

TELETECH HOLDINGS INC
Form 10-K
March 14, 2016
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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, 2015

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

TeleTech Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	84-1291044
(State or other jurisdiction of incorporation or organization)	(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:

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Title of each class
Common Stock, \$0.01 par value

Name of each exchange on which registered
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

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, 2015, the last business day of the registrant's most recently completed second fiscal quarter, there were 48,232,405 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 \$435,686,329 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 March 7, 2016, there were 48,343,409 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 2016 annual meeting of stockholders.

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TELETECH HOLDINGS, INC. AND SUBSIDIARIES

DECEMBER 31, 2015 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,” “estimate,” “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

TeleTech 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.teletech.com/investors/sec-filings/> or (ii) sending a written request to Investor Relations at our corporate headquarters or to investor.relations@teletech.com. TeleTech’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

TeleTech Holdings, Inc. (“TeleTech”, “the Company”, “we”, “our” or “us”) is a customer engagement management service provider that delivers integrated consulting, technology, growth and customer care solutions on a global scale. Our suite of products and services allows us to design and deliver engaging, outcome-based customer experiences across numerous interaction channels. Our solutions are supported by 44,000 employees delivering services in 24 countries from 67 delivery centers on six continents. Our revenue for fiscal 2015 was \$1,287 million.

Since our establishment in 1982, we have helped clients strengthen their customer relationships, brand recognition and loyalty through customer engagement solutions. We deliver thought leadership, technology and innovation that create customer strategies designed to differentiate our clients from their competition; data analytics that personalize interactions and increase customer value; and integration services that connect clients’ customer relationship management (“CRM”) system to a cloud-based collaboration platform, leading to customer interactions that are seamless and relevant.

Our services are value-oriented, outcome-based, and delivered on a global scale across all of our business segments: Customer Management Services (“CMS”), Customer Growth Services (“CGS”), Customer Technology Services (“CTS”) and Customer Strategy Services (“CSS”). Our integrated customer experience managed services platform differentiates the Company by combining strategic consulting, data analytics, process optimization, system design and integration, operational excellence, and technology solutions and services.

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

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 our heritage business process outsourcing services of our CMS segment into higher-value consulting, data analytics, digital marketing and technology-enabled services. Of the \$1,287 million in revenue we reported in 2015, approximately 29% or \$373 million came from the CGS, CTS and CSS segments (our “Emerging Segments”), focused on customer-centric strategy, growth or technology-based services, with the remainder of our revenue coming from the heritage business process outsourcing focused CMS segment.

Consistent with our growth and diversification strategy, we continue to invest in technology differentiation, analytics, cloud computing and digital marketing. We also invest in businesses that accelerate our strategy: in 2014, we acquired Sofica Group, a Bulgarian customer management services company which provides our clients with the capabilities of 18 additional languages while contributing to the geographic and time zone diversity of our footprint; and rogenSi, a global leadership, change management and sales consulting company that further diversifies our consulting offerings.

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Our business is structured and reported in the following four segments:

Operating Segments and Industry Verticals

CMS	CGS	CTS	CSS
Automotive	Automotive	Automotive	Automotive
Communication	Communication	Communication	Communication
Financial Services	Financial Services	Financial Services	Financial Services
Government	Healthcare	Government	Government
Healthcare	Media and Entertainment	Healthcare	Healthcare
			Media and
Media and Entertainment	Technology	Media and Entertainment	Entertainment
Retail	Travel and Transportation	Retail	Technology
Technology		Technology	
		Travel and Transportation	

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 and incremental investments. Additionally, we continue to return capital to our shareholders via an ongoing stock repurchase program and regular semi-annual dividends. As of December 31, 2015, our cumulative authorized repurchase allowance was \$662.3 million, of which we repurchased 42.8 million shares for \$642.8 million. For the period from January 1, 2016 through March 7, 2016, we purchased 217,346 additional shares at a cost of \$5.6 million. The stock repurchase program does not have an expiration date. Effective February 18, 2016, the Board of Directors authorized an increase in the share repurchase allowance of \$25 million.

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, TeleTech’s performance, cash flows, capital needs and liquidity factors. 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. The initial dividend of \$0.18 per common share was paid on March 16, 2015 to shareholders of record as of March 6, 2015. An additional dividend of \$0.18 per common share was paid on October 14, 2015 to shareholders of record as of September 30, 2015. Effective February 18, 2016, the Board of Directors authorized an increase in the semi-annual dividend to \$0.185 per common share, payable on April 15, 2016 to shareholders of record as of March 31, 2016.

Our Market Opportunity

We believe that exceptional customer engagement creates sustainable economic value for our clients and our market opportunities are defined by the following trends:

- Increasing focus on customer engagement to sustain competitive advantage. — Our ability to sustain a competitive advantage based on price or product differentiation has significantly narrowed given the speed of technological

innovation. As 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 TeleTech, who can deliver an analytic-driven, integrated solution that increases the lifetime value of each customer relationship versus merely reducing costs.

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- Increasing percentage of companies consolidating their customer engagement requirements with the 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 TeleTech, who have demonstrated expertise in increasing brand value by delivering a holistic, integrated customer-centric solution that spans strategy to execution versus the time, expense and often failed returns resulting from linking together a series of point solutions from different providers.
- 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 higher margin, data and technology-enabled services that drive a superior customer experience and engagement. 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 the customer engagement as a differentiator;
- Investment in our Global Markets and Industries sales leadership team;
- Executing strategic acquisitions that further complement and expand our integrated solution; and
- Investing in innovative technology-enabled platforms and innovating through proprietary technology advancements, broader and globally protected intellectual property, and process optimization.

Our Integrated Service Offerings and Business Segments

We have four operating and reportable segments, which provide an integrated set of services including:

Customer Strategy Services

We typically begin by engaging our clients at a strategic level. Through our strategy, change management and analytics-driven 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, to better optimize their marketing spend and then work alongside them to help implement our recommendations. 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

Once the design of the customer engagement is completed, our ability to architect, deploy and host or manage the client's customer management 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 management 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 proprietary Humanify™ technology, we also provide data-driven context aware SaaS-based solutions that link customers seamlessly and directly to appropriate resources, any time and across any channel.

Customer Management Services

We design and manage clients' front-to-back office processes to deliver just-in-time, personalized, 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. 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

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 approximately \$2 billion in client revenue annually via the acquisition, growth and retention of customers through a combination of our highly trained, client-dedicated sales professionals and our proprietary Revana Analytic Multichannel Platform™. This platform continuously aggregates individual customer information across all channels into one holistic view so as to ensure more relevant and personalized communications. As a result of our acquisition of the digital agency WebMetro, we have developed an integrated marketing-to-sales platform that links online searches to live sales through a closed loop, multichannel interface. This platform uses proprietary tools and methodology to capture and use more than 400 marketing and sales data points to engage with customers in relevant conversations.

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 our integrated suite of services and holistic approach to customer engagement is an industry differentiator. Our end-to-end capabilities, from customer strategy and technology services to customer management and growth services, improve customer outcomes, increase satisfaction and loyalty, strengthen operating effectiveness and efficiencies, and drive long-term growth and profitability for our clients. We also believe that our technological solutions, innovative human capital strategies and globally scaled and deployed best practices are key elements to our continued industry leadership.

As the complexity and pace of technological change required to deliver a multi-channel customer engagement increases, the successful execution of our principal corporate strategies is based on our competitive strengths, which are briefly described below:

- Our industry reputation and leadership position with over three decades of expertise delivering integrated customer engagement solutions provides our clients with the ability to enable, manage and grow the value of every customer relationship;

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- Multi-channel, multi-modal solutions that meet the rapidly changing profile of the customer and their heightened expectations;
- 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, training and performance optimization methodology and tools; and
- Commitment to continued product and services innovation that enhances the strategic capabilities of our clients.

Technological Excellence

Our technology platform is based on a 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 four IP hosting centers known as TeleTech GigaPOPs®, which are located on three continents. Our GigaPOPs® 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 the lowest cost while increasing scalability, reliability, asset utilization and the diversity of our service offerings. It also provides an effective redundancy to address ordinary course system interruptions and outages due to natural disasters and other force majeure conditions.

To ensure high end-to-end security and reliability of this critical infrastructure, we monitor and manage the TeleTech GigaPOPs® 24 x 7, 365 days per year from several strategically located global command centers as well as providing redundant, fail-over capabilities for each GigaPOP® to address ordinary course system interruptions and outages due to natural disasters and other force majeure conditions.

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

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 67 delivery 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 on performance across the globe to ensure consistency of delivery. In addition, 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.

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Our global operating model includes delivery centers in 17 countries on six continents that operate 24 hours a day, 365 days a year. New delivery centers are established and existing centers are expanded or scaled down to accommodate anticipated business demands or specific client needs. We continue to expand our capacity in the Philippines and Latin America to leverage demand and favorable cost efficiencies, and are exploring opportunities in Central Europe and Africa to augment our multi-lingual service offerings and continue to diversify our footprint.

Of the 17 countries from which we provide customer management solutions, 11 provide services for onshore clients including the U.S., Australia, Brazil, China, Germany, Ireland, Macedonia, New Zealand, South Africa, Thailand, and the United Kingdom. The total number of workstations in these countries is 12,900, or 36% of our total delivery capacity. The other six countries provide services, partially or entirely, for offshore clients including Bulgaria, Canada, Costa Rica, Mexico, Poland, and the Philippines. The total number of workstations in these countries is 22,500 or 64% 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 2015, our top five and ten clients represented 35% and 48% of total revenue, respectively; and one of our clients, Telstra Corporation Limited, represented 10% 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 two to 19 years including multiple contract renewals for several of these clients. In 2015, we had a 96% 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 17% of our total annual revenue. Expenditures under these supplier contracts represent less than one percent of our total operating costs.

Competition

We are a diverse, global customer engagement management company. 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 core customer care and management competency, we primarily compete with the in-house customer management operations of our current and potential clients, as well as other companies that provide customer care and business process outsourcing ("BPO") services, including: 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.

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Employees

Our people are our most valuable asset. As of December 31, 2015, we had 44,000 employees in 24 countries on six continents. Although a small percentage of these 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 67 locations and through our @home environment. Approximately 67% of our employees are located outside of the U.S. Approximately 15% 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 has been a major factor in our success and we believe that it 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, 2015 we had 92 patent applications pending in 10 jurisdictions; and own 120 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 59 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 occurs, our business, financial condition, results of operations (including revenue and profitability) 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 (including the service arms of global technology providers); offshore service providers from lower-cost jurisdictions that offer similar services, often at highly competitive prices and more aggressive contract terms; niche solution or service providers that compete with us in a specific geographic markets, industry segments or service areas, including companies that rely on new technologies or delivery models; and in-house functions of large companies that use their own resources, rather than outsourcing customer care 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.

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If the TeleTech leadership team is unsuccessful in implementing our business strategy or if our new investments are not successful, our financial condition could be adversely affected

Our growth strategy included a diversification of our business beyond contact center customer care outsourcing to an integrated customer experience platform that unites innovative technologies, strategic consulting, data analytics, digital marketing, client growth solutions, and customer care focused system design and integration. The strategy also includes an accelerated investment in the development of proprietary technologies, and the deployment of a multi business line sales function. These investments in technologies, integrated solution development and sales, 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 and lack of new integrated sales could have a negative impact on our operating results and financial condition.

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 successfully manage our costs. Our cost management strategies include optimizing the alignment between the demand for our services and our resource capacity, the costs of service delivery, the cost of sales, and general and administrative costs, as a percentage of revenues. If we are not effective in managing our operating and administrative costs in response to changes in demand and pricing for our services; 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.

Cyber attacks on our systems and disclosure of personal information could result in harm to our reputation, legal liability, and service outages, any of which could adversely affect our business and results of operations

Our business is dependent upon our information technology systems. Information security breaches, computer viruses, interruption or loss of business data, DDoS (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 and preventing key personnel from being able to perform their duties or communicate within our organization. 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 subject us to liability under our contracts and laws, 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 private and public companies and government agencies, and security experts have warned about the growing risks of hackers, cyber criminals and a broad range of potential attacks targeting information technology systems. While we have taken measures to protect our systems from intrusion, 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. Cyber attacks may force us to expend significant additional resources in response to system disruptions or security breaches, including additional investments in repairing system damage, reconfiguring and rerouting systems to reduce vulnerabilities; cyber security protection costs, and litigation and resolution of related legal claims. A significant security breach could materially harm our business, financial condition and operating results.

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Our results of operations and ability to grow could be materially adversely affected if we cannot adapt our services 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 continuing changes in technology. Areas of significant change include mobility, cloud-based computing, and processing and analyzing large and unstructured data. Our growth and profitability will depend on our ability to develop and adopt new technologies that expand our existing solutions and service offerings to leverage new technological trends and developments, and achieve cost efficiencies in our operations. We may not be successful in anticipating or responding to new technology developments and our integration of new technologies may not achieve their intended cost reductions. Services and technologies offered by our competitors may make our service offerings obsolete. 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.

Our cloud solutions present execution and competitive risks

We are devoting significant resources to extend our current cloud solutions which are and will continue to be materially dependent upon certain third party infrastructure and licensed software. There can be no assurance that such third parties will continue to support and maintain their products and services. In addition to certain software development costs, we are incurring costs to build and maintain infrastructure to support cloud computing services.

Certain new competitors offer alternative cloud-based services for consumers and business customers. While we believe our expertise, investments in infrastructure, and the breadth of our cloud-based services provide us with a solid foundation to compete, it is uncertain whether our strategies will attract the users or generate the revenue required to be successful.

If we are unable to attract and retain industry leaders 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 willingness 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 senior management is also impacted by our requirement that members of senior management sign non-compete agreements as a condition to joining TeleTech. If we are not able to attract and retain industry leaders, 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 cause adversely effect on 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 48% of our revenue in 2015 while the largest client represented 10% of our revenue in 2015.

Although we have multiple engagements with each of our largest clients and all contracts are unlikely to terminate at the same time, the contracts with our five largest clients expire between 2016 and 2020 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 by another company (including another one 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.

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

Our business model is dependent on our service delivery centers and enterprise support functions being located in low cost jurisdictions around the globe. We have presence in 24 countries, but our customer care management delivery capacity and our back office functions are concentrated in the Philippines and Latin America, and our technology solutions delivery centers are concentrated in a few locations in the United States. Natural disasters (floods, winds and earthquakes), terrorist attacks, pandemics, insufficient infrastructure (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.

Our dependence on our delivery 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. This 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 aggressive expansion and sales efforts and through 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 results of operation and 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 all errors or acts of fraud

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. As disclosed in Item 9A. Controls and Procedures, our management has identified material weaknesses in our internal control over financial reporting related to the effectiveness of our control environment and controls over account reconciliations, journal entries, revenue, and impairments.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement in our annual or interim financial statements will not be prevented or detected on a timely basis. As a result of the material weaknesses discussed above, our management concluded that our internal control over financial reporting was not effective as of December 31, 2015. Although we are taking remedial actions in response to the identified material weaknesses in our internal control over financial reporting, there can be no assurances that we will be able to prevent future control deficiencies, including material weaknesses, from occurring, nor that our remediation actions will be successful. 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, cause us to fail to meet our reporting obligations or cause investors to lose confidence in our reported financial information, which could lead to a decline in our stock price.

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, controls can be circumvented by individuals acting alone or in

collusion with others to override controls. Accordingly, because of the inherent limitations in the design of a cost effective control system, misstatements due to error or fraud may occur and may not always be prevented or timely detected, even if we are successful in remediating the material weaknesses previously identified by management.

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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 project 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 very 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 in balance with the demand of our clients, our business will be adversely affected

Our business is labor intensive and our ability to locate and train employees with the right skills at the right price point is critical to achieving our growth objective. Demand for qualified personnel with multiple language capabilities and fluency in English may exceed supply. Employees with new backgrounds and skills may also be required to keep pace with evolving technologies and client demands. While we invest and make progress 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 quickly which make it difficult to recruit new employees. 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.

Our commercial success is subject to the terms of our client contracts, many of which can increase the volatility of our revenue and could impact 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 two to 19 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. A majority of our contracts include performance clauses that condition our fees on the achievement of agreed-upon performance criteria. 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.

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. While many of our contracts allow periodic fee adjustments based on increases in certain price indices, in the past several years, our

payroll costs, including healthcare costs, have increased at rates much greater than increases in these indices. 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.

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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 Australian dollar against the US dollar and Philippine peso, 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 become unprofitable, resulting in adverse impacts on our results of operations.

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

An important component of our growth strategy is service delivery outside of the United States and our continuing international expansion. In 2015 we derived approximately 47% 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 US dollars, while our financial results are reported in US dollars;
- longer payment cycles and/or difficulties in accounts receivable collections 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 countries where we do business (e.g. tension in the Middle East and Latin America, 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 and corrupt business environments 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.

Uncertainty of tax regulations and treatment of permanent establishments in certain countries where we do business may affect our taxation levels and affect our ability to collect for services rendered

Currently, we operate in multiple countries, in entity forms and under laws that are advantageous to us, from operational and tax perspectives. Any changes in the regulatory frameworks in the countries where we currently operate could lead to higher taxation levels, change in our legal operating status, or lead to higher costs associated with maintaining certain entities, which may materially affect our business, operating costs, and results of operations.

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Our strategy of growing through selective acquisitions and mergers involves risks of failing to successfully identify, acquire and integrate businesses and realize returns on our investments

We evaluate opportunities to expand the scope of our services through acquisitions and mergers. Yet, we may be unable to identify companies that complement our strategies and which are available to be acquired at valuation levels accretive to our business.

Our acquisition strategy involves other potential risks, including the inability to integrate acquired companies effectively and realize the full amounts of anticipated synergies and benefits from the acquisitions; the diversion of management's attention to the integration of the acquired businesses at the expense of delivering results for the legacy business; the risk that we will not be able to retain key employees of the acquired business or that they will not be effective as part of TeleTech operations; the impact of liabilities of the acquired business undiscovered or underestimated as part of the acquisition due diligence; and the unforeseen difficulties experienced by the acquired operations due to the acquisition or the integration which could result in short or longer term effects on our operating results.

Corporate social engineering attacks and other phishing scams aimed at the company may result in the inadvertent loss of cash and cash equivalent resources

The increased activity and sophistication of corporate social engineering attacks and other phishing scams in recent months have increased the risk of inadvertent transfer of large amounts of cash and cash equivalents from the various bank accounts we have around the world. We actively train and inform our employees and key personnel about these risks and, while we have implemented a series of measures to curb these risks, the very nature of these attacks may deceive one or more employees, thereby resulting in a material loss.

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

Our services or solutions could infringe intellectual property of others impacting our ability to deploy them with clients. There can be no assurance that services and solutions we utilize in our business or offer to clients do not infringe the intellectual property rights of others. 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. These 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.

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 different of our 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 business results. 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.

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

Many contracts that we service from delivery centers outside of the United States (for example in Bulgaria, Canada, Costa Rica, Mexico, and the Philippines) are typically priced, invoiced, and paid in U.S. and Australian dollars, and Euro, while the costs incurred to operate these delivery centers are denominated in the functional currency 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 US dollars, but approximately 23% of our revenue is derived from contracts denominated in other currencies, our results of operations could be adversely affected if the US 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.

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 over 80 countries, 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.

Volatile and uncertain economic conditions and effect of these conditions on our clients could have an adverse effect on the profitability of our business

Ever changing and increasingly unstable global economic conditions affect our clients' businesses and may, therefore, affect our business and our profitability. We generate revenue based, in large part, on the amount of time our employees devote to our clients' customers, and our clients' willingness to invest in their customer relationships. Consequently, our revenue depends on consumers' interest in and use of our clients' products and services, which may be adversely affected by general economic conditions. Uncertain economic conditions and slow economic recovery may impact our clients' willingness to procure our technology and strategic consulting services and may impact products and services that require their customers to use our customer care services. Our business, financial condition, results of operations and cash flows would be adversely affected if any of our major clients were unable to pay for our services due to volatile economic conditions.

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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 TeleTech. 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.

Unfavorable regulation and negative public perception about digital marketing could adversely affect our business and results of operations

With the growth of online marketplace and e-commerce, there is increasing awareness and concern among the general public, privacy advocates, mainstream media, and government bodies regarding the reach of digital marketing and its potential impact on individual privacy interests. For example, in recent years, consumer advocates and certain government agencies have publicly criticized companies that collect, store and use personal data for commercial purposes. This public scrutiny may lead to unfavorable regulation, public distrust of digital marketing industry, consumer reluctance to share and permit use of personal data, and increased consumer opt-out rates, any of which could negatively influence, change or reduce our ability to provide our digital marketing and related analytics services and current and prospective clients' demand for our offerings, adversely affecting our business and results of operations. Any unfavorable publicity or negative public perception about us or the digital marketing industry in general may affect not only our digital marketing business but our reputation, in general, and our businesses unrelated to digital marketing.

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 delivery 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, financial condition and results of operations.

Our credit facility contains covenant restrictions that may limit our ability to operate our business or execute on our strategy

Our credit facility contains common operating and financial covenants that impose operating and financial restrictions on how we operate our business and require us to meet certain financial metrics quarterly. Complying with these covenant restrictions may limit our ability to engage in certain activities, including incurring additional indebtedness, making certain investments and capital expenditures, acquisitions, selling certain assets, stock repurchases, payment of existing obligations, or replenishment of cash reserves.

As a result of these covenant restrictions, our ability to respond to changes in business and economic conditions and to obtain additional financing, if needed, may be restricted, and we may be prevented from engaging in transactions that might otherwise be beneficial to us. Our ability to comply with these covenants is dependent on our future performance, which will be subject to many factors, some of which are beyond our control, including prevailing economic conditions. We can provide no assurance that we will be able to meet the financial covenants under our credit facility, or that in the event of noncompliance, will be able to obtain waivers or amendments from the lenders. If we fail to comply with the covenants the lenders could elect to declare all amounts outstanding under the credit

facilities, together with accrued interest, to be immediately due and payable, and there can be no assurance that we would have adequate resources to comply with the accelerated repayment schedule or that the assets securing such indebtedness would be sufficient to repay it in full that indebtedness, which could have a material and adverse effect on our financial condition.

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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 relevant 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 exceeding 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 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 64.9% of TeleTech's common stock. As a result, Mr. Tuchman could exercise control over all matters requiring action by our stockholders, including the election of our entire Board of Directors. Therefore, a change in control of our company could not be effected without his approval, even when such a change of control 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 2015 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 delivery 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, 2015 we operated 67 delivery 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
- 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, 2015, our delivery centers were located in the following countries:

	Multi-Client Centers	Dedicated Centers	Managed Centers	Total Number of Delivery Centers
Australia	1	1	—	2
Brazil	2	—	—	2
Bulgaria	2	—	—	2
Canada	1	—	1	2
China	—	—	1	1
Costa Rica	—	1	—	1
Germany	—	—	1	1
Ireland	1	—	—	1
Macedonia	1	—	—	1
Mexico	3	—	—	3
New Zealand	1	—	—	1
Philippines	17	2	1	20
Poland	—	—	1	1
South Africa	—	—	1	1
Thailand	—	—	1	1
United Kingdom	—	1	2	3
United States of America	15	4	5	24
Total	44	9	14	67

The leases for our delivery centers have remaining terms ranging from one to 10 years and generally contain renewal options, with the exception of one center which we have subleased for the remainder of the lease term through 2021. We believe that our existing delivery 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 2015	\$ 30.61	\$ 26.76
Third Quarter 2015		