



Georgia Tech Financial Analysis Lab

800 West Peachtree Street NW

Atlanta, GA 30332-0520

404-894-4395

<http://www.mgt.gatech.edu/finlab>

Dr. Charles W. Mulford, Director

INVESCO Chair and Professor of Accounting

charles.mulford@mgt.gatech.edu

Sohel Surani

Graduate Research Assistant

sohel.surani@mba.gatech.edu

Jason Blake

Graduate Research Assistant

jason.blake@mba.gatech.edu

Cash Flow Trends and Their Fundamental Drivers: A Continuing Look

Comprehensive Industry Review (Qtr 4, 2008)

Software & Services (GICS 4510)

EXECUTIVE SUMMARY

This research report is one of a series that looks at the cash flow performance of Corporate America. Our primary focus is on free cash margin, or free cash flow measured as a percent of revenue. The current study provides our comprehensive review for the Software & Services (GICS 4510) through Q4, 2008.

The Software and Services Industry finished the 12-months ended December 2008 with a lower median free cash margin of 9.60% compared to 11.91% for the 12-months ended December 2007. It is interesting to note, however, that median free cash margin was on an uptrend over the year until the 12-months ended September 2008 when median free cash margin peaked at 11.99% before falling to its current low. In fact, current median free cash margin is the lowest since the 12-months ended December 2004 when it stood at 9.64%. Median capital expenditures as a percentage of revenue have been highly stable in the 2% range since the 12-months ended September 2002 when it was 3.03% after touching a peak of 7.26% for the 12-months ended December 2000 – the height of the dot-com bubble.

Data for this research were provided by Cash Flow Analytics, LLC., www.cashflowanalytics.com. Charles Mulford is a principal in Cash Flow Analytics, LLC.

May, 2009

**Georgia Tech Financial Analysis Lab
College of Management
Georgia Institute of Technology
Atlanta, GA 30332-0520**

Georgia Tech Financial Analysis Lab

The Georgia Tech Financial Analysis Lab conducts research on issues of financial reporting and analysis. Unbiased information is vital to effective investment decision-making. Accordingly, we think that independent research organizations, such as our own, have an important role to play in providing information to market participants.

Because our Lab is housed within a university, all of our research reports have an educational quality, as they are designed to impart knowledge and understanding to those who read them. Our focus is on issues that we believe will be of interest to a large segment of stock market participants. Depending on the issue, we may focus our attention on individual companies, groups of companies, or on large segments of the market at large.

A recurring theme in our work is the identification of reporting practices that give investors a misleading signal, whether positive or negative, of corporate earning power. We define earning power as the ability to generate a sustainable stream of earnings that is backed by cash flow. Accordingly, our research may look into reporting practices that affect either earnings or cash flow, or both. At times, our research may look at stock prices generally, though from a fundamental and not technical point of view.

Contact Information

Charles Mulford INVESCO Chair, Professor of Accounting and the Lab's Director
Phone: (404) 894-4395
Email: charles.mulford@mgt.gatech.edu

Jason Blake Graduate Research Assistant and MBA Student
Sohel Surani Graduate Research Assistant and MBA Student

Website: <http://www.mgt.gatech.edu/finlab>

©2009 by the College of Management, Georgia Institute of Technology, Atlanta, GA 30332-0520. ALL RIGHTS RESERVED. The information contained in this research report is solely the opinion of the authors and is based on sources believed to be reliable and accurate, consisting principally of required filings submitted by the companies represented to the Securities and Exchange Commission. HOWEVER, ALL CONTENT HEREIN IS PRESENTED "AS IS," WITHOUT WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED. No data or statement is or should be construed to be a recommendation for the purchase, retention, sale or short-sale of the securities of the companies mentioned.

Cash Flow Trends and Their Fundamental Drivers: A Continuing Look. Comprehensive Industry Review (Qtr 4 2008). (c) 2009 by the College of Management, Georgia Institute of Technology, Atlanta, GA 30332-0520.

Software & Services (GICS 4510)

Sub-industries included:	Page
Internet Software & Services (GICS 451010)	15
IT Services (GICS 451020)	16
Software (GICS 451030)	17

Observations

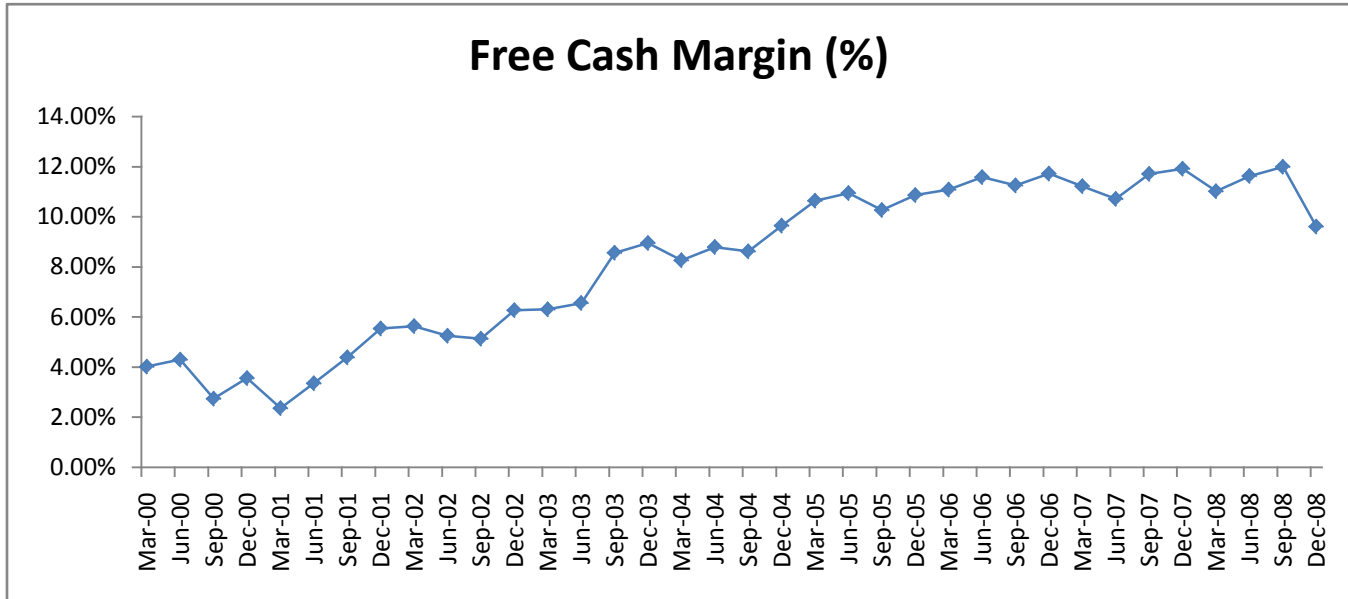
The Software and Services Industry finished the 12-months ended December 2008 with a lower median free cash margin of 9.60% compared to 11.91% for the 12-months ended December 2007. It is interesting to note, however, that median free cash margin was on an uptrend over the year until the 12-months ended September 2008 when median free cash margin peaked at 11.99% before falling to its current low. In fact, current median free cash margin is the lowest since the 12-months ended December 2004 when it stood at 9.64%. Median capital expenditures as a percentage of revenue have been highly stable in the 2% range since the 12-months ended September 2002 when it was 3.03% after touching a peak of 7.26% for the 12-months ended December 2000 – the height of the dot-com bubble.

A corresponding decline in median operating cash margin, which fell from 16.67% for the 12-months ended December 2007 to 14.60% for the 12-months ended December 2008 contributed to the decline in median free cash margin. It is worth noting though that like median free cash margin, the decline in operating cash margin came in the last quarter of 2008 with a steep decline from September 2008 to December 2008. Median operating cushion, a key component of operating cash margin, and a likely contributor to the decline in operating cash margin observed earlier, declined from 18.60% to 17.77% over the rolling 12-month period ending December 2008. Median operating cushion has, however, been on a long-term uptrend after reaching a low of 8.11% for the 12-months ended September 2001 to a high of 18.74% for the 12-months ended December 2007. A long-term uptrend in gross margin and a downtrend in SG&A have been responsible for the observed uptrend in median operating cushion. Median cash cycle over the 12-month period ending December 2008 declined from 58.14 days to 55.40 days.

The sub-industry, Internet Software & Services (GICS: 451010) saw median operating cash margin decline to 16.98% for the 12-months ended December 2008 compared to 20.66% for the 12-months ended December 2007. Median capital expenditures to revenue declined steadily from 8.97% to 2.97% over the same period. IT Services (GICS: 451020) saw a decline in median free cash margin to 6.40% from 7.74% over the 12-months ended December 2008. Finally, median free cash margin was relatively flat for Software (GICS: 451030), which ended the year at 14.66% compared to 14.31% for the 12-months ended December 2007.

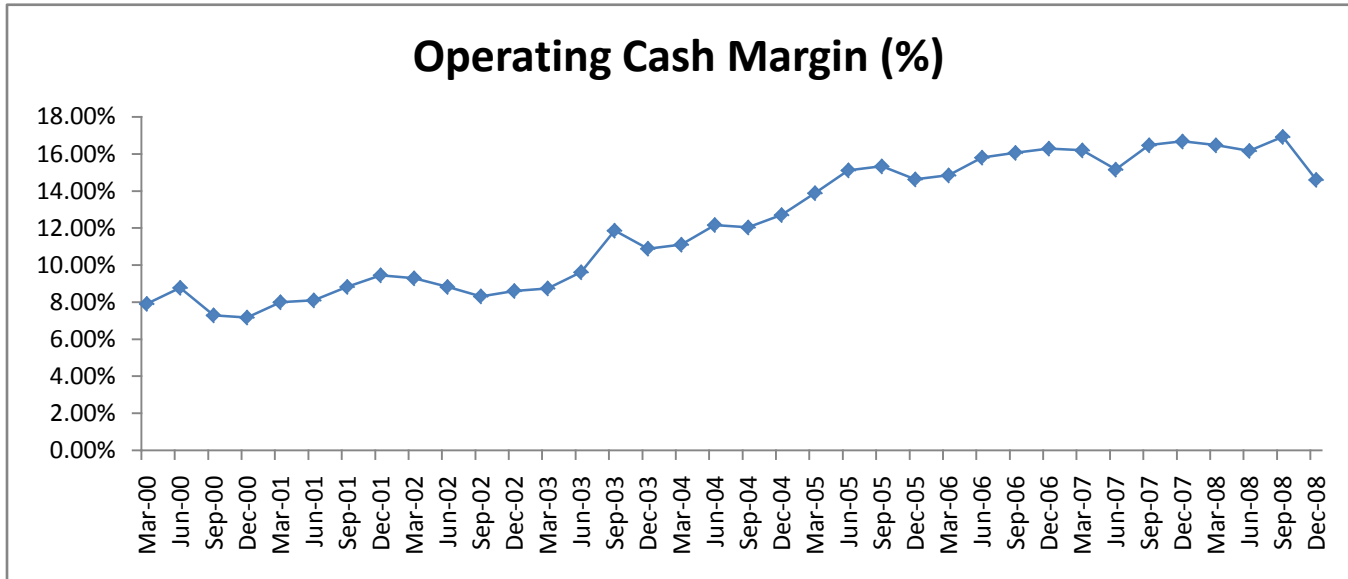
Cash Flow Margins

Exhibit 1: Median Free Cash Margin, 2000 – 2008, Software & Services (4510)



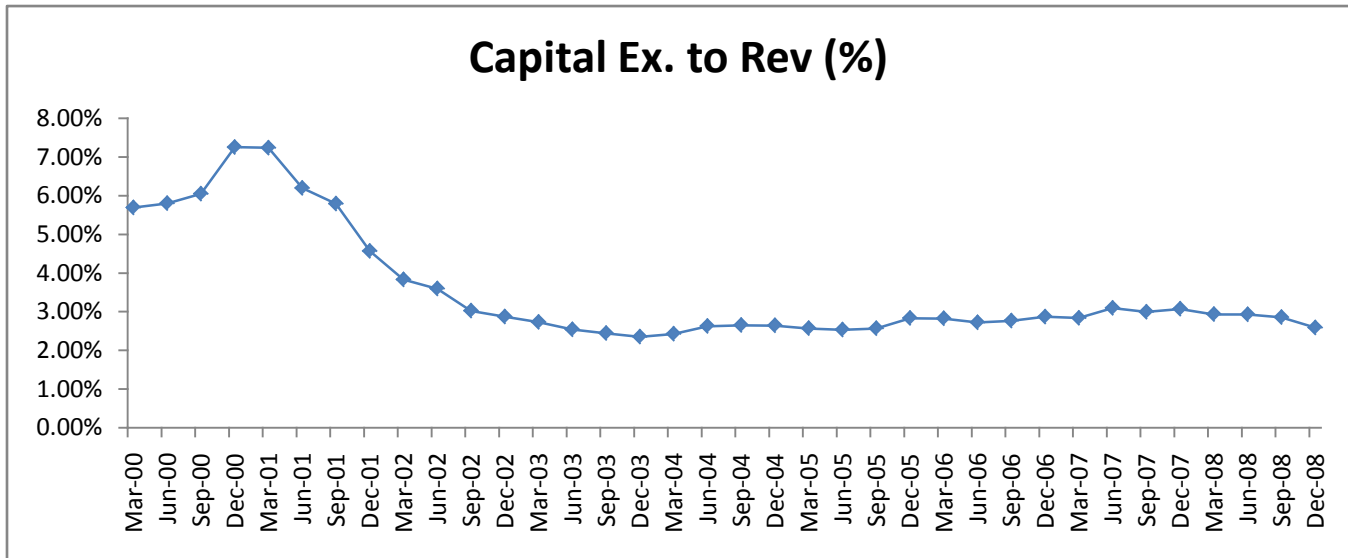
Refer to Table 1 for data supporting the graph.

Exhibit 2: Median Operating Cash Margin, 2000 – 2008, Software & Services (4510)



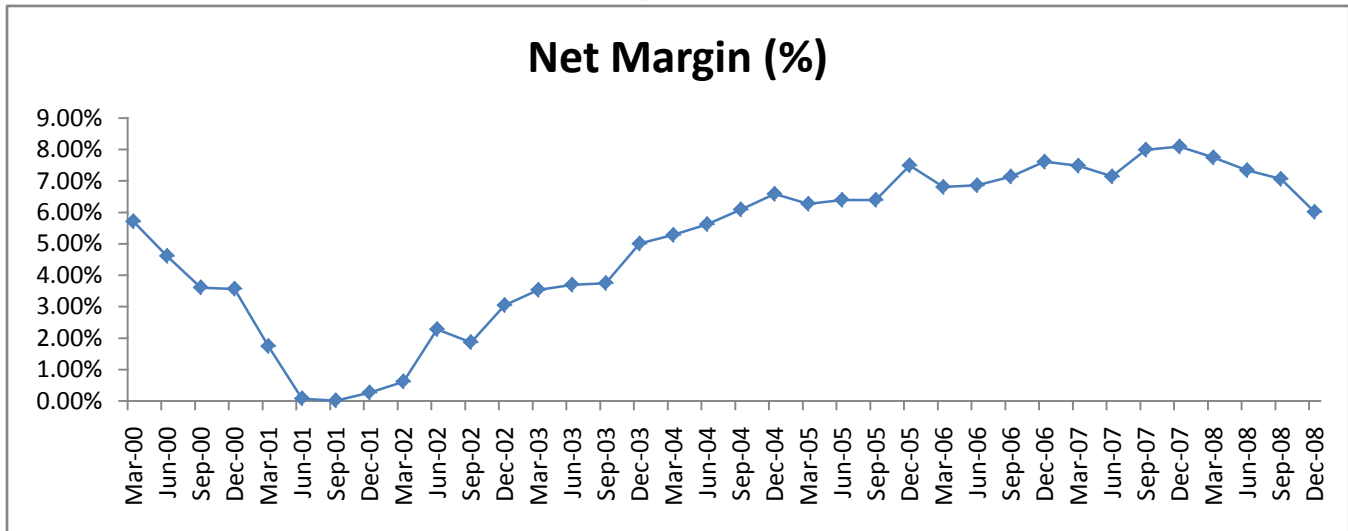
Refer to Table 1 for data supporting the graph.

Exhibit 3: Median Capital Expenditure as a percentage of Revenue, 2000 – 2008, Software & Services (4510)



Refer to Table 1 for data supporting the graph.

Exhibit 4: Median Net Margin from Continuing Operations, 2000 – 2008, Software & Services (4510)



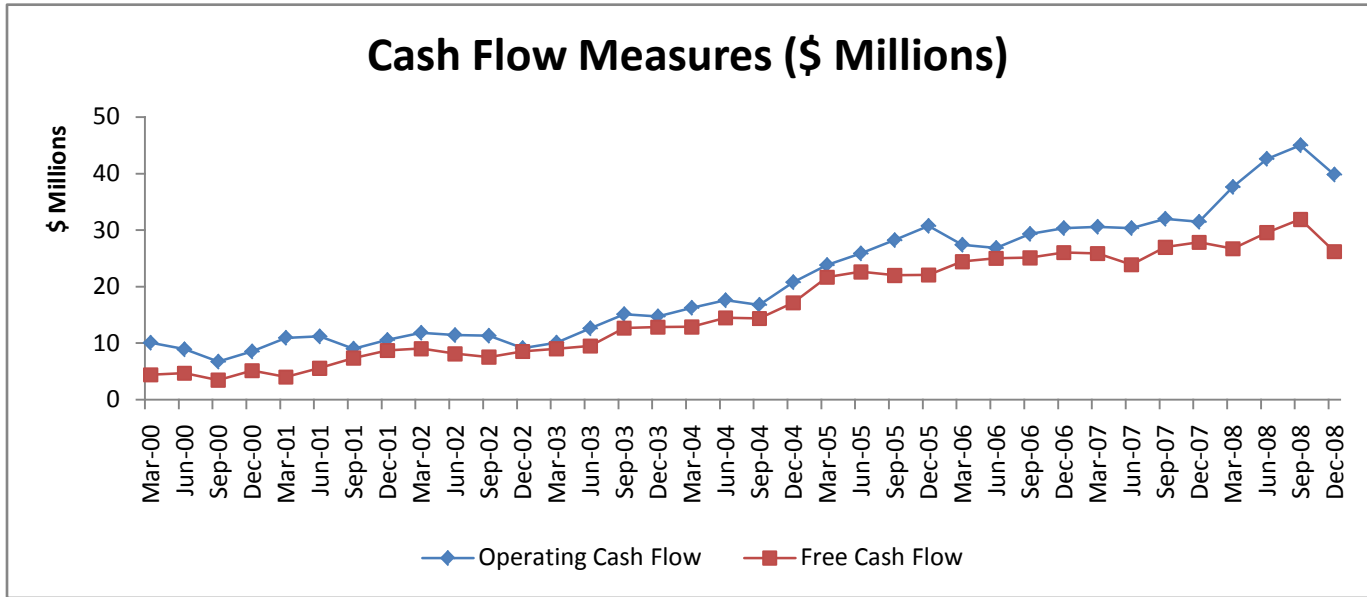
Refer to Table 1 for data supporting the graph.

Table 1: Median Margins, 2000 – 2008, Software & Services (4510)

Date	Operating Cash Margin (%)	Free Cash Margin (%)	Net Margin (%)	Capital Exp. to Rev (%)
Mar-00	7.91%	4.02%	5.71%	5.69%
Jun-00	8.78%	4.30%	4.61%	5.81%
Sep-00	7.29%	2.74%	3.61%	6.05%
Dec-00	7.18%	3.56%	3.57%	7.26%
Mar-01	8.00%	2.36%	1.74%	7.24%
Jun-01	8.10%	3.36%	0.08%	6.20%
Sep-01	8.83%	4.39%	0.01%	5.79%
Dec-01	9.45%	5.54%	0.27%	4.57%
Mar-02	9.29%	5.63%	0.62%	3.83%
Jun-02	8.82%	5.25%	2.28%	3.60%
Sep-02	8.32%	5.13%	1.87%	3.03%
Dec-02	8.61%	6.27%	3.05%	2.87%
Mar-03	8.75%	6.30%	3.53%	2.73%
Jun-03	9.62%	6.56%	3.70%	2.54%
Sep-03	11.86%	8.56%	3.75%	2.45%
Dec-03	10.89%	8.95%	5.01%	2.35%
Mar-04	11.10%	8.26%	5.28%	2.43%
Jun-04	12.17%	8.79%	5.62%	2.63%
Sep-04	12.03%	8.62%	6.09%	2.65%
Dec-04	12.70%	9.64%	6.59%	2.65%
Mar-05	13.88%	10.64%	6.27%	2.57%
Jun-05	15.11%	10.94%	6.40%	2.54%
Sep-05	15.33%	10.26%	6.40%	2.57%
Dec-05	14.63%	10.86%	7.50%	2.84%
Mar-06	14.84%	11.08%	6.81%	2.83%
Jun-06	15.80%	11.57%	6.86%	2.72%
Sep-06	16.06%	11.25%	7.14%	2.77%
Dec-06	16.29%	11.72%	7.61%	2.87%
Mar-07	16.19%	11.21%	7.48%	2.84%
Jun-07	15.15%	10.71%	7.14%	3.10%
Sep-07	16.47%	11.70%	7.99%	3.00%
Dec-07	16.67%	11.91%	8.09%	3.08%
Mar-08	16.46%	11.01%	7.75%	2.94%
Jun-08	16.16%	11.62%	7.34%	2.93%
Sep-08	16.92%	11.99%	7.06%	2.86%
Dec-08	14.60%	9.60%	6.02%	2.59%

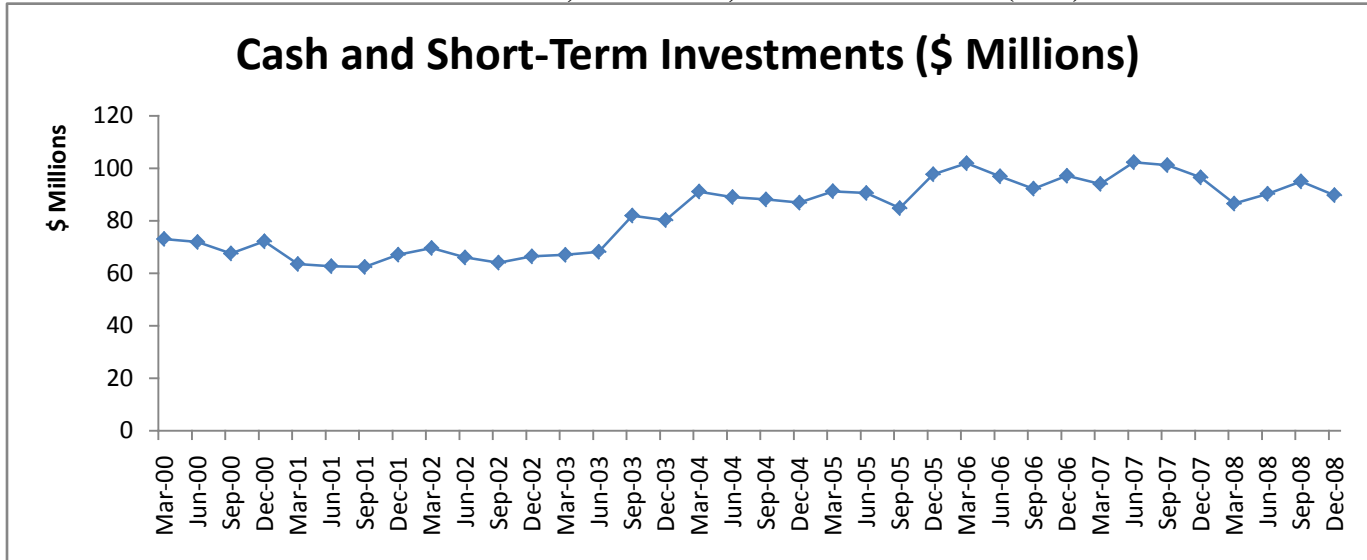
Cash Flow Measures

Exhibit 5: Median Free Cash Flow and Median Operating Cash Flow, 2000 – 2008, Software & Services (4510)



Refer to Table 2 for data supporting the graph.

Exhibit 6: Cash and Short-term Investments, 2000 – 2008, Software & Services (4510)



Refer to Table 2 for data supporting the graph.

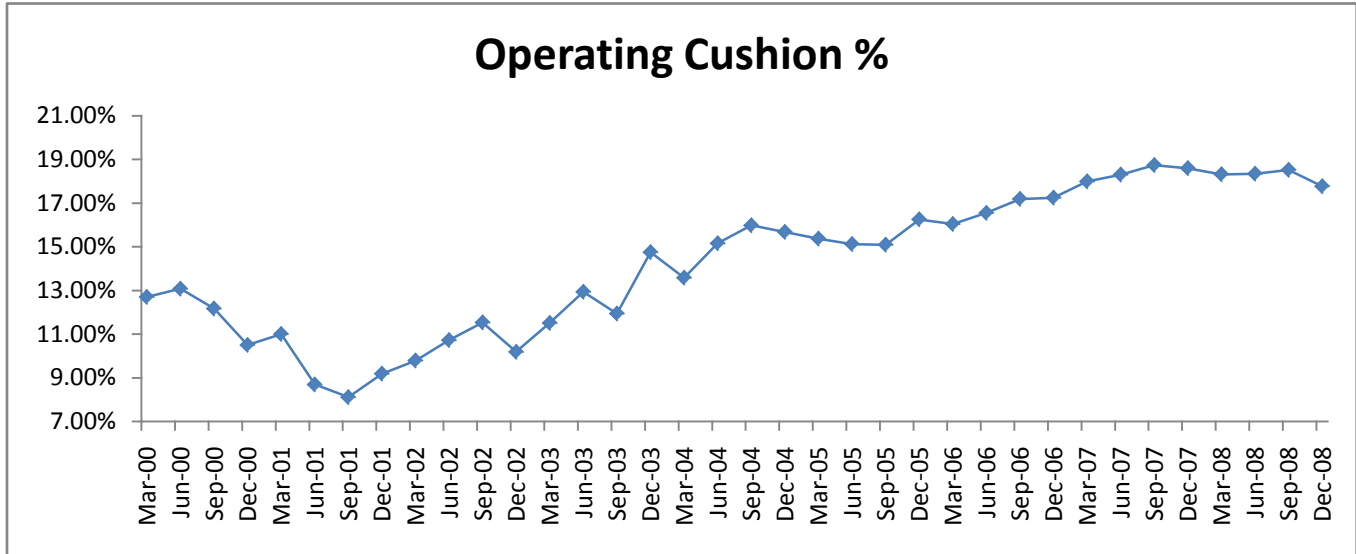
Table 2: Cash Flow Measures, 2000 – 2008, Software & Services (4510)

Date	Operating Cash Flow	% Change	Free Cash Flow	% Change	Cash and Short-Term Investments	% Change
Mar-00	10,098,000		4,420,242		73,052,000	
Jun-00	8,941,000	-11.46%	4,704,978	6.44%	71,886,000	-1.60%
Sep-00	6,761,000	-24.38%	3,469,448	-26.26%	67,524,000	-6.07%
Dec-00	8,564,000	26.67%	5,156,506	48.63%	72,161,000	6.87%
Mar-01	10,976,000	28.16%	4,016,509	-22.11%	63,494,000	-12.01%
Jun-01	11,219,000	2.21%	5,591,074	39.20%	62,665,500	-1.30%
Sep-01	9,050,000	-19.33%	7,394,811	32.26%	62,376,500	-0.46%
Dec-01	10,587,500	16.99%	8,717,661	17.89%	67,056,500	7.50%
Mar-02	11,857,000	11.99%	9,039,415	3.69%	69,604,000	3.80%
Jun-02	11,450,000	-3.43%	8,138,708	-9.96%	65,994,500	-5.19%
Sep-02	11,339,000	-0.97%	7,559,616	-7.12%	64,024,500	-2.99%
Dec-02	9,154,000	-19.27%	8,551,340	13.12%	66,402,000	3.71%
Mar-03	10,116,000	10.51%	9,031,127	5.61%	66,989,000	0.88%
Jun-03	12,654,000	25.09%	9,509,478	5.30%	68,159,000	1.75%
Sep-03	15,154,000	19.76%	12,674,253	33.28%	81,975,000	20.27%
Dec-03	14,763,000	-2.58%	12,850,133	1.39%	80,233,000	-2.13%
Mar-04	16,281,500	10.29%	12,893,364	0.34%	91,136,000	13.59%
Jun-04	17,614,000	8.18%	14,497,611	12.44%	89,028,000	-2.31%
Sep-04	16,803,000	-4.60%	14,374,214	-0.85%	88,114,000	-1.03%
Dec-04	20,811,000	23.85%	17,153,942	19.34%	86,887,000	-1.39%
Mar-05	23,842,500	14.57%	21,687,868	26.43%	91,259,000	5.03%
Jun-05	25,888,000	8.58%	22,620,091	4.30%	90,575,000	-0.75%
Sep-05	28,241,500	9.09%	22,002,680	-2.73%	84,805,500	-6.37%
Dec-05	30,762,000	8.92%	22,070,778	0.31%	97,723,000	15.23%
Mar-06	27,421,000	-10.86%	24,430,369	10.69%	101,931,500	4.31%
Jun-06	26,854,500	-2.07%	25,025,187	2.43%	96,937,000	-4.90%
Sep-06	29,339,000	9.25%	25,103,563	0.31%	92,238,000	-4.85%
Dec-06	30,364,000	3.49%	26,040,395	3.73%	97,137,500	5.31%
Mar-07	30,594,000	0.76%	25,872,044	-0.65%	94,046,000	-3.18%
Jun-07	30,367,500	-0.74%	23,878,644	-7.70%	102,319,500	8.80%
Sep-07	32,010,000	5.41%	26,984,684	13.01%	101,199,500	-1.09%
Dec-07	31,479,000	-1.66%	27,853,278	3.22%	96,525,000	-4.62%
Mar-08	37,643,000	19.58%	26,718,529	-4.07%	86,539,000	-10.35%
Jun-08	42,617,000	13.21%	29,560,325	10.64%	90,272,000	4.31%
Sep-08	45,023,118	5.65%	31,906,901	7.94%	94,991,500	5.23%
Dec-08	39,841,940	-11.51%	26,208,356	-17.86%	89,764,000	-5.50%

Cash Flow Drivers

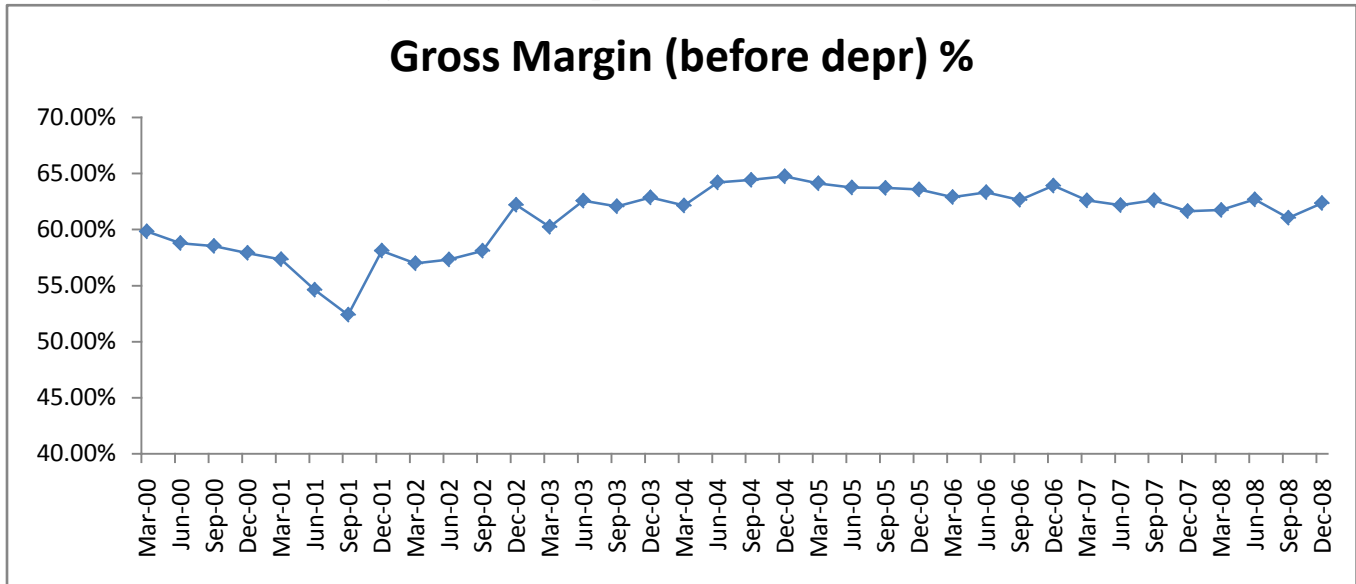
Profitability

Exhibit 7: Median Operating Cushion, 2000 – 2008, Software & Services (4510)



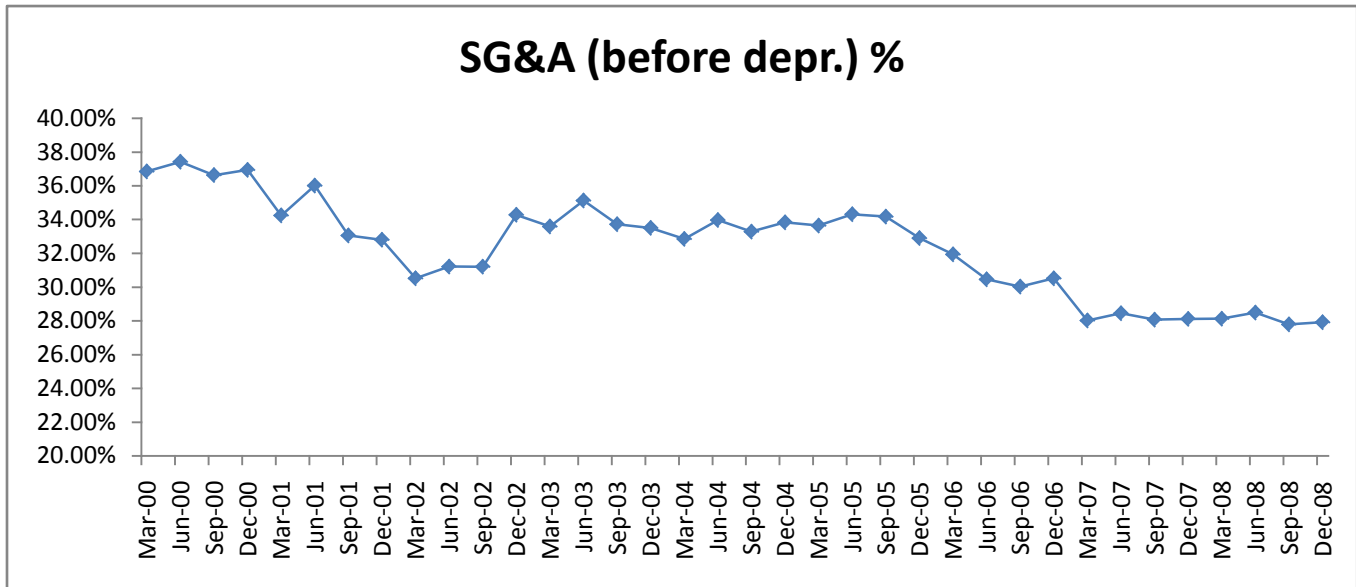
Refer to Table 3 for data supporting the graph.

Exhibit 8: Median Gross Margin % (before depreciation), 2000 – 2008, Software & Services (4510)



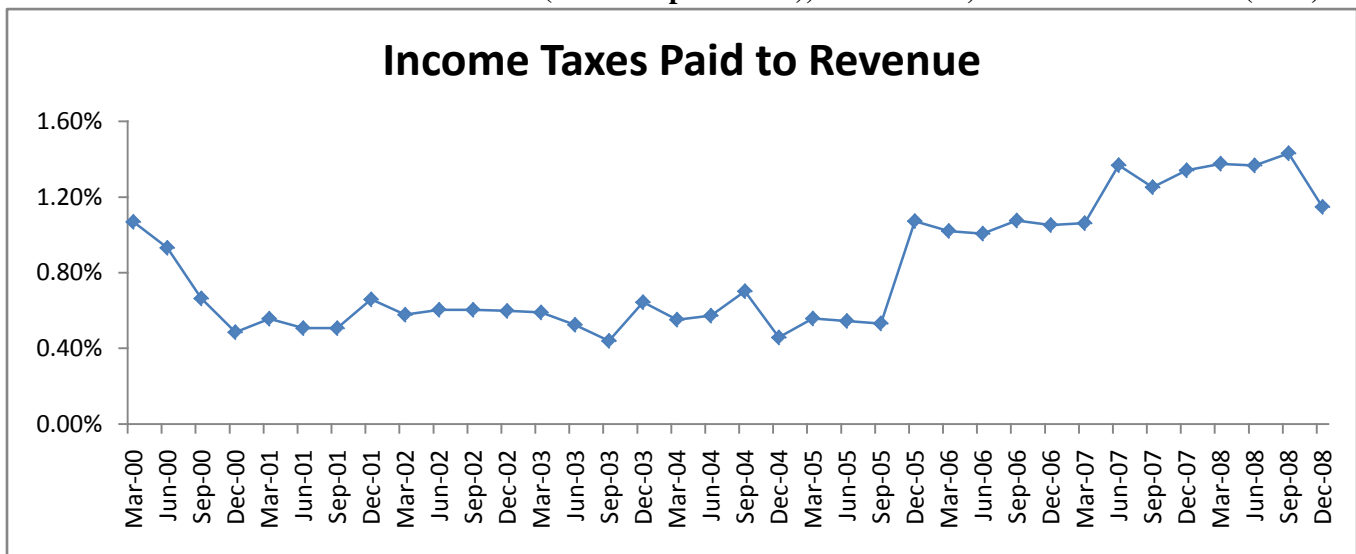
Refer to Table 3 for data supporting the graph.

Exhibit 9: Median Selling, General and Administrative Expense % (before depreciation), 2000 – 2008, Software & Services (4510)



Refer to Table 3 for data supporting the graph.

Exhibit 10: Median Income Taxes Paid % (before depreciation), 2000 – 2008, Software & Services (4510)



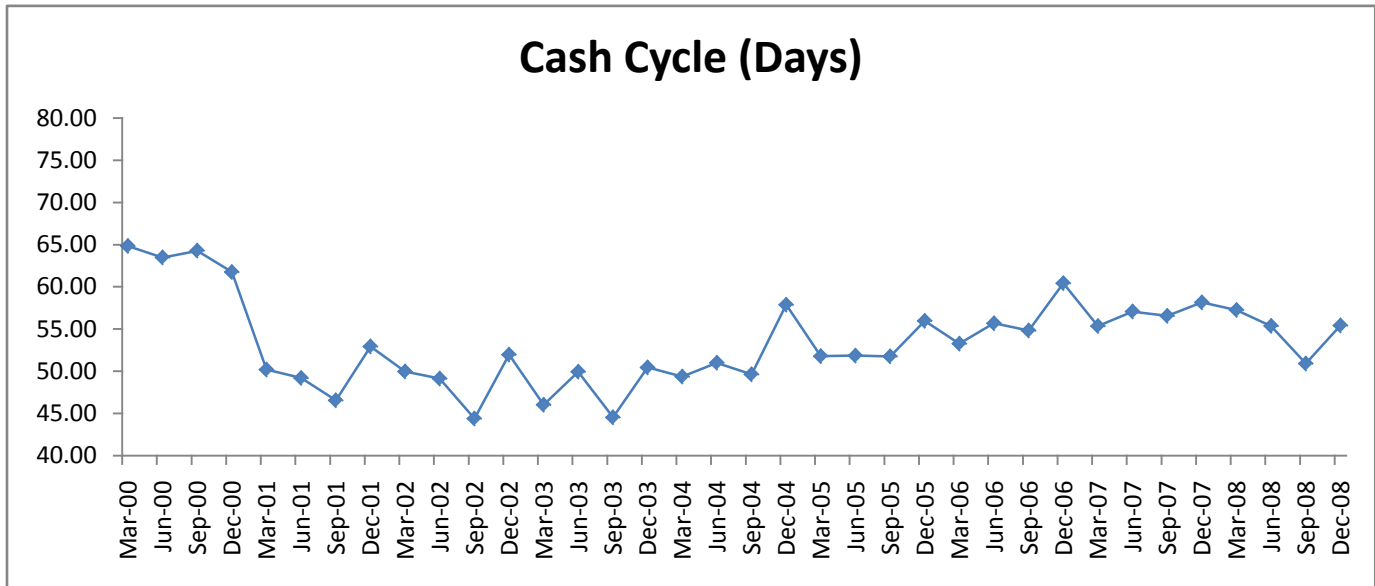
Refer to Table 3 for data supporting the graph.

Table 3: Profitability, 2000 – 2008, Software & Services (4510)

Date	Operating Cushion (%)	Gross Margin (before depr) %	SG&A (before depr.) %	Revenue	% Change	Income Taxes Paid to Revenue
Mar-00	12.70%	59.83%	36.84%	110,011,000		1.07%
Jun-00	13.08%	58.79%	37.41%	109,469,000	-0.49%	0.93%
Sep-00	12.17%	58.52%	36.62%	126,576,000	15.63%	0.66%
Dec-00	10.50%	57.91%	36.93%	144,805,000	14.40%	0.49%
Mar-01	11.00%	57.34%	34.24%	169,975,000	17.38%	0.56%
Jun-01	8.69%	54.62%	36.00%	166,649,000	-1.96%	0.51%
Sep-01	8.11%	52.39%	33.05%	168,523,500	1.12%	0.51%
Dec-01	9.19%	58.11%	32.80%	157,358,500	-6.63%	0.66%
Mar-02	9.79%	56.98%	30.52%	160,444,000	1.96%	0.58%
Jun-02	10.72%	57.32%	31.21%	155,023,000	-3.38%	0.60%
Sep-02	11.53%	58.10%	31.20%	147,303,500	-4.98%	0.60%
Dec-02	10.19%	62.20%	34.27%	136,385,000	-7.41%	0.60%
Mar-03	11.51%	60.24%	33.58%	143,283,000	5.06%	0.59%
Jun-03	12.94%	62.57%	35.12%	145,050,000	1.23%	0.53%
Sep-03	11.94%	62.07%	33.72%	148,081,000	2.09%	0.44%
Dec-03	14.75%	62.87%	33.50%	143,609,000	-3.02%	0.64%
Mar-04	13.58%	62.14%	32.85%	156,094,000	8.69%	0.55%
Jun-04	15.16%	64.20%	33.96%	164,933,000	5.66%	0.57%
Sep-04	15.98%	64.43%	33.28%	166,851,000	1.16%	0.70%
Dec-04	15.68%	64.75%	33.83%	177,927,000	6.64%	0.46%
Mar-05	15.37%	64.13%	33.64%	203,910,000	14.60%	0.56%
Jun-05	15.12%	63.75%	34.31%	206,765,000	1.40%	0.55%
Sep-05	15.10%	63.71%	34.17%	214,367,500	3.68%	0.53%
Dec-05	16.26%	63.58%	32.90%	203,230,000	-5.20%	1.07%
Mar-06	16.04%	62.89%	31.93%	220,530,500	8.51%	1.02%
Jun-06	16.55%	63.33%	30.46%	216,219,000	-1.96%	1.01%
Sep-06	17.19%	62.65%	30.03%	223,242,000	3.25%	1.08%
Dec-06	17.25%	63.92%	30.51%	222,282,500	-0.43%	1.05%
Mar-07	18.00%	62.60%	28.02%	230,712,000	3.79%	1.06%
Jun-07	18.31%	62.17%	28.45%	223,019,000	-3.33%	1.37%
Sep-07	18.74%	62.61%	28.07%	230,559,500	3.38%	1.25%
Dec-07	18.60%	61.64%	28.12%	233,845,000	1.43%	1.34%
Mar-08	18.32%	61.74%	28.13%	242,609,000	3.75%	1.38%
Jun-08	18.35%	62.69%	28.49%	254,348,000	4.84%	1.37%
Sep-08	18.53%	61.05%	27.79%	266,157,000	4.64%	1.43%
Dec-08	17.77%	62.36%	27.92%	272,890,000	2.53%	1.15%

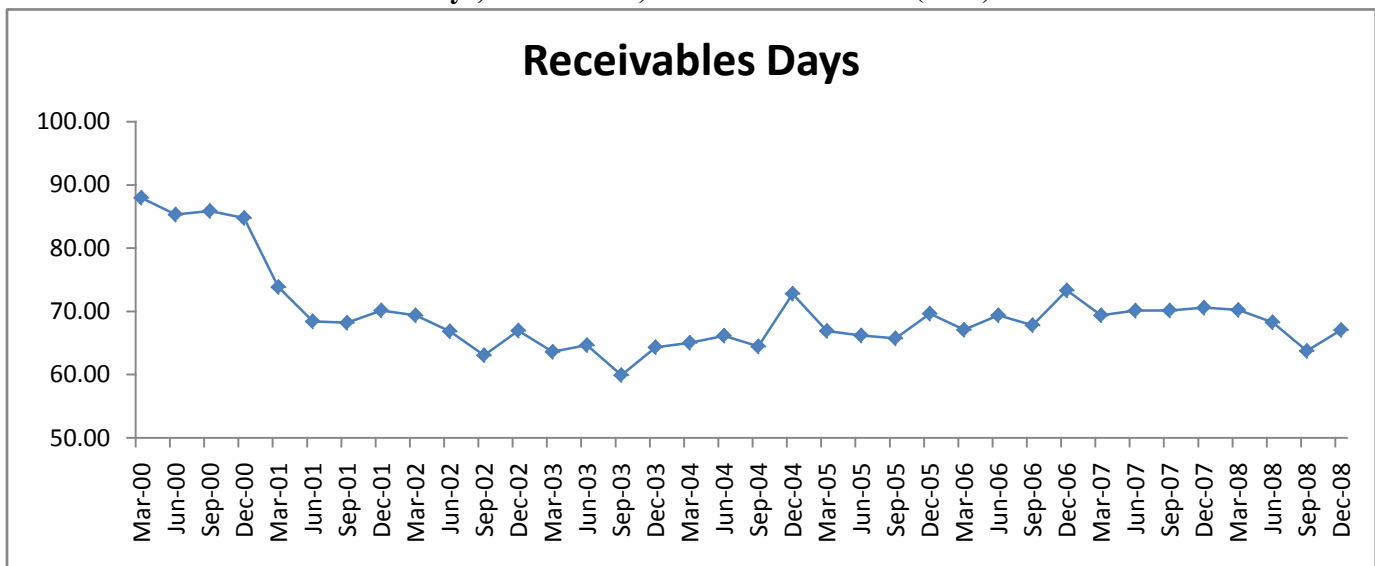
Efficiency

Exhibit 11: Median Cash Cycle, 2000 – 2008, Software & Services (4510)



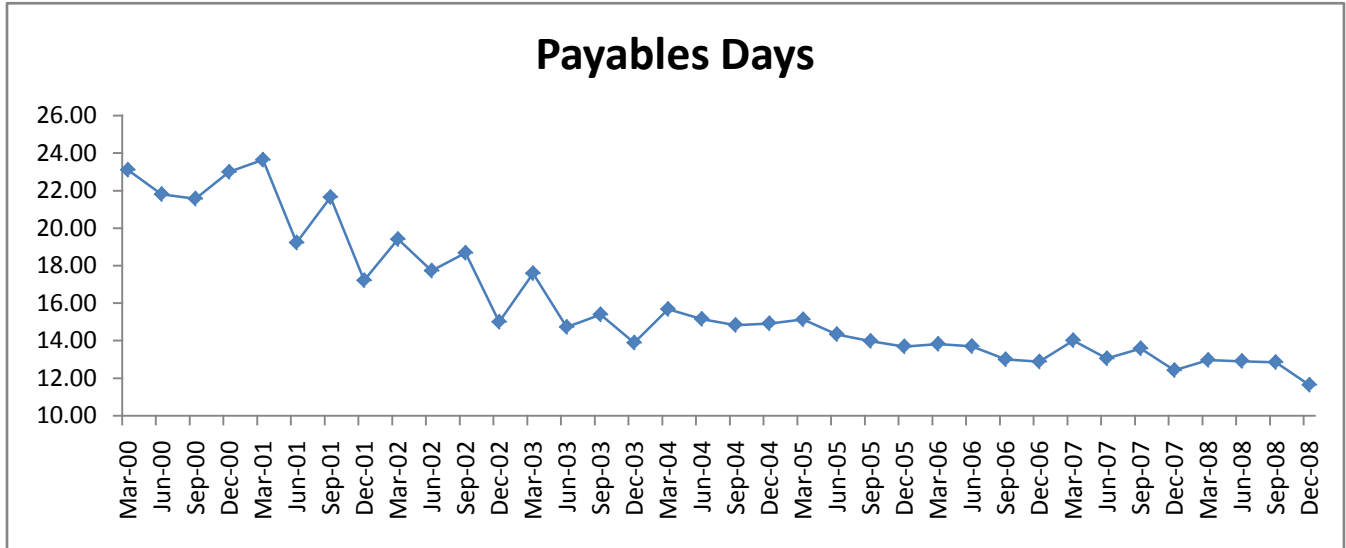
Refer to Table 4 for data supporting the graph.

Exhibit 12: Median Receivables Days, 2000 – 2008, Software & Services (4510)



Refer to Table 4 for data supporting the graph.

Exhibit 13: Median Payables Days, 2000 – 2008, Software & Services (4510)



Refer to Table 4 for data supporting the graph.

Table 4: Efficiency, 2000 – 2008, Software & Services (4510)

Date	Cash Cycle (Days)	Receivables Days	Payables Days
Mar-00	64.82	87.93	23.11
Jun-00	63.46	85.28	21.81
Sep-00	64.27	85.84	21.57
Dec-00	61.74	84.74	23.00
Mar-01	50.18	73.83	23.65
Jun-01	49.18	68.41	19.23
Sep-01	46.54	68.19	21.66
Dec-01	52.92	70.14	17.22
Mar-02	49.95	69.37	19.41
Jun-02	49.11	66.84	17.73
Sep-02	44.37	63.06	18.69
Dec-02	51.95	66.96	15.01
Mar-03	46.01	63.61	17.60
Jun-03	49.93	64.66	14.73
Sep-03	44.52	59.92	15.40
Dec-03	50.43	64.33	13.90
Mar-04	49.35	65.04	15.69
Jun-04	50.99	66.15	15.16
Sep-04	49.61	64.45	14.84
Dec-04	57.86	72.78	14.92
Mar-05	51.76	66.90	15.14
Jun-05	51.83	66.18	14.35
Sep-05	51.75	65.73	13.98
Dec-05	55.95	69.64	13.69
Mar-06	53.25	67.08	13.83
Jun-06	55.66	69.37	13.71
Sep-06	54.80	67.81	13.00
Dec-06	60.41	73.30	12.89
Mar-07	55.34	69.36	14.02
Jun-07	57.06	70.12	13.06
Sep-07	56.54	70.13	13.59
Dec-07	58.14	70.57	12.43
Mar-08	57.24	70.21	12.97
Jun-08	55.35	68.27	12.92
Sep-08	50.89	63.75	12.86
Dec-08	55.40	67.05	11.65

Internet Software & Services (451010)

Exhibit 14: Median Free Cash Margin, 2000 – 2008, Internet Software & Services (451010)

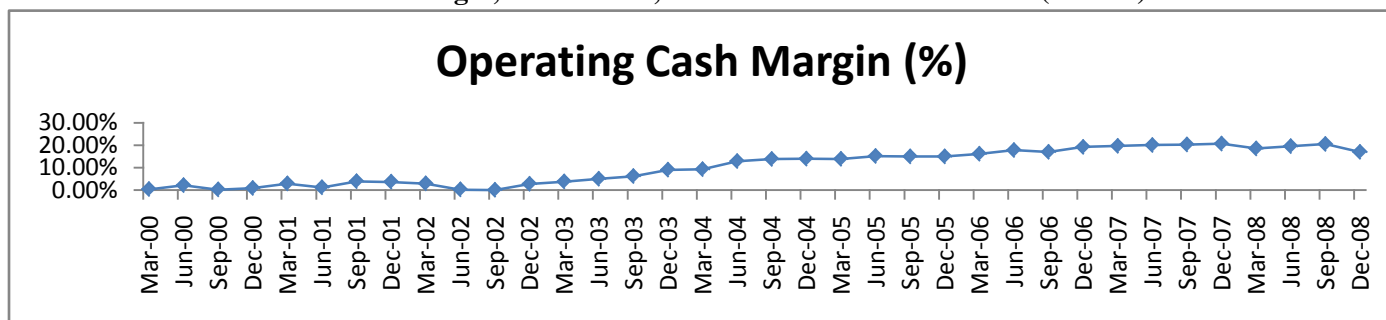


Table 5: 2000 – 2008, Internet Software & Services (451010)

Date	Operating Cash Margin (%)	Net Margin (%)	Capital Exp. to Rev (%)	Operating Cushion (%)	Income taxes paid to revenue (%)	Cash Cycle	Cash and Short-Term Investments
Mar-00	0.44%	14.31%	11.82%	12.04%	0.00%	57.44	139,242,000
Jun-00	2.18%	19.00%	13.89%	18.98%	0.00%	57.29	142,538,000
Sep-00	0.28%	19.74%	13.45%	7.32%	0.00%	56.66	134,981,500
Dec-00	0.91%	7.24%	13.28%	6.47%	0.00%	47.86	114,062,000
Mar-01	2.94%	16.65%	12.04%	5.26%	0.00%	34.88	105,738,000
Jun-01	1.22%	27.37%	10.70%	8.97%	0.00%	29.97	88,163,500
Sep-01	3.93%	19.69%	8.46%	8.04%	0.00%	26.19	93,805,000
Dec-01	3.72%	16.09%	7.02%	3.28%	0.00%	26.86	87,768,000
Mar-02	2.97%	15.39%	6.05%	7.96%	0.00%	20.81	80,040,000
Jun-02	0.30%	17.06%	4.47%	6.47%	0.00%	33.97	65,351,000
Sep-02	0.11%	13.37%	3.98%	1.18%	0.00%	23.22	63,150,000
Dec-02	2.77%	11.52%	3.65%	1.42%	0.00%	32.41	67,787,000
Mar-03	3.82%	8.70%	3.44%	4.18%	0.00%	27.49	66,989,000
Jun-03	5.01%	4.94%	3.18%	6.22%	0.00%	30.13	60,712,000
Sep-03	6.22%	0.62%	3.13%	8.89%	0.00%	28.54	86,023,000
Dec-03	9.06%	1.65%	2.95%	12.89%	0.02%	35.10	84,253,000
Mar-04	9.29%	3.07%	3.21%	12.95%	0.09%	36.57	123,991,000
Jun-04	12.89%	6.76%	3.31%	15.16%	0.09%	36.41	106,480,000
Sep-04	13.82%	6.89%	3.49%	16.76%	0.18%	34.13	104,512,500
Dec-04	13.96%	9.25%	3.56%	17.58%	0.22%	32.31	90,481,000
Mar-05	13.88%	8.75%	3.35%	16.45%	0.27%	35.63	94,751,500
Jun-05	15.16%	7.55%	3.28%	15.66%	0.32%	40.28	108,120,000
Sep-05	14.97%	6.96%	3.75%	16.14%	0.26%	38.48	107,148,500
Dec-05	14.97%	7.51%	4.03%	16.78%	0.47%	44.71	116,744,500
Mar-06	16.15%	6.92%	4.18%	15.66%	0.48%	40.07	119,293,000
Jun-06	17.79%	6.53%	4.03%	15.09%	0.50%	36.07	111,564,000
Sep-06	17.00%	6.02%	3.75%	15.53%	0.49%	36.38	110,107,000
Dec-06	19.19%	8.33%	3.99%	15.39%	0.57%	43.22	118,620,000
Mar-07	19.65%	7.72%	3.81%	16.09%	0.64%	37.04	115,402,000
Jun-07	20.03%	8.31%	4.00%	18.37%	0.65%	36.62	110,590,500
Sep-07	20.28%	8.05%	4.37%	18.90%	0.70%	42.16	107,935,000
Dec-07	20.66%	8.97%	4.48%	19.40%	0.68%	43.07	112,940,000
Mar-08	18.50%	7.72%	4.45%	19.71%	0.73%	42.02	95,646,000
Jun-08	19.53%	6.96%	3.92%	20.42%	0.73%	37.80	90,272,000
Sep-08	20.51%	4.38%	3.70%	19.65%	0.73%	33.67	86,948,000
Dec-08	16.98%	2.97%	3.83%	18.84%	0.61%	38.15	83,391,000

IT Services (451020)

Exhibit 15: Median Free Cash Margin, 2000 – 2008, IT Services (451020)

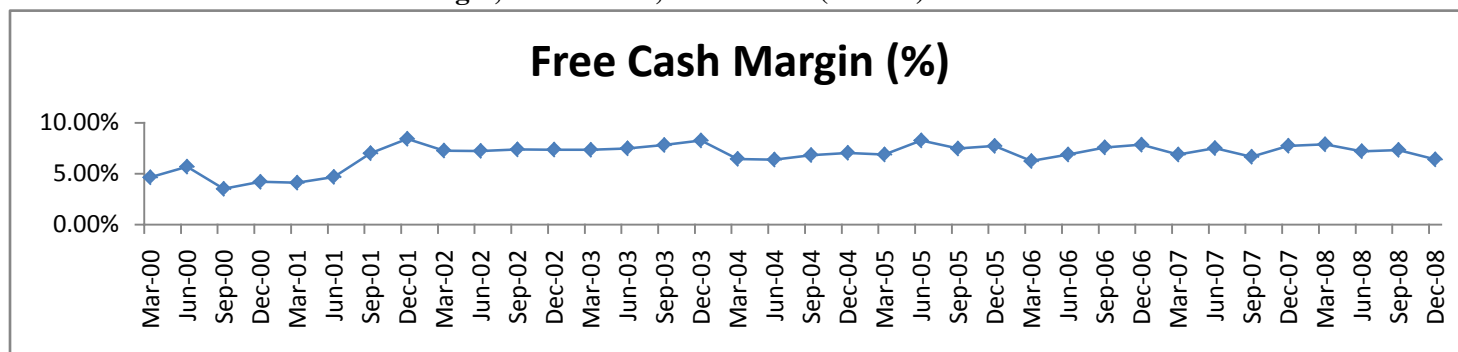


Table 6: 2000 – 2008, IT Services (451020)

Date	Free Cash Margin (%)	Operating Cash Margin (%)	Capital Exp. to Rev (%)	Net Margin (%)	Operating Cushion (%)	Income taxes paid to revenue (%)	Cash Cycle	Cash and Short-Term Investments
Mar-00	4.64%	8.81%	4.22%	7.87%	16.69%	3.17%	60.87	64,363,000
Jun-00	5.68%	9.05%	3.90%	8.12%	15.95%	3.60%	63.92	71,133,500
Sep-00	3.50%	7.30%	3.45%	7.63%	14.43%	3.02%	66.93	64,888,000
Dec-00	4.19%	8.09%	4.52%	6.48%	15.19%	2.75%	64.90	66,290,000
Mar-01	4.11%	8.22%	3.79%	4.97%	15.05%	2.87%	61.13	60,966,000
Jun-01	4.68%	9.17%	4.82%	3.44%	15.20%	2.77%	56.18	67,659,000
Sep-01	7.01%	11.65%	3.96%	3.82%	14.83%	2.19%	56.03	72,292,000
Dec-01	8.42%	11.36%	3.60%	3.85%	15.10%	1.61%	55.42	92,892,000
Mar-02	7.27%	10.74%	3.21%	3.87%	14.43%	1.26%	67.54	78,051,000
Jun-02	7.23%	10.16%	3.01%	4.79%	12.82%	1.34%	62.23	90,593,500
Sep-02	7.38%	11.64%	2.64%	5.07%	14.61%	1.48%	60.93	96,518,000
Dec-02	7.36%	9.97%	2.29%	5.27%	13.69%	1.76%	54.47	95,437,000
Mar-03	7.34%	10.96%	2.01%	5.37%	14.18%	1.76%	60.04	92,763,000
Jun-03	7.49%	9.62%	1.87%	4.76%	14.69%	1.76%	55.03	89,026,000
Sep-03	7.81%	10.16%	2.13%	4.83%	13.74%	1.76%	54.24	89,414,000
Dec-03	8.26%	10.79%	1.93%	5.22%	16.74%	1.42%	53.47	96,538,000
Mar-04	6.45%	10.95%	2.06%	5.22%	14.25%	1.42%	61.10	107,173,000
Jun-04	6.38%	11.57%	2.07%	5.11%	14.27%	1.41%	63.77	82,751,000
Sep-04	6.82%	10.66%	2.35%	5.43%	13.93%	1.42%	62.47	65,707,000
Dec-04	7.05%	9.59%	2.65%	5.91%	12.59%	1.00%	62.59	75,066,000
Mar-05	6.88%	9.54%	2.82%	6.20%	14.99%	0.98%	63.93	109,727,500
Jun-05	8.26%	10.66%	2.49%	6.34%	15.08%	1.00%	60.91	83,550,000
Sep-05	7.47%	11.44%	2.53%	6.34%	15.02%	1.00%	59.94	85,644,000
Dec-05	7.72%	9.94%	3.29%	6.44%	15.90%	1.80%	61.45	112,327,000
Mar-06	6.23%	10.56%	2.85%	6.12%	15.35%	1.74%	64.73	113,517,500
Jun-06	6.88%	10.60%	2.91%	5.76%	14.74%	1.91%	69.43	100,837,000
Sep-06	7.58%	11.08%	2.86%	5.91%	15.69%	1.84%	63.65	92,575,500
Dec-06	7.84%	12.11%	2.96%	6.11%	15.44%	1.70%	62.57	98,182,500
Mar-07	6.88%	10.33%	3.06%	6.07%	15.49%	1.95%	61.42	94,870,500
Jun-07	7.51%	10.57%	3.18%	4.91%	15.10%	1.95%	63.19	105,968,500
Sep-07	6.66%	11.13%	2.59%	5.13%	14.67%	1.94%	64.49	113,400,000
Dec-07	7.74%	10.86%	2.74%	5.52%	16.33%	2.00%	64.94	107,211,500
Mar-08	7.88%	11.37%	2.48%	5.89%	16.18%	2.01%	64.56	86,987,000
Jun-08	7.20%	10.47%	2.70%	6.78%	14.94%	2.02%	63.75	99,747,000
Sep-08	7.33%	10.22%	2.49%	6.74%	16.74%	2.09%	60.92	115,317,000
Dec-08	6.40%	9.18%	2.23%	5.34%	14.40%	1.56%	59.16	120,257,000

Software (451030)

Exhibit 16: Median Free Cash Margin, 2000 – 2008, Software (451030)

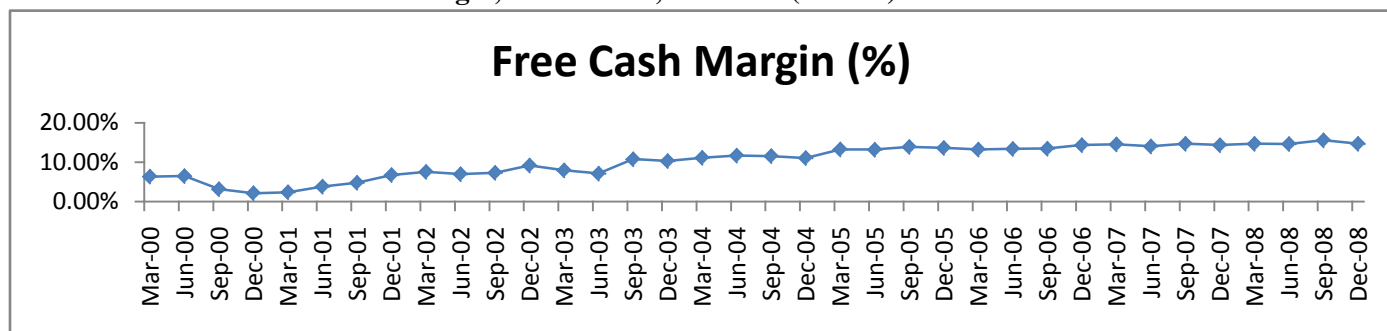


Table 7: 2000 – 2008, Software (451030)

Date	Free Cash Margin (%)	Operating Cash Margin (%)	Capital Exp. to Rev (%)	Net Margin (%)	Operating Cushion (%)	Income taxes paid to revenue (%)	Cash Cycle	Cash and Short-Term Investments
Mar-00	6.36%	12.70%	5.30%	7.29%	15.79%	1.40%	63.52	57,289,500
Jun-00	6.49%	12.80%	4.91%	4.51%	13.94%	1.06%	63.45	59,416,500
Sep-00	3.17%	9.24%	4.91%	3.00%	12.35%	1.06%	56.48	60,109,000
Dec-00	2.15%	8.68%	5.98%	3.27%	10.57%	1.09%	63.34	67,414,000
Mar-01	2.40%	10.52%	5.66%	2.55%	11.61%	1.05%	53.45	61,047,000
Jun-01	3.82%	11.62%	5.90%	0.49%	8.07%	1.03%	52.87	58,640,000
Sep-01	4.80%	10.87%	5.80%	0.60%	7.76%	0.99%	46.78	56,472,000
Dec-01	6.75%	10.88%	3.88%	0.52%	10.62%	1.13%	58.44	61,873,500
Mar-02	7.56%	10.93%	3.52%	1.24%	11.99%	0.96%	56.51	63,210,500
Jun-02	6.97%	10.78%	3.10%	3.49%	12.28%	1.09%	51.51	58,835,000
Sep-02	7.32%	11.88%	2.58%	1.64%	14.04%	1.12%	46.59	55,287,000
Dec-02	9.18%	11.72%	2.48%	3.97%	13.52%	0.89%	51.45	59,827,000
Mar-03	7.94%	10.45%	2.74%	3.24%	13.25%	0.74%	43.56	57,205,000
Jun-03	7.12%	10.17%	2.44%	3.03%	13.07%	0.74%	49.85	59,741,000
Sep-03	10.75%	13.56%	2.22%	3.24%	11.68%	0.70%	44.41	70,814,000
Dec-03	10.30%	14.00%	2.31%	5.87%	14.77%	0.99%	51.35	78,559,000
Mar-04	11.13%	12.56%	2.37%	6.20%	14.41%	0.99%	48.68	81,166,500
Jun-04	11.69%	14.71%	2.33%	6.32%	15.52%	0.99%	51.19	85,141,000
Sep-04	11.55%	13.06%	2.41%	6.37%	16.44%	1.01%	49.55	86,002,000
Dec-04	11.07%	12.77%	2.22%	6.90%	16.57%	0.65%	61.71	87,709,500
Mar-05	13.25%	16.46%	2.28%	6.44%	15.10%	0.87%	52.81	87,193,000
Jun-05	13.18%	17.43%	2.36%	5.95%	14.56%	0.82%	52.86	77,284,000
Sep-05	13.88%	17.78%	2.46%	6.40%	15.09%	0.72%	48.58	76,023,000
Dec-05	13.62%	17.81%	2.42%	7.80%	16.10%	1.19%	57.83	81,299,000
Mar-06	13.21%	15.89%	2.46%	7.59%	16.11%	1.16%	53.88	81,153,000
Jun-06	13.37%	16.24%	2.46%	7.78%	17.66%	1.12%	56.25	82,450,500
Sep-06	13.43%	16.99%	2.33%	7.79%	18.30%	1.15%	56.17	75,118,000
Dec-06	14.33%	17.26%	2.44%	7.94%	19.18%	1.38%	62.68	83,538,000
Mar-07	14.53%	18.57%	2.36%	7.78%	19.37%	1.46%	56.20	79,429,000
Jun-07	14.01%	17.25%	2.53%	7.74%	19.64%	1.65%	59.58	85,118,500
Sep-07	14.68%	18.77%	2.57%	8.55%	20.55%	1.51%	57.60	83,923,000
Dec-07	14.31%	18.24%	2.81%	8.99%	20.28%	1.50%	60.97	82,107,000
Mar-08	14.66%	18.40%	2.73%	8.43%	20.24%	1.42%	60.67	76,884,000
Jun-08	14.62%	17.61%	2.65%	8.29%	19.71%	1.42%	59.20	80,637,500
Sep-08	15.56%	18.22%	2.71%	7.63%	19.88%	1.48%	54.20	84,125,000
Dec-08	14.66%	17.15%	2.49%	7.54%	20.22%	1.31%	57.67	88,557,000