TELETECH HOLDINGS INC
Form 10-Q
August 11, 2014
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended June 30, 2014

OR

o **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

TeleTech 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**

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 x No o

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 x No o

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.

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

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

As of August 5, 2014, there were 49,187,278 shares of the registrant s common stock outstanding.

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TELETECH HOLDINGS, INC. AND SUBSIDIARIES

JUNE 30, 2014 FORM 10-Q

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TELETECH HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(Amounts in thousands, except share amounts)

(unaudited)

	June 30, 2014	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 97,778	$ 158,017
Accounts receivable, net	251,436	236,099
Prepaids and other current assets	59,515	52,332
Deferred tax assets, net	11,731	11,905
Income tax receivable	10,821	11,198
Total current assets	431,281	469,551
Long-term assets		
Property, plant and equipment, net	141,381	126,719
Goodwill	110,781	102,743
Contract acquisition costs, net	1,043	1,642
Deferred tax assets, net	33,740	42,791
Other intangible assets, net	54,190	54,812
Other long-term assets	44,221	44,084
Total long-term assets	385,356	372,791
Total assets	$ 816,637	$ 842,342
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Accounts payable	$ 28,675	$ 32,031
Accrued employee compensation and benefits	69,216	80,130
Other accrued expenses	28,441	31,659
Income taxes payable	2,851	6,066
Deferred tax liabilities, net	35	590
Deferred revenue	23,046	28,799
Other current liabilities	9,641	11,512
Total current liabilities	161,905	190,787
Long-term liabilities		
Line of credit	100,000	100,000
Deferred tax liabilities, net	3,342	2,281
Deferred rent	8,726	9,635
Other long-term liabilities	50,882	63,648
Total long-term liabilities	162,950	175,564

Total liabilities		324,855		366,351
Commitments and contingencies (Note 10)				
Mandatorily redeemable noncontrolling interest		3,274		2,509
Stockholders equity				
Preferred stock - $0.01 par value: 10,000,000 shares authorized; zero shares outstanding as of June 30, 2014 and December 31, 2013				
Common stock - $0.01 par value; 150,000,000 shares authorized; 49,186,028 and 50,352,881 shares outstanding as of June 30, 2014 and December 31, 2013, respectively		492		503
Additional paid-in capital		352,920		356,381
Treasury stock at cost: 32,866,225 and 31,699,372 shares as of June 30, 2014 and December 31, 2013, respectively		(508,627)		(477,399)
Accumulated other comprehensive income (loss)		(6,357)		(20,586)
Retained earnings		641,852		606,502
Noncontrolling interest		8,228		8,081
Total stockholders equity		488,508		473,482
Total liabilities and stockholders equity	$	816,637	$	842,342

The accompanying notes are an integral part of these consolidated financial statements.

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TELETECH HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Loss)

(Amounts in thousands, except per share amounts)

(Unaudited)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Revenue	$ 295,490	$ 289,692	$ 597,711	$ 578,075
Operating expenses				
Cost of services (exclusive of depreciation and amortization presented separately below)	212,315	208,809	426,102	417,041
Selling, general and administrative	47,802	46,168	98,169	91,915
Depreciation and amortization	14,089	11,263	27,259	21,818
Restructuring charges, net	617	2,572	1,157	3,423
Impairment losses		1,205		1,205
Total operating expenses	274,823	270,017	552,687	535,402
Income from operations	20,667	19,675	45,024	42,673
Other income (expense)				
Interest income	492	575	1,003	1,244
Interest expense	(1,861)	(1,903)	(3,551)	(3,768)
Loss on deconsolidation of subsidiary		(3,655)		(3,655)
Other income (expense), net	4,249	1,884	5,250	1,076
Total other income (expense)	2,880	(3,099)	2,702	(5,103)
Income before income taxes	23,547	16,576	47,726	37,570
Provision for income taxes	(5,417)	(3,854)	(8,293)	(6,245)
Net income	18,130	12,722	39,433	31,325
Net income attributable to noncontrolling interest	(1,268)	(407)	(2,353)	(1,049)
Net income attributable to TeleTech stockholders	$ 16,862	$ 12,315	$ 37,080	$ 30,276
Other comprehensive income (loss)				
Net income	$ 18,130	$ 12,722	$ 39,433	$ 31,325
Foreign currency translation adjustment	(7,010)	(19,617)	(5,287)	(16,483)
Derivative valuation, gross	17,780	(23,801)	13,863	(20,411)
Derivative valuation, tax effect	(6,775)	9,418	(5,393)	8,208
Other, net of tax	280	137	556	299
Total other comprehensive income (loss)	4,275	(33,863)	3,739	(28,387)
Total comprehensive income (loss)	22,405	(21,141)	43,172	2,938
Comprehensive income attributable to noncontrolling interest	(1,167)	(277)	(2,159)	(829)

Comprehensive income (loss) attributable to TeleTech stockholders	$ 21,238	$ (21,418)	$ 41,013	$ 2,109
Weighted average shares outstanding				
Basic	49,351	51,861	49,696	52,104
Diluted	50,111	52,628	50,536	52,912
Net income per share attributable to TeleTech stockholders				
Basic	$ 0.34	$ 0.24	$ 0.75	$ 0.58
Diluted	$ 0.34	$ 0.23	$ 0.73	$ 0.57

The accompanying notes are an integral part of these consolidated financial statements.

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TELETECH HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statement of Stockholders Equity

(Amounts in thousands)

(Unaudited)

	Stockholders Equity of the Company									
	Preferred Stock Shares	**Preferred Stock Amount**	**Common Stock Shares**	**Common Stock Amount**	**Treasury Stock**	**Additional Paid-in Capital**	**Accumulated Other Comprehensive Income (Loss)**	**Retained Earnings**	**Noncontrolling interest**	**Total Equity**
Balance as of December 31, 2013		$	50,353	$ 503	$ (477,399)	$ 356,381	$ (20,586)	$ 606,502	$ 8,081	$ 473,482
Net income								37,080	2,074	39,154
Dividends distributed to noncontrolling interest									(2,025)	(2,025)
Adjustments to redemption value of mandatorily redeemable noncontrolling interest								(1,730)		(1,730)
Foreign currency translation adjustments							5,202		85	5,287
Derivatives valuation, net of tax							8,471			8,471
Vesting of restricted stock units			339	4	5,092	(9,794)				(4,698)
Exercise of stock options			47	1	713	(400)				314
Excess tax benefit from equity-based awards						923				923
Equity-based compensation expense						5,810			13	5,823
Purchases of common stock			(1,553)	(16)	(37,033)					(37,049)
Other							556			556
Balance as of June 30, 2014		$	49,186	$ 492	$ (508,627)	$ 352,920	$ (6,357)	$ 641,852	$ 8,228	$ 488,508

The accompanying notes are an integral part of these consolidated financial statements.

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TELETECH HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(Amounts in thousands)

(Unaudited)

	Six Months Ended June 30, 2014	2013
Cash flows from operating activities		
Net income	$ 39,433	$ 31,325
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	27,259	21,818
Amortization of contract acquisition costs	657	506
Amortization of debt issuance costs	349	319
Imputed interest expense and fair value adjustments to contingent consideration	(3,710)	670
Provision for doubtful accounts	219	478
Gain on disposal of assets		(106)
Impairment losses		1,205
Deferred income taxes	5,035	2,697
Excess tax benefit from equity-based awards	(1,050)	(1,046)
Equity-based compensation expense	5,881	6,577
Gain on foreign currency derivatives	(2,955)	(2,768)
Loss on deconsolidation of subsidiary, net of cash of zero and $897, respectively		2,758
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	(9,238)	(2,804)
Prepaids and other assets	(631)	1,044
Accounts payable and accrued expenses	(22,965)	(14,151)
Deferred revenue and other liabilities	(6,654)	(8,311)
Net cash provided by operating activities	31,630	40,211
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	135	
Purchases of property, plant and equipment, net of acquisitions	(34,483)	(13,660)
Acquisitions, net of cash acquired of $857 and zero, respectively	(8,732)	(1,652)
Net cash used in investing activities	(43,080)	(15,312)
Cash flows from financing activities		
Proceeds from line of credit	1,001,500	681,550
Payments on line of credit	(1,001,500)	(679,550)
Proceeds from other debt		3,709
Payments on other debt	(3,127)	(2,661)
Payments of contingent consideration related to acquisitions	(8,547)	
Dividends paid to noncontrolling interest	(3,713)	(2,385)
Proceeds from exercise of stock options	313	856
Excess tax benefit from equity-based awards	1,050	1,046
Purchase of treasury stock	(37,049)	(31,001)
Payments of debt issuance costs		(1,732)
Net cash used in financing activities	(51,073)	(30,168)

Effect of exchange rate changes on cash and cash equivalents		2,284		(8,593)
Decrease in cash and cash equivalents		(60,239)		(13,862)
Cash and cash equivalents, beginning of period		158,017		164,485
Cash and cash equivalents, end of period	$	97,778	$	150,623
Supplemental disclosures				
Cash paid for interest	$	2,670	$	2,226
Cash paid for income taxes	$	7,486	$	8,913
Non-cash investing and financing activities				
Acquisition of equipment through increase in accounts payable	$	1,420	$	
Landlord incentive credited to deferred rent	$		$	511

The accompanying notes are an integral part of these consolidated financial statements.

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TELETECH HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

(1) OVERVIEW AND BASIS OF PRESENTATION

Summary of Business

TeleTech Holdings, Inc. (TeleTech or the Company) is a leading provider of customer strategy, analytics-driven and technology-enabled customer engagement management solutions with 40,000 employees delivering services across 25 countries from 53 delivery centers on five continents.

We have deep industry expertise and serve more than 250 customer-focused industry leaders in the Global 1000. Our business is structured and reported in four segments: Customer Management Services (CMS), Customer Growth Services (CGS), Customer Technology Services (CTS), and Customer Strategy Services (CSS).

Basis of Presentation

The Consolidated Financial Statements are comprised of the accounts of TeleTech, its wholly owned subsidiaries, its 55% equity owned subsidiary Percepta, LLC, its 80% interest in iKnowtion, LLC, and its 80% interest in Peppers & Rogers Group through the third quarter of 2013 when the final 20% interest was repurchased (see Note 2). All intercompany balances and transactions have been eliminated in consolidation.

The unaudited Consolidated Financial Statements do not include all of the disclosures required by accounting principles generally accepted in the U.S. (GAAP), pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). The unaudited Consolidated Financial Statements reflect all adjustments which, in the opinion of management, are necessary to present fairly the consolidated financial position of the Company and the consolidated results of operations and comprehensive income (loss) and the consolidated cash flows of the Company. Operating results for the periods presented are not necessarily indicative of the results that may be expected for the year ending December 31, 2014.

These unaudited Consolidated Financial Statements should be read in conjunction with the Company s audited Consolidated Financial Statements and footnotes thereto included in the Company s Annual Report on Form 10-K for the year ended December 31, 2013.

Use of Estimates

The preparation of the Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions in determining the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenue and expenses during the reporting period. On an on-going basis, the Company evaluates its estimates including those related to derivatives and hedging activities, income taxes including valuation allowances for deferred tax assets, self-insurance reserves, litigation reserves, restructuring reserves, allowance for doubtful accounts, and valuation of goodwill, long-lived and intangible assets. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ materially from these estimates under different assumptions or conditions.

Recently Issued Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-08, Presentation of Financial Statements and Property, Plant, and Equipment Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. ASU 2014-08 provides new guidance related to the definition of a discontinued operation and requires new disclosures of both discontinued operations and certain other disposals that do not meet the definition of a discontinued operation. This new guidance is effective for annual periods beginning on or after December 15, 2014 and interim periods within those years. Beginning in 2015, the Company will apply the new guidance, as applicable, to future disposals of components or classifications as held for sale.

TELETECH HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers. ASU 2014-09 provides new guidance related to how an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, ASU 2014-09 specifies new accounting for costs associated with obtaining or fulfilling contracts with customers and expands the required disclosures related to revenue and cash flows from contracts with customers. This new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and can be adopted either retrospectively to each prior reporting period presented or as a cumulative-effect adjustment as of the date of adoption, with early application not permitted. The Company is currently determining its implementation approach and assessing the impact on the consolidated financial statements.

In June 2014, the FASB issued ASU 2014-12, Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period . ASU 2014-12 requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. This new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015, and early adoption is permitted. Beginning in 2016, the Company will apply the new guidance as applicable.

(2) ACQUISITIONS

Sofica

In the first quarter of 2014, the Company acquired a 100% interest in Sofica Group, a Bulgarian joint stock company (Sofica). Sofica provides customer lifecycle management and other business process services across multiple channels in multiple sites in over 18 languages.

The estimated purchase price of $13.8 million, included $9.4 million in cash consideration (including a working capital adjustment) and $3.4 million in earn-out payments, payable in 2015 and 2016, contingent on Sofica achieving specified earnings before interest, taxes, depreciation and amortization (EBITDA) targets, as defined by the stock purchase agreement. Additionally, the estimated purchase price includes a $1.0 million hold-back payment for contingencies as defined in the stock purchase agreement which will be paid in the second quarter of 2016 as required.

The fair value of the contingent payments was measured based on significant inputs not observable in the market (Level 3 inputs). Key assumptions include a discount rate of 22% and expected future value of payments of $4.0 million. The $4.0 million of expected future payments was calculated using a bell curve probability weighted EBITDA assessment with the highest probability associated with Sofica achieving the targeted EBITDA for each earn-out year. As of the acquisition date, the fair value of the contingent consideration was approximately $3.4 million. As of June 30, 2014, the fair value of the contingent consideration was $3.5 million, of which $2.0 million and $1.5

million were included in Other accrued expenses and Other long-term liabilities in the accompanying Consolidated Balance Sheets, respectively.

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TELETECH HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

The following summarizes the preliminary estimated fair values of the identifiable assets acquired and liabilities assumed as of the acquisition date (in thousands). The estimates of fair value of identifiable assets acquired and liabilities assumed are preliminary, pending completion of a valuation, thus are subject to revisions that may result in adjustments to the values presented below:

	Preliminary Estimate of Acquisition Date Fair Value
Cash	$ 857
Accounts receivable	3,175
Other assets	378
Property, plant and equipment	653
Customer relationships	3,531
Goodwill	7,208
	15,802
Accounts payable	296
Accrued employee compensation and benefits	697
Accrued expenses	664
Deferred tax liability and other	368
	2,025
Total purchase price	$ 13,777

The Sofica customer relationships have an estimated useful life of five years. The goodwill recognized from the Sofica acquisition was attributable primarily to the acquired workforce of Sofica, expected synergies, and other factors. The tax basis of the acquired intangibles and goodwill are not deductible for income tax purposes. The acquired goodwill and the operating results of Sofica are reported within the CMS segment from the date of acquisition.

WebMetro

In the third quarter of 2013, the Company acquired 100% of WebMetro, a California corporation (WebMetro), a digital marketing agency.

The total purchase price was $17.8 million, including $15.3 million in cash consideration (inclusive of a working capital adjustment) and $2.5 million in earn-out payments, payable in 2014 and 2015, contingent on WebMetro achieving specified EBITDA targets, as defined by the stock purchase agreement. The first contingent payment was made in the second quarter of 2014.

Financial Information

The acquired businesses purchased in 2013 and 2014 noted above contributed revenues of $7.9 million and $12.8 million and income from operations of $0.6 million and $0.9 million, inclusive of $0.7 million and $1.3 million of acquired intangible amortization, to the Company for the three and six months ended June 30, 2014.

Peppers & Rogers Group

In the third quarter of 2013, the Company acquired the remaining 20% interest in Peppers & Rogers Group (PRG) for $425 thousand. The buy-out accelerated TeleTech s rights pursuant to the sale and purchase agreement to acquire the remaining portion of the business in 2015.

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TELETECH HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

rogenSi

Subsequent to June 30, 2014, the Company entered into an agreement (the rogenSi Agreement) to acquire substantially all operating assets of rogenSi Worldwide PTY, Ltd., a global sales and leadership performance training and applied leadership consulting company (the rogenSi Acquisition). The total purchase price is $35.7 million, subject to standard working capital adjustments, and consists of $18.0 million in cash at closing and $17.7 million in three earn-out payments, contingent on the acquired companies and TeleTech s CSS business segment achieving certain agreed EBITDA targets, as defined in the rogenSi Agreement. The earn-out payments are payable in early 2015, 2016 and 2017, based on post closing performance in 2014, 2015 and 2016, respectively. We expect the rogenSi Acquisition to close on or before August 31, 2014, subject to customary closing deliverables, representations, warranties and indemnifications.

(3) SEGMENT INFORMATION

The Company reports the following four segments:

- the CMS segment includes the customer experience delivery solutions which integrate innovative technology with highly-trained customer experience professionals to optimize the customer experience across all channels and all stages of the customer lifecycle from an onshore, offshore or work-from-home environment;

- the CGS segment provides technology-enabled sales and marketing solutions that support revenue generation across the customer lifecycle, including sales advisory, search engine optimization, digital demand generation, lead qualification, and acquisition sales, growth and retention services;

- the CTS segment includes operational and design consulting, systems integration, and cloud and on-premise managed services, the requirements needed to design, deliver and maintain best-in-class multichannel customer engagement platforms; and

- the CSS segment provides professional services in customer experience strategy, customer intelligence analytics, system and operational process optimization, and culture development and knowledge management.

The Company allocates to each segment its portion of corporate operating expenses. All intercompany transactions between the reported segments for the periods presented have been eliminated.

The following tables present certain financial data by segment (in thousands):

Three Months Ended June 30, 2014

	Gross Revenue	Intersegment Sales	Net Revenue	Depreciation & Amortization	Income (Loss) from Operations
Customer Management Services	$ 218,683	$	$ 218,683	$ 10,169	$ 16,493
Customer Growth Services	28,875		28,875	1,468	1,831
Customer Technology Services	35,753	(16)	35,737	2,008	1,616
Customer Strategy Services	12,195		12,195	444	727
Total	$ 295,506	$ (16)	$ 295,490	$ 14,089	$ 20,667

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TELETECH HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

Three Months Ended June 30, 2013

	Gross Revenue	Intersegment Sales	Net Revenue	Depreciation & Amortization	Income (Loss) from Operations
Customer Management Services	$ 220,965	$ (324)	$ 220,641	$ 8,532	$ 16,465
Customer Growth Services	22,399		22,399	777	(620)
Customer Technology Services	36,717	(73)	36,644	1,489	5,819
Customer Strategy Services	10,256	(248)	10,008	465	(1,989)
Total	$ 290,337	$ (645)	$ 289,692	$ 11,263	$ 19,675

Six Months Ended June 30, 2014

	Gross Revenue	Intersegment Sales	Net Revenue	Depreciation & Amortization	Income (Loss) from Operations
Customer Management Services	$ 446,607	$	$ 446,607	$ 19,634	$ 37,316
Customer Growth Services	57,780		57,780	3,024	3,601
Customer Technology Services	68,532	(19)	68,513	3,723	1,927
Customer Strategy Services	24,811		24,811	878	2,180
Total	$ 597,730	$ (19)	$ 597,711	$ 27,259	$ 45,024

Six Months Ended June 30, 2013

	Gross Revenue	Intersegment Sales	Net Revenue	Depreciation & Amortization	Income (Loss) from Operations
Customer Management Services	$ 443,854	$ (631)	$ 443,223	$ 16,394	$ 37,196
Customer Growth Services	45,255		45,255	1,474	656
Customer Technology Services	70,363	(157)	70,206	3,005	8,717
Customer Strategy Services	20,186	(795)	19,391	945	(3,896)
Total	$ 579,658	$ (1,583)	$ 578,075	$ 21,818	$ 42,673

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Capital Expenditures				
Customer Management Services	$ 14,587	$ 8,110	$ 24,499	$ 10,396
Customer Growth Services	1,289	435	1,669	751

Customer Technology Services	3,407	960	8,038	2,288
Customer Strategy Services	105	50	277	225
Total	$ 19,388	$ 9,555	$ 34,483	$ 13,660

	June 30, 2014	December 31, 2013
Total Assets		
Customer Management Services	$ 531,926	$ 554,015
Customer Growth Services	84,058	86,416
Customer Technology Services	153,552	157,040
Customer Strategy Services	47,101	44,871
Total	$ 816,637	$ 842,342

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TELETECH HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

	June 30, 2014	December 31, 2013
Goodwill		
Customer Management Services	$ 27,240	$ 19,819
Customer Growth Services	30,395	30,128
Customer Technology Services	42,709	42,709