2016.

We internally target capacity utilization in our customer engagement centers at 80% to 90% of our available workstations. As of December 31, 2017, the overall capacity utilization in our multi-client centers was 83%. The table below presents workstation data for all of our centers as of December 31, 2017 and 2016. Our utilization percentage is defined as the total number of utilized production workstations compared to the total number of available production workstations.

December 31, 2017			December 31, 2016		
Total Production Workstations	In Use	% In Use	Total Production Workstations	In Use	% In Use