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SIIA Software Division News

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Small & Mid-Sized U.S. Software Firms Boost Revenue in 2010, Forecast Significant Growth in 2011

New SIIA/OPEXEngine Study Shows Software Firms Increased Sales & Marketing Spending by almost 40% in 2010, Driving Strong Revenue Growth

Washington, D.C. (July 20, 2011) – The Software & Information Industry Association (SIIA), the principal trade association for the software and digital content industries, today released the 2011 Software Benchmarking Industry Report, which was developed by its partner OPEXEngine, the leading aggregator of financial and operating benchmarks for small and mid-sized software companies. The comprehensive report surveyed firms with up to $350 million in revenues and found that this segment of the software industry put more resources into sales and marketing in 2010 and saw significant revenue growth rates—more than 50 percent for the smallest firms and more than 26 percent for mid-sized vendors.

"SIIA and OPEXEngine took the pulse of small and mid-sized American software companies and found that this segment of the industry is at the forefront of the economic recovery," said Rhianna Collier, Vice President of SIIA's Software Division. "The 2011 Software Benchmarking Industry Report shows that firms are emerging from the recession and achieving healthy revenue growth after focusing on cost containment for the past few years. Based on this study, SIIA anticipates further growth as companies continue to expand their customer bases and take advantage of the latest technology to support sales and marketing efforts."

Key findings from the 2011 Software Benchmarking Industry Report include:

- In 2010, private software firms achieved a revenue growth median of 28 percent over 2009, and spent an average of 47 percent of their revenue on sales and marketing efforts.
- Mid-sized public software firms spent an average of 30 percent of their revenue on sales and marketing efforts—achieving a median of 22 percent revenue growth in 2010 over 2009;
- The top 10 percent most profitable mid-sized software firms increased operating income by a median of 14.2 percent and median of 19.4 percent of EBITDA in 2010;
- 71 percent of firms surveyed expect revenue to grow between 20 and 50 percent in 2011, while 10 percent expect revenue growth of more than 50 percent.

"Small and mid-sized software firms in the current market are focused on growth and are engaged in an effort to drive high valuations, such as revenue, numbers of new customers and customer renewals, as well as overall profitability," said Lauren Kelley, CEO of OPEXEngine. "In the five years that we have been benchmarking this sector, we are finding software firms to be more sophisticated than ever before about tracking detailed internal numbers and industry benchmarks."

The 2011 Software Benchmarking Industry Report provides extensive financial and operating metrics for companies ranging from start-ups, to those with revenues of up to $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 2011 report is the fifth annual benchmarking of the software industry conducted by OPEXEngine, and contains both historical data and trend analysis based on previous report.

The 2011 Software Benchmarking Industry Report is available for purchase at www.opexengine.com/reports.

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.siia.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 EDGAR Dashboards deliver overviews of 50 key metrics and ratios for any US public company, created on the fly in minutes. For further information, visit www.opexengine.com

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