

For Immediate Release

SIIA Contact: Laura Greenback, Communications Manager, +1 410-533-1943, lgreenback@sii.net

PR Contact: Beth Dozier, Rational 360, +1 202-429-1833, bethdozier@rational360.com

New Report: Private Software Firms See Strongest Revenue Growth Since Recession Began, Expect Big Job Gains

SIIA/OPEXEngine Study Also Finds Private West Coast Firms Outspend East Coast Firms & Show Higher Revenue Growth

Washington, D.C. (December 11, 2012) – The Software & Information Industry Association (SIIA), the principal trade association for the software and digital content industries, today announced the results of the 2012 Software Benchmarking Industry Report, which finds that private software companies are experiencing the largest revenue growth since 2008 and expect strong job growth. The report – which was developed by SIIA partner OPEXEngine, the leading aggregator of financial and operating benchmarks for small and mid-sized software companies – surveyed private and public U.S. firms with up to \$350 million in revenues.

The 2012 Report identifies significant revenue growth rates, strong job creation and high expectations. According to the report, participating private software firms achieved an average revenue growth rate of 37 percent in 2011 – 10 percent beyond the growth rate achieved in 2010 – and they anticipate further gains in 2012. Importantly, companies say they plan to increase employee headcount in 2012 by an average of 27 percent – the highest hiring expectation since the recession.

"The small and mid-sized software industry in the U.S. is seeing strong growth and contributing to the economy in ways we haven't seen since before the recession," said Rhianna Collier, Vice President of SIIA's Software Division. "With signs of more hiring and greater optimism, the 2012

report signals an exciting turning point in this industry's efforts to weather the economic storm. While our past reports have shown steady profitability, the 2012 study clearly demonstrates that job creation is catching up with revenue growth."

Collier continued, "Companies are hiring again and moving away from the cost-containment strategies they have favored since 2008. This segment of the American economy has not only weathered the recession – it has emerged as a key job creator and an engine for recovery."

The 2012 Software Benchmarking Industry Report also found that despite generally more conservative fiscal management, East Coast companies are currently investing for better revenue growth and job creation in 2012 to catch up to their West Coast counterparts. This is the first year that OPEXEngine has compared East and West Coast firms.

"East Coast and West Coast firms of similar revenue size exhibited comparatively different spending patterns," said Lauren Kelley, CEO and founder of OPEX Engine. "Revenue growth was higher for West Coast companies, yet they dipped further into the red to achieve that growth. In addition, on average, West Coast firms took almost twice as much venture funding to get to the same revenue size. East Coast firms have taken a leaner approach with higher employee productivity, but we found that they expect to increase headcount at a greater rate in 2012."

Key findings from the 2012 Software Benchmarking Industry Report include:

- Private firms expect to increase headcount by an average of 27 percent. Firms with revenue under \$10 million and between \$10 and \$20 million anticipate the biggest hiring gains at 38 percent and 36.5 percent, respectively.
- Private software firms achieved an average revenue growth rate of 37 percent in 2011, compared to 28 percent in 2010.
- Private companies in the \$20-\$40 million range had the highest revenue growth rate (46 percent).
- 80 percent of private software companies surveyed expect 20 percent or greater revenue growth in 2012, while 30 percent expect higher than 50 percent.
- Revenue growth rates were higher for the West Coast companies – almost 50 percent versus 36 percent for the East Coast companies.
- In terms of operating expenses, East Coast companies spent 66 percent of what West Coast companies spent.

- Employee productivity on the East Coast was 5 percent higher than on the West Coast.
- East Coast companies anticipate a 35 percent growth in headcount during 2012, compared to 26 percent for West Coast companies.

The 2012 Software Benchmarking Industry Report provides extensive financial and operating metrics for U.S.-based companies with 2011 revenues between \$1 million and \$350 million. Benchmarks cover key financials, including detailed expense ratios, revenue and profit metrics, geographic break-outs, employee statistics, as well as customer and sales model comparisons. The report also looks specifically at Software as a Service (SaaS) vendors and breaks out all the benchmarks for smaller, private SaaS companies as well as for larger, public, SaaS companies. The 2012 report is the sixth annual benchmarking of the software industry conducted by OPEXEngine.

The 2012 Software Benchmarking Industry Report is available for purchase at www.opexengine.com/reports.
SIIA member companies receive a significant discount on benchmarking.

About SIIA

The Software & Information Industry Association (SIIA) is the principal trade association for the software and digital content industry. SIIA provides global services in government relations, business development, corporate education and intellectual property protection to more than 500 leading software and information companies. For further information, visit www.sii.net.

About OPEXEngine

OPEXEngine is the industry leader in delivering financial and operating benchmarks for the technology industries. OPEXEngine's benchmarking reports are key tools used by senior operating executives to support the budgetary, strategic planning and investment process. In addition, OPEXEngine's On Demand Financial Insights Reports deliver company and industry comparisons in the areas of valuations, revenues, cost and expenses, profitability, employee productivity and cash management for any US public company, created on the fly in minutes. For further information, visit www.opexengine.com

