

SS&C Technologies Holdings Inc

Form 10-K

March 11, 2011

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Form 10-K**

**FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO  
SECTIONS 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

(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, 2010
- or
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Commission file number: 001-34675**

**SS&C TECHNOLOGIES HOLDINGS, INC.**  
*(Exact name of Registrant as Specified in Its Charter)*

**Delaware**  
*(State or Other Jurisdiction of Incorporation or Organization)*

**71-0987913**  
*(I.R.S. Employer Identification No.)*

**80 Lamberton Road**  
**Windsor, CT 06095**  
*(Address of Principal Executive Offices, Including Zip Code)*

**860-298-4500**  
*(Registrant's Telephone Number, Including Area Code)*

**Securities registered pursuant to Section 12(b) of the Act:**

<b>Title of Each Class</b>	<b>Name of Each Exchange on Which Registered</b>
Common Stock, \$0.01 par value per share	The NASDAQ Global Select Market

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark 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 Section 15(d) of the Act. 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 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 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 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  Smaller reporting company   
(Do not check if a 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, 2010, the aggregate market value of the registrant's common stock held by non-affiliates was \$208,835,000 based on the closing sale price per share of the registrant's common stock on The NASDAQ Global Select Market on such date.

There were 76,448,720 shares of the registrant's common stock outstanding as of March 9, 2011.

#### **DOCUMENTS INCORPORATED BY REFERENCE:**

Part III of this annual report on Form 10-K incorporates by reference certain information from the registrant's definitive proxy statement for the 2011 annual meeting of stockholders, which the registrant intends to file pursuant to Regulation 14A with the Securities and Exchange Commission not later than 120 days after the registrant's fiscal year end of December 31, 2010. With the exception of the sections of the definitive proxy statement specifically incorporated herein by reference, the definitive proxy statement is not deemed to be filed as part of this annual report on Form 10-K.

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**SS&C TECHNOLOGIES HOLDINGS, INC.**

**YEAR 2010 FORM 10-K ANNUAL REPORT**

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**FORWARD-LOOKING INFORMATION**

This annual report contains forward-looking statements. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words believes , anticipates , plans , expects , should and similar expressions are intended to identify forward-looking statements. The factors discussed under Item 1A. Risk Factors , among others, could cause actual results to differ materially from those indicated by forward-looking statements made herein and presented elsewhere by management from time to time. We expressly disclaim any obligation to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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The following (identified in the chart of products and services on pages 10 – 12) are registered trademarks and/or service marks of the Company in the United States and/or in other countries: ADVISORWARE, DBC, FUNDRUNNER, MARGINMAN, PACER, PAGES, PORTPRO, RECON, SKYLINE, SYLVAN, TRADEDESK, TRADETHRU, and ZOOLOGIC. SS&C Technologies, Inc. and/or its subsidiaries in the United States and/or in other countries have trademark or service mark rights to certain other names and marks referred to in this annual report.

SS&C Technologies Holdings, Inc., or SS&C Holdings, is our top-level holding company. SS&C Technologies, Inc., or SS&C, is our primary operating company and a wholly-owned subsidiary of SS&C Technologies Holdings, Inc.

We, us, our and the Company mean SS&C Technologies Holdings, Inc. and its consolidated subsidiaries, including SS&C.

Unless context otherwise requires, references to our common stock includes both shares of our common stock and shares of our Class A non-voting common stock.

**Table of Contents****PART I****Item 1. Business****Overview**

We are a leading provider of mission-critical, sophisticated software products and software-enabled services that allow financial services providers to automate complex business processes and effectively manage their information processing requirements. Our portfolio of software products and rapidly deployable software-enabled services allows our clients to automate and integrate front-office functions such as trading and modeling, middle-office functions such as portfolio management and reporting, and back-office functions such as accounting, performance measurement, reconciliation, reporting, processing and clearing. Our solutions enable our clients to focus on core operations, better monitor and manage investment performance and risk, improve operating efficiency and reduce operating costs. We provide our solutions globally to more than 4,500 clients, principally within the institutional asset management, alternative investment management and financial institutions vertical markets. In addition, our clients include commercial lenders, corporate treasury groups, insurance and pension funds, municipal finance groups and real estate property managers.

We provide the global financial services industry with a broad range of software-enabled services, which consist of software-enabled outsourcing services and subscription-based on-demand software that are managed and hosted at our facilities, and specialized software products, which are deployed at our clients' facilities. Our software-enabled services, which combine the strengths of our proprietary software with our domain expertise, enable our clients to contract with us to provide many of their mission-critical and complex business processes. For example, we utilize our software to offer comprehensive fund administration services for alternative investment managers, including fund manager services, transfer agency services, fund of funds services, tax processing and accounting. We offer clients the flexibility to choose from multiple software delivery options, including on-premise applications and hosted, multi-tenant or dedicated applications. Additionally, we provide certain clients with targeted, blended solutions based on a combination of our various software and software-enabled services. We believe that our software-enabled services provide superior client support and an attractive alternative to clients that do not wish to install, manage and maintain complicated financial software. The following table describes selected functionality of our software products and software enabled services and the eight vertical markets that we serve.

Selected Functionality	Alternative Investment Managers	Treasury, Banks & Institutional Credit Unions		Insurance & Pension Funds		Commercial Lenders	Real Municipal Estate Finance Property Managers	
		Financial Markets	Asset Managers	Commercial Lenders	Commercial Lenders		Commercial Lenders	Commercial Lenders
<b>Portfolio Management/Accounting</b>	ü	ü	ü	ü	ü			
<b>Trading/Treasury Operations</b>	ü	ü	ü	ü	ü			
<b>Financial Modeling</b>			ü		ü		ü	
<b>Fund Administration Services</b>	ü							
<b>Loan Management/Accounting</b>			ü		ü	ü		
<b>Money Market Processing</b>			ü					
<b>Property Management</b>								ü

Our business model is characterized by substantial contractually recurring revenues, high operating margins and significant cash flow. We generate revenues primarily through our high-value software-enabled services, which are typically sold on a long-term subscription basis and integrated into our clients' business processes. Our software-enabled services are generally provided under non-cancelable contracts with initial terms of one to five years that require monthly or quarterly payments and are subject to automatic annual renewal at the end of the initial term unless terminated by either party. We also generate revenues by licensing our software to clients through either perpetual or term licenses and by selling maintenance services. Maintenance services are generally provided under annually renewable contracts. As a consequence, a significant portion of our revenues consists of subscription payments and maintenance fees and is contractually recurring in nature. Our pricing typically scales as a function of our clients' assets under management, the complexity of asset classes managed and the volume of transactions.



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Our contractually recurring revenue model helps us minimize the fluctuations in revenues and cash flows typically associated with up-front, perpetual software license revenues and enhances our ability to manage costs. Our contractually recurring revenues, which we define as our software-enabled services and maintenance revenues, represented 86% of total revenues in the year ended December 31, 2010. We have experienced average revenue retention rates in each of the last five years of greater than 90% on our software-enabled services and maintenance contracts for our core enterprise products. We believe that the high value-added nature of our products and services has enabled us to maintain our high revenue retention rates and significant operating margins.

Through a combination of organic growth and acquisitions, we generated revenues of \$328.9 million for the year ended December 31, 2010 as compared to revenues of \$280.0 million for the year ended December 31, 2008. We generated 83% of our revenues in 2010 from clients in North America and 17% from clients outside North America. Our revenues are highly diversified, with our largest client in 2010 accounting for less than 5% of our revenues. Additional financial information, including geographic information, is available in our consolidated financial statements, including the notes thereto.

## **Our industry**

We serve a number of vertical markets within the financial services industry, including alternative investment funds, investment management firms, insurance companies, banks and brokerage firms. The financial crisis negatively affected each of these markets and contributed to a significant decline in asset value. In particular, alternative investment funds, such as hedge funds, experienced a shift from equities to money market funds, treasuries and other liquid instruments. These factors all contributed to reducing revenues among the financial services firms, which, in turn, affected their access to credit, spending ability and, in some cases, their long-term viability. With improvements in the financial services industry since the height of the financial crisis, we have experienced increased demand for our products and services, as evidenced by the increase in our organic revenues in 2010 from the comparable period of 2009, and we expect to benefit from continued improvements in the financial services industry.

## **Opportunities**

We believe that we are well positioned to address the ongoing business and regulatory needs of the clients we seek to serve in the financial services industry, taking into account a competitive environment that reflects the following competitive dynamics.

*Asset Classes and Securities Products Growing in Volume and Complexity.* Investment professionals must increasingly track and invest in numerous types of asset classes far more complex than traditional equity and debt instruments. These assets require more sophisticated systems to automate functions such as trading and modeling, portfolio management, accounting, performance measurement, reconciliation, reporting, processing and clearing. Manual tracking of orders and other transactions is not effective for these assets. In addition, as the business knowledge requirements increase, firms see increasing value in outsourcing the management of these assets to firms such as SS&C who offer software-enabled services.

*Increasing Regulatory Requirements and Investor Demand for Transparency.* Recent market and economic conditions have led to new legislation and numerous proposals for changes in the regulation of the financial services industry, including significant additional legislation and regulation in the United States. Several high-profile scandals have also led to increased investor demand for transparency. The financial services industry must meet these complicated and burdensome requirements, and many have struggled to do so. In addition, as the financial services industry continues to grow in complexity, we anticipate regulatory oversight will continue to impose new demands on financial services providers. The expectation is that hedge funds may start to experience similar regulatory pressures. In addition, financial services providers continue to face increasing regulatory oversight from domestic organizations

such as the Financial Industry Regulatory Authority, U.S. Treasury Department, Securities and Exchange Commission, New York Stock Exchange, National Association of Insurance Commissioners and U.S. Department of Labor as well as foreign regulatory

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bodies such as the Office of Supervision of Financial Institutions in Ottawa, Canada, Financial Services Association in London, England and Ministry of Finance in Tokyo, Japan.

*Increasing Willingness to Implement Solutions from Independent Software Vendors and Outsource IT Operations.* Historically, financial services providers have relied in large part on their internal IT departments to supply the systems required to manage, analyze and control vast amounts of data. Rather than internally developing applications that automate business processes, many financial services providers are implementing advanced software solutions from independent software vendors to replace their current systems, which are often cumbersome, time-consuming to operate and expensive to implement, customize, update and support. Additionally, financial services providers globally are outsourcing a growing percentage of their business processes to benefit from best-in-class process execution, focus on core operations, quickly expand into new markets, reduce costs, streamline organizations, handle increased transaction volumes and ensure system redundancy. We believe that one of the key challenges faced by investment management industry participants is how to expand their use of third-party service providers to address the increasing complexity of new products and the growing investor and regulatory information demands. For example, many alternative investment firms lack the substantial in-house IT resources necessary to establish and manage the complex IT infrastructures their investment professionals require. These firms increasingly seek end-to-end solutions that enable them to outsource their operations from the front-office through the back-office.

*Intense Global Competition Among Financial Services Providers.* Competition within the financial services industry has become intense as financial services providers expand into new markets and offer new services to their clients in an effort to maximize their profitability. Additionally, a significant number of small- and medium-sized organizations, such as hedge funds, have begun to compete with large financial institutions as they seek to attract new clients whose assets they can manage. As traditional equity and debt instruments become more commoditized, financial services providers are expanding into more complex product and service offerings to drive profitability. In response to these increasingly competitive conditions worldwide, financial services organizations seek to rapidly expand into new markets, manage operational enterprise risk, increase front-office productivity and drive cost savings by utilizing software to automate and integrate their mission-critical and labor intensive business processes.

### **Our competitive strengths**

We believe that our position in the marketplace results from several key competitive strengths, including:

*Enhanced Capability Through Software Ownership.* We use our proprietary software products and infrastructure to provide our software-enabled services, strengthening our overall operating margins and providing a competitive advantage. Because we primarily use our own proprietary software in the execution of our software-enabled services and generally own and control our products' source code, we can quickly identify and deploy product improvements and respond to client feedback, enhancing the competitiveness of our software and software-enabled service offerings. This continuous feedback process provides us with a significant advantage over many of our competitors, specifically those software competitors that do not provide a comparable model and therefore do not have the same level of hands-on experience with their products.

*Broad Portfolio of Products and Services Focused on Financial Services Organizations.* Our broad portfolio of over 60 software products and software-enabled services allows professionals in the financial services industry to efficiently and rapidly analyze and manage information, increase productivity, devote more time to critical business decisions and reduce costs. Our products and services automate our clients' most mission-critical, complex business processes, and improve their operational efficiency. We believe our product and service offerings position us as a leader within the specific verticals of the financial services software and services market in which we compete. We provide highly flexible, scalable and cost-effective solutions that enable our clients to track complex securities, better employ sophisticated investment strategies, scale efficiently and meet evolving regulatory requirements. Our solutions

allow our clients to automate and integrate their front-office, middle-office and back-office functions, thus enabling straight-through processing.

*Independent Fund Administration Services.* The third-party service providers that participate in the alternative investment market include auditors, fund administrators, attorneys, custodians and prime brokers.

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Each provider performs a valuable function with the intention of providing transparency of the fund's assets and the valuation of those assets. Conflicts of interest may arise when the above parties attempt to provide more than one of these services. The industry is increasingly becoming aware of these conflicts and seeking independent fund administrators such as SS&C.

*Highly Attractive Operating Model.* We believe we have a highly attractive operating model due to the contractually recurring nature of our revenues, the scalability of our software and software-enabled services, the significant operating cash flow we generate and our highly effective sales and marketing model.

*Growing Contractually Recurring Revenues.* We continue to focus on growing our contractually recurring revenues from our software-enabled services and our maintenance contracts because they provide greater predictability in the operation of our business and enable us to strengthen long-term relationships with our clients. Contractually recurring revenues represented 86% of total revenues for the year ended December 31, 2010, up from 52% of total revenues in 2000.

*Scalable Software and Software-enabled Services.* We have designed our software and software-enabled services to accommodate significant additional business volumes with limited incremental costs. The ability to generate additional revenues from increased volumes without incurring substantial incremental costs provides us with opportunities to improve our operating margins.

*Significant Operating Cash Flow.* We are able to generate significant operating cash flows due to our strong operating margins and the relatively modest capital requirements needed to grow our business.

*Highly Effective Sales and Marketing Model.* We utilize a direct sales force model that benefits from significant direct participation by senior management. We achieve significant efficiency in our sales model by leveraging the Internet as a direct marketing medium. We currently deliver over 400,000 electronic newsletters to industry participants worldwide approximately every two weeks. These *eBriefings* are integrated with our corporate website, [www.ssctech.com](http://www.ssctech.com), and are the source for a substantial number of our sales leads. Our deep domain knowledge and extensive participation in day-to-day investment, finance and fund administration activities enable us to create informative and timely articles that are the basis of our *eBriefings*.

*Deep Domain Knowledge and Extensive Industry Experience.* As of December 31, 2010, we had 1,195 development, service and support professionals with significant expertise across the eight vertical markets that we serve and a deep working knowledge of our clients' businesses. By leveraging our domain expertise and knowledge, we have developed, and continue to improve, our mission-critical software products and services to enable our clients to overcome the complexities inherent in their businesses. For example, our Complete Asset Management, Reporting and Accounting, or CAMRA, software, which supports the entire portfolio management function across all typical securities transactions, was originally released in 1989 and has been continually updated to meet our clients' new business requirements. We were founded in 1986 by William C. Stone, who has served as our Chairman and Chief Executive Officer since our inception. Our senior management team has a track record of operational excellence and an average of more than 15 years of experience in the software and financial services industries.

*Trusted Provider to Our Highly Diversified and Growing Client Base.* By providing mission-critical, reliable software products and services for more than 20 years, we have become a trusted provider to the financial services industry. We have developed a large and growing installed base within multiple segments of the financial services industry. Our clients include some of the largest and most well-recognized firms in the financial services industry. We believe that our high-quality products and superior services have led to long-term client relationships, some of which date from our earliest days of operations. Our strong client relationships, coupled with the fact that many of our current clients use our products for a relatively small portion of their total funds and investment vehicles under

management, provide us with a significant opportunity to sell additional solutions to our existing clients and drive future revenue growth at lower cost.

*Superior Client Support and Focus.* Our ability to rapidly deliver improvements and our reputation for superior service have proven to be a strong competitive advantage when developing client relationships. We provide our larger clients with a dedicated client support team whose primary responsibility is to resolve questions and provide solutions to address ongoing needs. We also offer the SS&C Solution Center, an

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interactive website that serves as an exclusive online client community where clients can find answers to product questions, exchange information, share best practices and comment on business issues. We believe a close and active service and support relationship significantly enhances client satisfaction, strengthens client relationships and furnishes us with information regarding evolving client issues.

### **Our growth strategy**

We intend to be the leading provider of superior technology solutions to the financial services industry. The key elements of our growth strategy include:

*Continue to Develop Software-Enabled Services and New Proprietary Software.* Since our founding in 1986, we have focused on building substantial financial services domain expertise through close working relationships with our clients. We have developed a deep knowledge base that enables us to respond to our clients' most complex financial, accounting, actuarial, tax and regulatory needs. We intend to maintain and enhance our technological leadership by using our domain expertise to build valuable new software-enabled services and solutions, continuing to invest in internal development and opportunistically acquiring products and services that address the highly specialized needs of the financial services industry. Our internal product development team works closely with marketing and client service personnel to ensure that product evolution reflects developments in the marketplace and trends in client requirements. In addition, we intend to continue to develop our products in a cost-effective manner by leveraging common components across product families. We believe that we enjoy a competitive advantage because we can address the investment and financial management needs of high-end clients by providing industry-tested products and services that meet global market demands and enable our clients to automate and integrate their front-, middle- and back-office functions for improved productivity, reduced manual intervention and bottom-line savings. Our software-enabled services revenues increased from \$30.9 million for the year ended December 31, 2004 to \$211.8 million for the year ended December 31, 2010, representing a compound annual growth rate of 38%.

*Expand Our Client Base.* Our client base of more than 4,500 clients represents a fraction of the total number of financial services providers globally. As a result, we believe there is substantial opportunity to grow our client base over time as our products become more widely adopted. We have a substantial opportunity to capitalize on the increasing adoption of mission-critical, sophisticated software and software-enabled services by financial services providers as they continue to replace inadequate legacy solutions and custom in-house solutions that are inflexible and costly to maintain.

*Increase Revenues from Existing Clients.* We believe our established client base presents a substantial opportunity for growth. Revenues from our existing clients generally grow along with the amount and complexity of assets that they manage and the volume of transactions that they execute. While we expect to continue to benefit from the financial services industry's growing assets under management, expanding asset classes, and increasing transaction volumes, we also intend to leverage our deep understanding of the financial services industry to identify other opportunities to increase our revenues from our existing clients. Many of our current clients use our products only for a portion of their total assets under management and investment funds, providing us with significant opportunities to expand our business relationship and revenues. We have been successful in, and expect to continue to focus our marketing efforts on, providing additional modules or features to the products and services our existing clients already use, as well as cross-selling our other products and services. Additionally, we intend to sell additional software products and services to new divisions and new funds of our existing client base. Our client services team is primarily responsible for expanding our relationships with current clients. Moreover, our high quality of service helps us maintain significant client retention rates and longer lasting client relationships.

*Continue to Capitalize on Acquisitions of Complementary Businesses and Technologies.* We intend to continue to employ a highly disciplined and focused acquisition strategy to broaden and enhance our product and service

offerings, expand our intellectual property portfolio, add new clients and supplement our internal development efforts. We believe our acquisitions have been an extension of our research and development effort that has enabled us to purchase proven products and remove the uncertainties associated with software development projects. We will seek to opportunistically acquire, at reasonable valuations, businesses, products



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and technologies in our existing or complementary vertical markets that will enable us to better satisfy our clients rigorous and evolving needs. We have a proven ability to integrate complementary businesses as demonstrated by the 31 businesses we have acquired since 1995. Our experienced senior management team leads a rigorous evaluation of our acquisition candidates to ensure that they satisfy our product or service needs and will successfully integrate with our business while meeting our targeted financial goals. As a result, our acquisitions have contributed marketable products or services that have added to our revenues. Through the broad reach of our direct sales force and our large installed client base, we believe we can market these acquired products and services to a large number of prospective clients. Additionally, we have been able to improve the operational performance and profitability of our acquired businesses, creating significant value for our stockholders.

*Strengthen Our International Presence.* We believe that there is a significant market opportunity to provide software and services to financial services providers outside North America. In the year ended December 31, 2010, we generated 17% of our revenues from clients outside North America. We are building our international operations in order to increase our sales outside North America. We plan to continue to expand our international market presence by leveraging our existing software products and software-enabled services. For example, we believe that the rapidly growing alternative investment management market in Europe presents a compelling growth opportunity.

## **Our acquisitions**

We intend to continue to employ a highly disciplined and focused acquisition strategy to broaden and enhance our product and service offerings, add new clients and supplement our internal development efforts. Our acquisitions have enabled us to expand our product and service offerings into new markets or client bases within the financial services industry. The addition of new products and services has also enabled us to market other products and services to acquired client bases. We believe our acquisitions have been an extension of our research and development effort and have enabled us to purchase proven products and remove the uncertainties sometimes associated with software development projects.

Since 1995, we have acquired 31 businesses within our industry. These acquisitions have contributed marketable products and services, which have added to our revenues and earnings. We believe we have generally been able to improve the operating performance and profitability of our acquired businesses. We seek to reduce the costs of the acquired businesses by consolidating sales and marketing efforts and by eliminating redundant administrative tasks and research and development expenses. In many cases, we have also been able to increase revenues generated by acquired products and services by leveraging our existing products and services, larger sales capabilities and client base.

We generally seek to acquire companies that satisfy our financial metrics, including expected return on investment, and that:

provide complementary products or services in the financial services industry;

possess proven technology and an established client base that will provide a source of ongoing revenue and to whom we may be able to sell existing products and services.

expand our intellectual property portfolio to complement our business;

address a highly specialized problem or a market niche in the financial services industry;

expand our global reach into strategic geographic markets; and

have solutions that lend themselves to being delivered as software-enabled services.

We believe, based on our experience, that there are numerous solution providers addressing highly particularized financial services needs or providing specialized services that would meet our disciplined acquisition criteria.

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The following table provides a list of acquisitions we have made since 1995:

<b>Acquisition Date</b>	<b>Acquired Business</b>	<b>Contract Purchase Price*</b>	<b>Acquired Capabilities, Products and Services</b>
March 1995	Chalke	\$10,000,000	Expanded insurance footprint with PTS actuarial product
November 1997	Mabel Systems	\$850,000 and 109,224 shares	Entered Benelux market with investment accounting product
December 1997	Shepro Braun Systems	1,500,000 shares	Entered hedge fund and family office markets with Total Return product
March 1998	Quantra	\$2,269,800 and 819,028 shares	Entered the real estate property management market with SKYLINE product
April 1998	The Savid Group	\$821,500	Expanded debt & derivative product offerings
March 1999	HedgeWare	1,028,524 shares	Expanded product offerings for the hedge fund and family office markets
March 1999	Brookside	41,400 shares	Expanded our consulting services capabilities
November 2001	Digital Visions	\$1,350,000	Entered financial institutions market with BANC Mall, PALMS and PortPro products
January 2002	Real-Time, USA	\$4,000,000	Expanded financial institutions offerings with Lightning and Real-Time products
November 2002	DBC	\$4,500,000	Added municipal finance structuring products for underwriters, investment banks, municipal issuers and financial advisors
December 2003	Amicorp Fund Services	\$1,800,000	Entered offshore fund administration services market
January 2004	Investment Advisory Network	\$3,000,000	Expanded wealth management capabilities with Compass and Portfolio Manager products
February 2004	NeoVision Hypersystems	\$1,600,000	Added data visualization dashboard capabilities with Heatmaps product
April 2004	OMR Systems	\$19,671,000	Added integrated global product offering for financial institutions and hedge funds with TradeThru product
February 2005	Achievement Technologies	\$470,000	Enhanced real estate property management offering with SamTrak facilities management product
February 2005	EisnerFast	\$25,300,000	Expanded fund administration services to the hedge fund and private equity markets

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<b>Acquisition Date</b>	<b>Acquired Business</b>	<b>Contract Purchase Price*</b>	<b>Acquired Capabilities, Products and Services</b>
April 2005	Financial Models Company	\$159,000,000	Expanded front-, middle- and back-office products and services to the investment management industry including Pacer, Pages, Recon and Sylvan products
June 2005	Financial Interactive	358,424 shares and warrants to purchase 50,000 shares	Expanded alternative investment fund offerings with FundRunner CRM product.
August 2005	MarginMan	\$5,600,000	Expanded depth in foreign currency exchange market with MarginMan product
October 2005	Open Information Systems	\$24,000,000	Entered money market , custody and security lending market with Global Debt Manager, Information Manager and Money Market Manager products
March 2006	Cogent Management	\$12,250,000	Expanded fund administration services to hedge fund and private equity markets
August 2006	Zoologic	\$3,000,000	Added education and training courseware offerings for financial institutions
March 2007	Northport	\$5,000,000	Expanded fund administration services to private equity market
October 2008	Micro Design Services	\$17,200,000	Expanded real-time, mission-critical order routing and execution services with ACA, BlockTalk and MarketLook products
March 2009	Evare	\$3,514,500	Expanded institutional middle- and back-office outsourcing services with financial data acquisition, transformation and delivery services
May 2009	MAXIMIS	\$7,700,000	Expanded institutional footprint and provided new cross-selling opportunities
November 2009	TheNextRound	\$21,000,000	Expanded private equity client base with TNR Solution product
December 2009	Tradeware	\$22,500,000	Expanded electronic trading offering in broker/dealer market
February 2010	GIPS	\$12,000,000	Expanded fund administration services to private equity market

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<b>Acquisition Date</b>	<b>Acquired Business</b>	<b>Contract Purchase Price*</b>	<b>Acquired Capabilities, Products and Services</b>
October 2010	thinkorswim Technologies	\$5,000,000	Added electronic OMS/EMS offering in broker/dealer market
December 2010	TimeShareWare	\$30,500,000	Added shared ownership property management platform to real estate offering

\* Share references are to shares of SS&C common stock after giving effect to SS&C's three-for-two common stock split in the form of a stock dividend effective as of March 2004, but do not reflect the capital structure of SS&C Holdings.

**Products and services**

Our products and services allow professionals in the financial services industry to automate complex business processes within financial services providers and are instrumental in helping our clients manage significant information processing requirements. Our solutions enable our clients to focus on core operations, better monitor and manage investment performance and risk, improve operating efficiency and reduce operating costs. Our portfolio of over 60 products and software-enabled services allows our clients to automate and integrate front-office functions such as trading and modeling, middle-office functions such as portfolio management and reporting, and back-office functions such as accounting, performance measurement, reconciliation, reporting, processing and clearing.

The following chart summarizes our principal software products and services, typical users and the vertical markets each product serves. Most of these products are also used to deliver our software-enabled services.

<b>Products</b>	<b>Typical Users</b>	<b>Vertical Markets Served</b>
<b><i>Portfolio Management/Accounting</i></b>		
AdvisorWare	Portfolio managers	Alternative investment managers
Altair	Asset managers	Financial markets
CAMRA	Fund administrators	Institutional asset managers
Debt & Derivatives	Investment advisors	Insurance & pension funds
Fund <i>Runner</i> Marathon	Auditors	Treasury, banks & credit unions
Global Wealth Platform	Alternative investment managers	
Lightning	Brokers/dealers	
MAXIMIS		
Pacer		
Pages		
PALMS		
PortPro		
Recon		
Sylvan		
TNR Solution		
Total Return		



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<b>Products</b>	<b>Typical Users</b>	<b>Vertical Markets Served</b>
<b><i>Trading/Treasury Operations</i></b>		
Antares	Securities traders	Alternative investment managers
Antares Trader	Financial institutions	Financial markets
MarginMan	Asset managers	Treasury, banks & credit unions
MarketLook Information System	Brokers/dealers	Corporate treasuries
TradeDesk	Financial exchanges	
TradeThru		
Tradeware MarketCenter		
<b><i>Financial Modeling</i></b>		
DBC	CEO/CFOs	Insurance & pension funds
PTS	Risk managers	Municipal finance groups
Risk Analytics	Actuarial professionals	Treasury, banks & credit unions
	Bank asset/liability managers	Asset managers
	Investment bankers	Hedge funds
	State/local treasury staff	
	Financial advisors	
<b><i>Loan Management/Accounting</i></b>		
BANC Mall	Mortgage originators	Commercial lenders
LMS Loan Suite	Commercial lenders	Insurance & pension funds
LMS Originator	Mortgage loan servicers	Treasury, banks & credit unions
LMS Servicer	Mortgage loan portfolio managers	
	Real estate investment managers	
	Bank/credit union loan officers	
<b><i>Property Management</i></b>		
CondotelWare	Real estate investment managers	Real estate leasing/property managers
SKYLINE	Real estate leasing agents	
TimeShareWare	Real estate property managers	
	Facility managers	
	Condo managers	
	Time share resort managers	
<b><i>Money Market Processing</i></b>		
Information Manager	Financial institutions	Treasury, banks & credit unions
Money Market Manager	Custodians	
Global Debt Manager	Security lenders	
	Cash managers	

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<b>Products</b>	<b>Typical Users</b>	<b>Vertical Markets Served</b>
<b><i>Training</i></b>		
Zoologic Learning Solutions	Financial institutions Asset managers Hedge fund managers Investment bankers	All verticals
<b>Services</b>	<b>Typical Users</b>	<b>Vertical Markets Served</b>
Advanced Component Architecture	Portfolio managers	Alternative investment managers
Custom Mobility	Asset managers	Financial markets
Evare	Financial exchanges	Institutional asset managers
GlobalX	Fund administrators	Insurance and pension funds
SS&C Direct	Investment advisors	Treasury, banks & credit unions
SS&C Fund Services	Alternative investment managers	
SS&C PEI Solutions	Securities traders	
SSCNet	Brokers/dealers	
SVC	Private equity	
Tradeware FIXLink		
Tradeware OATS Consolidator		

***Portfolio management/accounting***

Our products and services for portfolio management span most of our vertical markets and offer our clients a wide range of investment management solutions.

*AdvisorWare.* AdvisorWare software supports hedge funds, funds of funds and family offices with sophisticated global investment, trading and management concerns, and/or complex financial, tax (including German tax requirements), partnership and allocation reporting requirements. It delivers comprehensive multicurrency investment management, financial reporting, performance fee calculations, net asset value calculations, contact management and partnership accounting in a straight-through processing environment.

*Altair.* Altair software is a portfolio management system designed for companies that are looking for a solution that meets Benelux market requirements and want client/server architecture with SQL support. We license Altair primarily to European asset managers, stock brokers, custodians, banks, pension funds and insurance companies. Altair supports a full range of financial instruments, including fixed income, equities, real estate investments and alternative investment vehicles.

*CAMRA.* CAMRA (Complete Asset Management, Reporting and Accounting) software supports the integrated management of asset portfolios by investment professionals operating across a wide range of institutional investment entities. CAMRA is a 32-bit, multi-user, integrated solution tailored to support the entire portfolio management function and includes features to execute, account for and report on all typical securities transactions.

We have designed CAMRA to account for all activities of the investment operation and to continually update investment information through the processing of day-to-day securities transactions. CAMRA maintains transactions and holdings and stores the results of most accounting calculations in its open, relational database, providing



user-friendly, flexible data access and supporting data warehousing.

CAMRA offers a broad range of integrated modules that can support specific client requirements, such as TBA dollar rolls, trading, compliance monitoring, net asset value calculations, performance measurement, fee calculations and reporting.

*Debt & Derivatives.* Debt & Derivatives is a comprehensive financial application software package designed to process and analyze all activities relating to derivative and debt portfolios, including pricing, valuation and risk analysis, derivative processing, accounting, management reporting and regulatory reporting. Debt & Derivatives delivers real-time transaction processing to treasury and investment professionals, including traders, operations staff, accountants and auditors.

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*FundRunner Marathon.* Fund Runner Marathon gives hedge fund managers the tools necessary for investor communication and reporting.

*Global Wealth Platform.* A web-based service, Global Wealth Platform combines our core asset management product functions with an innovative, easy-to-use interface. Global Wealth Platform provides an integrated suite with key components modeling, trading, portfolio accounting, client communications and other mission critical workflows as an on-demand, software-enabled service.

*Lightning.* Lightning is a comprehensive software-enabled service supporting the front-, middle- and back-office processing needs of commercial banks and broker-dealers of all sizes and complexity. Lightning automates a number of processes, including trading, sales, funding, accounting, risk analysis and asset/liability management.

*MAXIMIS.* MAXIMIS is a real-time intranet-enabled portfolio management solution for insurance companies, pension funds and institutional asset managers. Its key product functions include portfolio analysis, investment management, trade processing, cash processing, multi-currency accounting, regulatory reporting, operations and analysis and management reporting.

*Pacer.* Pacer is a portfolio management and accounting system designed to manage diversified global portfolios and meet the unique management and accounting needs of all business streams, from institutional and pension management, to separately managed accounts, private client portfolios, mutual funds and unit trusts.

*Pages.* Pages is a client communication system that generates unique individual client statements and slide presentations for print, electronic or face-to-face meetings. Pages helps enhance customer services by producing client statements that automatically assemble data from portfolio management, customer relationship management, performance measurement and other investment systems.

*PALMS.* PALMS (Portfolio Asset Liability Management System) is an Internet-based service for community banks and credit unions that enables them to manage and analyze their balance sheet. PALMS gives financial institutions instant access to their balance sheet by importing data directly from general ledger, loan, deposit and investment systems and can perform simulations for detailed analysis of the data.

*PortPro.* PortPro delivers Internet-based portfolio accounting and is available as a software-enabled service. PortPro helps financial institutions effectively measure, analyze and manage balance sheets and investment portfolios. PortPro is offered as a stand-alone product or as a module of Lightning. PortPro includes bond accounting and analytics.

*Recon.* Recon is a transaction, position and cash reconciliation system that streamlines reconciliation by identifying exceptions and providing effective workflow tools to resolve issues faster, thereby reducing operational risk. Recon automatically reconciles transactions, holdings and cash from multiple sources.

*Sylvan.* Sylvan is a performance measurement, attribution and composite management platform that is designed to streamline the calculation and reporting of performance measurement requirements.

*TNR Solution.* TNR Solution is a software product for private equity, hedge funds, funds of hedge funds and family offices. Built around Microsoft's .NET platform, the product gives end users the flexibility to manage all aspects of their operations from contact management, fund raising, investor relations, fund, portfolio and deal management, general ledger and reporting.

*Total Return.* Total Return is a portfolio management and partnership accounting system directed toward the hedge fund and family office markets. It is a multi-currency system, designed to provide financial and tax accounting and

reporting for businesses with high transaction volumes.

***Trading/treasury operations***

Our comprehensive real-time trading systems offer a wide range of trade order management solutions that support both buy-side and sell-side trading. Our full-service trade processing system delivers comprehensive

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processing for global treasury and derivative operations. Solutions are available to clients either through a license or as a software-enabled service.

*Antares.* Antares is a comprehensive, real-time, event-driven trading and profit and loss reporting system designed to integrate trade modeling with trade order management. Antares enables clients to trade and report fixed-income, equities, foreign exchange, futures, options, repos and many other instruments across different asset classes. Antares also offers an add-on option of integrating Heatmaps data visualization technology to browse and navigate holdings information.

*Antares Trader.* Antares Trader is an integrated order and execution management system (OEMS) that enables clients to integrate pre-trade compliance, real-time position and profit and loss (P&L), what-if analysis, reporting, and Financial Information eXchange (FIX) connectivity. In addition, Antares Trader facilitates the routing of trades to multiple brokers and execution venues and provides direct market access for equities, futures and options trading.

*MarginMan.* MarginMan delivers collateralized trading software to the foreign exchange marketplace. MarginMan supports collateralized foreign exchange trading, precious metals trading and over-the-counter foreign exchange options trading.

*MarketLook Information System (MLIS).* MLIS allows traders anywhere in the world access to market color and size directly from traders on the trading floor of the New York Stock Exchange.

*TradeDesk.* TradeDesk is a comprehensive paperless trading system that automates front- and middle-office aspects of fixed-income transaction processing. In particular, TradeDesk enables clients to automate ticket entry, confirmation and access to offerings and provides clients with immediate, online access to complete client information and holdings.

*TradeThru.* TradeThru is a web-based treasury and derivatives operations service that supports multiple asset classes and provides multi-bank, multi-entity and multi-currency integration of front-, middle- and back-office trade functions for financial institutions. TradeThru is available either through a license or as a software-enabled service. The system delivers automated front- to back-office functions throughout the lifecycle of a trade, from deal capture to settlement, risk management, accounting and reporting. TradeThru also provides data to other external systems, such as middle-office analytic and risk management systems and general ledgers. TradeThru provides one common instrument database, counterparty database, audit trail and end-of-day runs.

*Tradeware MarketCenter.* Tradeware MarketCenter is an order management solution for all aspects of global agency trading process, from sending indications of interest (IOI s) to managing order flow to providing back-office and compliance reporting.

### ***Financial modeling***

We offer several powerful analytical software and financial modeling applications for the insurance industry. We also provide analytical software and services to the municipal finance groups market.

*DBC Product Suite.* We provide analytical software and services to municipal finance groups. Our suite of DBC products addresses a broad spectrum of municipal finance concerns, including:

general bond structures,

revenue bonds,

housing bonds,

student loans, and

Federal Housing Administration insured revenue bonds and securitizations.

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Our DBC products also deliver solutions for debt structuring, cash flow modeling and database management. Typical users of our DBC products include investment banks, municipal issuers and financial advisors for structuring new issues, securitizations, strategic planning and asset/liability management.

*PTS.* PTS is a pricing and financial modeling tool for life insurance companies. PTS provides an economic model of insurance assets and liabilities, generating option-adjusted cash flows to reflect the complex set of options and covenants frequently encountered in insurance contracts or comparable agreements.

*Risk Analytics.* Risk Analytics provides a comprehensive view of risk across all asset classes for banks, hedge funds, asset managers, insurance companies and pension funds. Risk Analytics is designed for risk managers who need better tracking, managing and reporting of value-at-risk and ex-ante risk measures across all asset classes.

### ***Loan management/accounting***

Our products that support loan administration activities are LMS and BANC Mall.

*BANC Mall.* BANC Mall is an Internet-based lending and leasing tool designed for loan officers and loan administrators. BANC Mall provides, as a software-enabled service, online lending, leasing and research tools that deliver critical information for credit processing and loan administration. Clients use BANC Mall on a fee-for-service basis to access more than a dozen data providers.

*LMS Loan Suite.* The LMS Loan Suite is a single database application that provides comprehensive loan management throughout the life cycle of a loan, from the initial request to final disposition. We have structured the flexible design of the LMS Loan Suite to meet the most complex needs of commercial lenders and servicers worldwide. The LMS Loan Suite includes both the LMS Originator and the LMS Servicer, facilitating integrated loan portfolio processing.

*LMS Originator.* LMS Originator is a comprehensive commercial loan origination system, designed to bring efficiencies and controls to streamline the loan origination process. LMS Originator tracks the origination of a loan from the initial request through the initial funding. It enables clients to set production goals, measure production volumes against these goals and analyze the quality of loan requests being submitted by third parties. LMS Originator is integrated with LMS Servicer for seamless loan management processing throughout the life cycle of a loan.

*LMS Servicer.* LMS Servicer is a comprehensive commercial loan servicing system designed to support the servicing of a wide variety of product types and complex loan structures. LMS Servicer provides capabilities in implementing complex investor structures, efficient payment processing, escrow processing and analysis, commercial mortgage-backed securities (CMBS) servicing and reporting and portfolio analytics. LMS Servicer is integrated with LMS Originator for seamless loan management processing throughout the life cycle of a loan.

### ***Property management***

*CondotelWare.* CondotelWare incorporates a Service Oriented Architecture (SOA) and is designed to address the special operational challenges of condominium hotels.

*SKYLINE.* SKYLINE is a comprehensive property management system that integrates all aspects of real estate property management, from prospect management to lease administration, work order management, accounting and reporting. By providing a single-source view of all real estate holdings, SKYLINE functions as an integrated lease administration system, a historical property/portfolio knowledge base and a robust accounting and financial reporting system, enabling users to track each property managed, including data on specific units and tenants. Market segments

served include:

commercial

residential

retail

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retirement communities

universities

hospitals

*TimeShareWare.* TimeShareWare Enterprise incorporates a Service Oriented Architecture (SOA) and provides the tools, structure, and performance needed to accommodate management of complex and demanding resort operations, including sales and marketing, management, contract processing, loan servicing and property management.

### ***Money market processing***

*Information Manager.* Information Manager is a comprehensive web-enabled solution for financial institutions that delivers core business application functionality to internal and external clients' desktops. Information Manager provides reporting, transaction entry, scheduling, entitlement and work flow management and interfaces to third-party applications. Information Manager supports back-office systems, including custody, trust accounting, security lending, cash management, collateral management and global clearing.

*Money Market Manager.* Money Market Manager (M3) is a web-enabled solution that is used by banks and broker-dealers for the money market issuance services. M3 provides the functionality required for issuing and acting as a paying agent for money market debt instruments. M3 provides the reports needed for clients to manage their business, including deals, issues and payment accruals.

*Global Debt Manager.* Global Debt Manager is a robust browser based application for corporate and municipal bond accounting. Fully integrated with Money Market Manager (M3), Global Debt Manager offers processing for conventional and structured debt within a secure and flexible platform.

### ***Training***

*Zoologic Learning Solutions.* Zoologic Learning Solutions is a suite of learning solutions that provides in-depth, introductory and continuing education training at all levels, offering mix-and-match courses easily configured into curriculums that meet our clients' needs. It includes instructor-led training, web-based courseware and program design.

### ***Services***

*Advanced Component Architecture (ACA).* ACA is a robust set of service capabilities to develop customized trading and support solutions for exchanges, brokerages and financial institutions. With the core technology components of ACA, clients can significantly reduce the traditional system delivery process.

*Custom Mobility.* Custom Mobility provides expertise in designing and developing mobility solutions for the financial markets. We believe that our understanding of the power of mobile/wireless technology, coupled with a deep understanding of the financial markets, has permitted us to offer services tailored to this growing portion of the market.

*Evare.* Evare is a leader in financial data acquisition, transformation and delivery services. Global Managed Services connect you to your clients and counterparties using each firm's preferred method of connectivity, custom data formats, and industry standards. All parties utilize their existing systems and protocols without having to upgrade or install software.



*GlobalX.* GlobalX is a trading solution providing broker-dealers with a simplified, integrated cross-border trade execution and settlement process. The GlobalX technology is designed to provide clients with improved operational efficiency, lower costs and a significantly higher percentage of successful cross-border trades.

*SS&C Direct.* We provide comprehensive software-enabled services through our SS&C Direct operating unit for portfolio accounting, reporting and analysis functions. Since 1997, SS&C Direct has offered ASP,

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business process outsourcing (BPO) and blended outsourcing services to institutional asset managers, insurance companies, hedge funds, and financial institutions.

The SS&C Direct service includes:

full BPO investment accounting and investment operations services,

hosting of a company's application software,

automated workflow integration,

automated quality control mechanisms, and

extensive interface and connectivity services to custodian banks, data service providers, depositories and other external entities.

*SS&C Fund Services.* We provide comprehensive on- and offshore fund administration services to hedge fund and other alternative investment managers using our proprietary software products. SS&C Fund Services offers fund manager services, transfer agency services, funds of funds services, tax processing and accounting and processing. SS&C Fund Services supports all fund types and investment strategies. Market segments served include:

hedge fund managers

funds of funds managers

commodity trading advisors

family offices

private wealth groups

investment managers

commodity pool operators

proprietary traders

private equity groups

separate managed accounts

*SS&C PEI Solutions.* SS&C PEI Solutions provides outsourced administration services and software designed specifically for the private equity firms and the partnerships they sponsor.

*SSCNet.* SSCNet is a global trade network linking investment managers, broker-dealers, clearing agencies, custodians and interested parties. SSCNet's real-time trade matching utility and delivery instruction database facilitate integration of front-, middle- and back-office functions, reducing operational risk and costs.

*SVC.* SVC is a single source for securities data that consolidates data from leading global sources to provide clients with the convenience of one customized data feed. SVC provides clients with seamless, timely and accurate data for pricing, corporate actions, dividends, interest payments, foreign exchange rates and security master for global financial instruments.

*Tradeware FIXLink.* Tradeware FIXLink is a FIX network for IOIs, trades, orders, and allocations, providing a reliable broker-neutral and platform-neutral FIX connectivity service to broker-dealers and institutions.

*Tradeware OATS Consolidator.* Tradeware OATS Consolidator is a broker-neutral compliance service that provides an Order Audit Trail System, or OATS, reporting solution for broker-dealers using multiple trading systems.

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### **Software and service delivery options**

Our delivery methods include software-enabled services, software licenses with related maintenance agreements, and blended solutions. Substantially all of our software-enabled services are built around and leverage our proprietary software.

*Software-Enabled Services.* We provide a broad range of software-enabled services for our clients. By utilizing our proprietary software and avoiding the substantial use of third-party products to provide our software-enabled services, we are able to greatly reduce potential operating risks, efficiently tailor our products and services to meet specific client needs, significantly improve overall service levels and generate high overall operating margins and cash flow. Our software-enabled services are generally provided under non-cancelable contracts with initial terms of one to five years that require monthly or quarterly payments and are subject to automatic annual renewal at the end of the initial term unless terminated by either party. Pricing on our software-enabled services varies depending upon the complexity of the services being provided, the number of users, assets under management and transaction volume. Importantly, our software-enabled services allow us to leverage our proprietary software and existing infrastructure, thereby increasing our aggregate profits and cash flows. For the year ended December 31, 2010, revenues from software-enabled services represented 64.4% of total revenues.

*Software License and Related Maintenance Agreements.* We license our software to clients through either perpetual or term licenses. In connection with these contracts we provide maintenance. Maintenance contracts on our core enterprise software products, which typically incorporate annual pricing increases, provide us with a stable and contractually recurring revenue base due to average revenue retention rates of over 90% in each of the last five years. We typically generate additional revenues as our existing clients expand usage of our products. For the year ended December 31, 2010, license and maintenance revenues represented 7.2% and 22.1% of total revenues, respectively.

*Blended Solutions.* We provide certain clients with targeted, blended solutions based on a combination of our various software and software-enabled services. We believe that this capability further differentiates us from many of our competitors that are unable to provide this level of service.

### **Professional services**

We offer a range of professional services to assist clients. Professional services consist of consulting and implementation services, including the initial installation of systems, conversion of historical data and ongoing training and support. Our in-house consulting teams work closely with the client to ensure the smooth transition and operation of our systems. Our consulting teams have a broad range of experience in the financial services industry and include certified public accountants, chartered financial analysts, mathematicians and IT professionals from the asset management, real estate, investment, insurance, hedge fund, municipal finance and banking industries. We believe our commitment to professional services facilitates the adoption of our software products across our target markets. For the year ended December 31, 2010, revenues from professional services represented 6.3% of total revenues.

### **Product support**

We believe a close and active service and support relationship is important to enhancing client satisfaction and furnishes an important source of information regarding evolving client issues. We provide our larger clients with a dedicated client support team whose primary responsibility is to resolve questions and provide solutions to address ongoing needs. Direct telephone support is provided during extended business hours, and additional hours are available during peak periods. We also offer the SS&C Solution Center, a website that serves as an exclusive online community for clients, where clients can find answers to product questions, exchange information, share best practices and comment on business issues. Approximately every two weeks, we distribute via the Internet our software and

services *eBriefings* , which are industry-specific articles in our eight vertical markets and in geographic regions around the world. We supplement our service and support activities with comprehensive training. Training options include regularly hosted classroom and online

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instruction, *e.Training*, and online client seminars, or webinars, that address current, often technical, issues in the financial services industry.

We periodically make maintenance releases of licensed software available to our clients, as well as regulatory updates (generally during the fourth quarter, on a when and if available basis), to meet industry reporting obligations and other processing requirements.

## **Clients**

We have over 4,500 clients globally in eight vertical markets within the financial services industry that require a full range of information management and analysis, accounting, actuarial, reporting and compliance software on a timely and flexible basis. Our clients include multinational banks, retail banks and credit unions, hedge funds, funds of funds and family offices, institutional asset managers, insurance companies and pension funds, municipal finance groups, brokers/dealers, financial exchanges, commercial lenders, real estate lenders and property managers. Our clients include many of the largest and most well-recognized firms in the financial services industry. During the year ended December 31, 2010, our top 10 clients represented approximately 17% of revenues, with no single client accounting for more than 5% of revenues.

## **Sales and marketing**

We believe a direct sales organization is essential to the successful implementation of our business strategy, given the complexity and importance of the operations and information managed by our products, the extensive regulatory and reporting requirements of each industry, and the unique dynamics of each vertical market. Our dedicated direct sales and support personnel continually undergo extensive product and sales training and are located in our various sales offices worldwide. We also use telemarketing to support sales of our real estate property management products and work through alliance partners who sell our software-enabled services to their correspondent banking clients.

Our marketing personnel have extensive experience in high tech marketing to the financial services industry and are responsible for identifying market trends, evaluating and developing marketing opportunities, generating client leads and providing sales support. Our marketing activities, which focus on the use of the Internet as a cost-effective means of reaching current and potential clients, include:

- content-rich, periodic software and services *eBriefings* targeted at clients and prospects in each of our vertical and geographic markets,

- regular product-focused webinars,

- seminars and symposiums,

- trade shows and conferences, and

- e-marketing campaigns.

Some of the benefits of our shift in focus to an Internet-based marketing strategy include lower marketing costs, more direct contacts with actual and potential clients, increased marketing leads, distribution of more up-to-date marketing information and an improved ability to measure marketing initiatives.

The marketing department also supports the sales force with appropriate documentation or electronic materials for use during the sales process.

**Product development and engineering**

We believe we must introduce new products and offer product innovation on a regular basis to maintain our competitive advantage. To meet these goals, we use multidisciplinary teams of highly trained personnel and leverage this expertise across all product lines. We have invested heavily in developing a comprehensive product analysis process to ensure a high degree of product functionality and quality. Maintaining and improving the integrity, quality and functionality of existing products is the responsibility of individual product managers. Product engineering management efforts focus on enterprise-wide strategies, implementing best-

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practice technology regimens, maximizing resources and mapping out an integration plan for our entire umbrella of products as well as third-party products. Our research and development expenses for the years ended December 31, 2008, 2009 and 2010 were \$26.8 million, \$26.5 million and \$31.4 million, respectively. In addition, we have made significant investments in intellectual property through our acquisitions.

Our research and development engineers work closely with our marketing and support personnel to ensure that product evolution reflects developments in the marketplace and trends in client requirements. We have generally issued a major release of our core products during the second or third quarter of each fiscal year, which includes both functional and technical enhancements. We also provide an annual release in the fourth quarter to reflect evolving regulatory changes in time to meet clients' year-end reporting requirements.

## **Competition**

The market for financial services software and services is competitive, rapidly evolving and highly sensitive to new product introductions and marketing efforts by industry participants, although high conversion costs can create barriers to adoption of new products or technologies. The market is fragmented and served by both large-scale players with broad offerings as well as firms that target only local markets or specific types of clients. We also face competition from information systems developed and serviced internally by the IT departments of large financial services firms. We believe that we generally compete effectively as to the factors identified for each market below, although some of our existing competitors and potential competitors have substantially greater financial, technical, distribution and marketing resources than we have and may offer products with different functions or features that are more attractive to potential customers than our offerings.

*Alternative Investments:* In our alternative investments market, we compete with multiple vendors that may be categorized into two groups, one group consisting of independent specialized administration providers, which are generally smaller than us, and the other including prime brokerage firms offering fund administration services. Major competitors in this market include CITCO Group, State Street Bank and Citi Alternative Investment Services. The key competitive factors in marketing software and services to the alternative investment industry are the need for independent fund administration, features and adaptability of the software, level and quality of customer support, level of software development expertise and total cost of ownership. Our strengths in this market are our expertise, our independence, our ability to deliver functionality by multiple methods and our technology, including the ownership of our own software. Although no company is dominant in this market, we face many competitors, some of which have greater financial resources and distribution facilities than we do.

*Asset Management:* In our asset management market, we compete with a variety of other vendors depending on client characteristics such as size, type, location, computing environment and functionality requirements. Competitors in this market range from larger providers of integrated portfolio management systems and outsourcing services, such as SunGard, BNY Mellon Financial (Eagle Investment Systems) and Advent Software, to smaller providers of specialized applications and technologies such as StatPro, Charles River Development and others. We also compete with internal processing and information technology departments of our clients and prospective clients. The key competitive factors in marketing asset management solutions are the reliability, accuracy, timeliness and reporting of processed information to internal and external customers, features and adaptability of the software, level and quality of customer support, level of software development expertise and return on investment. Our strengths in this market are our technology, our ability to deliver functionality by multiple delivery methods and our ability to provide cost-effective solutions for clients. Although no company is dominant in this market, we face many competitors, some of which have greater financial resources and distribution facilities than we do.

*Insurance and Pension Funds:* In our insurance and pension funds market, we compete with a variety of vendors depending on clients characteristics such as size, type, location, computing environment and functionality



requirements. Competitors in this market range from large providers of portfolio management systems, such as State Street Bank (Princeton Financial Systems) and SunGard, to smaller providers of specialized applications and services.

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We also compete with outsourcers, as well as the internal processing and information technology departments of our clients and prospective clients. The key competitive factors in marketing insurance and pension plan systems are the accuracy, timeliness and reporting of processed information provided to internal and external clients, features and adaptability of the software, level and quality of customer support, economies of scale and return on investment. Our strengths in this market are our years of experience, our top-tier clients, our ability to provide solutions by multiple delivery methods, our cost-effective and customizable solutions and our expertise. We believe that we have a strong competitive position in this market.

*Real Estate Property Management:* In our real estate property management market, we compete with numerous software vendors consisting of smaller specialized real estate property management solution providers and larger property management software vendors with more dedicated resources than our real estate property management business, such as Yardi Systems. The key competitive factors in marketing property management systems are the features and adaptability of the software, level of quality and customer support, degree of responsiveness and overall net cost. Our strengths in this market are the quality of our software and our reputation with our clients. This is a very fragmented market with many competitors.

*Treasury, Banks & Credit Unions:* In our treasury, banks & credit unions market, there are multiple software and services vendors that are either smaller providers of specialized applications and technologies or larger providers of enterprise systems, such as SunGard and Misys. We also compete with outsourcers as well as the internal processing and information technology departments of our clients and prospective clients. The key competitive factors in marketing financial institution software and services include accuracy and timeliness of processed information provided to clients, features and adaptability of the software, level and quality of customer support, level of software development expertise, total cost of ownership and return on investment. Our strengths in this market are our flexible technology platform and our ability to provide integrated solutions for our clients. In this market we face many competitors, some of which have greater financial resources and distribution facilities than we do.

*Commercial Lending:* In our commercial lending market, we compete with a variety of other vendors depending on client characteristics such as size, type, location and functional requirements. Competitors in this market range from large competitors whose principal businesses are not in the loan management business, such as PNC Financial Services (Midland Loan Services), to smaller providers of specialized applications and technologies. The key competitive factors in marketing commercial lending solutions are the accuracy, timeliness and reporting of processed information provided to customers, level of software development expertise, level and quality of customer support and features and adaptability of the software. Our strength in this market is our ability to provide both broadly diversified and customizable solutions to our clients. In this market we face many competitors, some of which have greater financial resources and distribution facilities than we do.

*Financial Markets:* In our financial markets, our competition falls into two categories – the internal development organizations within financial enterprises and specialized financial vendors, such as SunGard, Fidessa and Cinnober. The key competitive factors in marketing financial markets technology solutions are a proven track record of delivering high quality solutions, level of responsiveness and overall net cost. Our strengths in this market are a successful track record of delivering solutions and our reputation with our clients. This is an extremely competitive environment which requires developing a strong customer relationship where we are viewed more as a partner than a vendor.

## **Proprietary rights**

We rely on a combination of trade secret, copyright, trademark and patent law, nondisclosure agreements and technical measures to protect our proprietary technology. We have registered trademarks for many of our products and will continue to evaluate the registration of additional trademarks as appropriate. We generally enter into

confidentiality and/or license agreements with our employees, distributors, clients and potential clients. We seek to protect our software, documentation and other written materials under trade secret and copyright laws, which afford limited protection. These efforts may be insufficient to prevent third parties from asserting intellectual property rights in our technology. Furthermore, it may be possible for unauthorized third

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parties to copy portions of our products or to reverse engineer or otherwise obtain and use proprietary information, and third parties may assert ownership rights in our proprietary technology. For additional risks relating to our proprietary technology, please see Risk factors Risks relating to our business If we are unable to protect our proprietary technology, our success and our ability to compete will be subject to various risks, such as third-party infringement claims, unauthorized use of our technology, disclosure of our proprietary information or inability to license technology from third parties.

Rapid technological change characterizes the software development industry. We believe factors such as the technological and creative skills of our personnel, new product developments, frequent product enhancements, name recognition and reliable service and support are more important to establishing and maintaining a leadership position than legal protections of our technology.

## **Employees**

As of December 31, 2010, we had 1,399 full-time employees, consisting of:

242 employees in research and development;

826 employees in consulting and services;

90 employees in sales and marketing;

127 employees in client support; and

114 employees in finance and administration.

As of December 31, 2010, 365 of our employees were in our international operations. No employee is covered by any collective bargaining agreement. We believe that we have a good relationship with our employees.

## **Additional Information**

SS&C Holdings was incorporated in Delaware as Sunshine Acquisition Corporation in July 2005 and changed its name to SS&C Technologies Holdings, Inc. in June 2007. SS&C was organized as a Connecticut corporation in March 1986 and reincorporated as a Delaware corporation in April 1996. On November 23, 2005, SS&C Holdings acquired SS&C in connection with the Transaction, as described above. Our principal executive offices are located at 80 Lambertson Road, Windsor, Connecticut 06095. The telephone number of our principal executive offices is (860) 298-4500.

## **Item 1A. Risk Factors**

You should carefully consider the following risk factors, in addition to other information included in this annual report on Form 10-K and the other reports we file with the Securities and Exchange Commission. If any of the following risks occur, our business, financial condition and operating results could be materially adversely affected.

### **Risks Relating to Our Business**

*Our business is greatly affected by changes in the state of the general economy and the financial markets, and a prolonged downturn in the general economy or the financial services industry could disproportionately affect the demand for our products and services.*

As widely reported, global credit and financial markets have experienced extreme disruptions over the past several years, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates, and uncertainty about economic stability. These factors have caused and could continue to cause our clients or prospective clients to delay or reduce purchases of our products, and our revenues could be adversely affected. Fluctuations in the value of assets under our clients' management could also adversely affect our revenues. Unfavorable economic conditions or continuing economic uncertainty could make it difficult for our clients to obtain credit on

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reasonable terms or at all, preventing them from making desired purchases of our products and services, and may impair the ability of our clients to pay for products they have purchased. We cannot predict the timing or duration of any economic downturn, generally, or in the markets in which our businesses operate. Continued turbulence in the U.S. and international markets, renewed concern about the strength and sustainability of a recovery, particularly given the risk of sovereign debt defaults by European Union member countries, and prolonged declines in business consumer spending could materially adversely affect our liquidity and financial condition, and the liquidity and financial condition of our clients.

Our clients include a range of organizations in the financial services industry whose success is linked to the health of the economy generally and of the financial markets specifically. As a result, we believe that fluctuations, disruptions, instability or prolonged downturns in the general economy and the financial services industry could adversely affect demand for our products and services. For example, such fluctuations, disruptions, instability or downturns may cause our clients to do the following:

- cancel or reduce planned expenditures for our products and services;
- process fewer transactions through our software-enabled services;
- seek to lower their costs by renegotiating their contracts with us;
- move their IT solutions in-house;
- switch to lower-priced solutions provided by our competitors; or
- exit the industry.

If such conditions occur and persist, our business and financial results, including our liquidity and our ability to fulfill our obligations to the holders of our 113/4% senior subordinated notes due 2013, which we refer to as the notes or senior subordinated notes, and our other lenders, could be materially adversely affected.

***Further or accelerated consolidations and failures in the financial services industry could adversely affect our results of operations due to a resulting decline in demand for our products and services.***

If banks and financial services firms fail or continue to consolidate, there could be a decline in demand for our products and services. Failures, mergers and consolidations of banks and financial institutions reduce the number of our clients and potential clients, which could adversely affect our revenues even if these events do not reduce the aggregate activities of the consolidated entities. Further, if our clients fail and/or merge with or are acquired by other entities that are not our clients, or that use fewer of our products and services, they may discontinue or reduce their use of our products and services. It is also possible that the larger financial institutions resulting from mergers or consolidations would have greater leverage in negotiating terms with us. In addition, these larger financial institutions could decide to perform in-house some or all of the services that we currently provide or could provide or to consolidate their processing on a non-SS&C system. The resulting decline in demand for our products and services could have a material adverse effect on our revenues.

***If we are unable to retain and attract clients, our revenues and net income would remain stagnant or decline.***

If we are unable to keep existing clients satisfied, sell additional products and services to existing clients or attract new clients, then our revenues and net income would remain stagnant or decline. A variety of factors could affect our ability to successfully retain and attract clients, including:

the level of demand for our products and services;

the level of client spending for information technology;

the level of competition from internal client solutions and from other vendors;

the quality of our client service;

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our ability to update our products and services and develop new products and services needed by clients;

our ability to understand the organization and processes of our clients; and

our ability to integrate and manage acquired businesses.

***We face significant competition with respect to our products and services, which may result in price reductions, reduced gross margins or loss of market share.***

The market for financial services software and services is competitive, rapidly evolving and highly sensitive to new product and service introductions and marketing efforts by industry participants. The market is also highly fragmented and served by numerous firms that target only local markets or specific client types. We also face competition from information systems developed and serviced internally by the IT departments of financial services firms.

Some of our current and potential competitors have significantly greater financial, technical, distribution and marketing resources, generate higher revenues and have greater name recognition. Our current or potential competitors may develop products comparable or superior to those developed by us, or adapt more quickly to new technologies, evolving industry trends or changing client or regulatory requirements. It is also possible that alliances among competitors may emerge and rapidly acquire significant market share. Increased competition may result in price reductions, reduced gross margins and loss of market share. Accordingly, our business may not grow as expected and may decline.

***Catastrophic events may adversely affect our ability to provide, our clients' ability to use, and the demand for, our products and services, which may disrupt our business and cause a decline in revenues.***

A war, terrorist attack, natural disaster or other catastrophe may adversely affect our business. A catastrophic event could have a direct negative impact on us or an indirect impact on us by, for example, affecting our clients, the financial markets or the overall economy and reducing our ability to provide, our clients' ability to use, and the demand for, our products and services. The potential for a direct impact is due primarily to our significant investment in infrastructure. Although we maintain redundant facilities and have contingency plans in place to protect against both man-made and natural threats, it is impossible to fully anticipate and protect against all potential catastrophes. A computer virus, security breach, criminal act, military action, power or communication failure, flood, severe storm or the like could lead to service interruptions and data losses for clients, disruptions to our operations, or damage to important facilities. In addition, such an event may cause clients to cancel their agreements with us for our products or services. Any of these events could cause a decline in our revenues.

***Our software-enabled services may be subject to disruptions that could adversely affect our reputation and our business.***

Our software-enabled services maintain and process confidential data on behalf of our clients, some of which is critical to their business operations. For example, our trading systems maintain account and trading information for our clients and their customers. There is no guarantee that the systems and procedures that we maintain to protect against unauthorized access to such information are adequate to protect against all security breaches. If our software-enabled services are disrupted or fail for any reason, or if our systems or facilities are infiltrated or damaged by unauthorized persons, our clients could experience data loss, financial loss, harm to their reputation and significant business interruption. If that happens, we may be exposed to unexpected liability, our clients may leave, our reputation may be tarnished, and client dissatisfaction and lost business may result.





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***We may not achieve the anticipated benefits from our acquisitions and may face difficulties in integrating our acquisitions, which could adversely affect our revenues, subject us to unknown liabilities, increase costs and place a significant strain on our management.***

We have acquired and intend in the future to acquire companies, products or technologies that we believe could complement or expand our business, augment our market coverage, enhance our technical capabilities or otherwise offer growth opportunities. However, acquisitions could subject us to contingent or unknown liabilities, and we may have to incur debt or severance liabilities or write off investments, infrastructure costs or other assets.

Our success is also dependent on our ability to complete the integration of the operations of acquired businesses in an efficient and effective manner. Successful integration in the rapidly changing financial services software and services industry may be more difficult to accomplish than in other industries. We may not realize the benefits we anticipate from acquisitions, such as lower costs or increased revenues. We may also realize such benefits more slowly than anticipated, due to our inability to:

combine operations, facilities and differing firm cultures;

retain the clients or employees of acquired entities;

generate market demand for new products and services;

coordinate geographically dispersed operations and successfully adapt to the complexities of international operations;

integrate the technical teams of these companies with our engineering organization;

incorporate acquired technologies and products into our current and future product lines; and

integrate the products and services of these companies with our business, where we do not have distribution, marketing or support experience for these products and services.

Integration may not be smooth or successful. The inability of management to successfully integrate the operations of acquired companies could disrupt our ongoing operations, divert management from day-to-day responsibilities, increase our expenses and harm our operating results or financial condition. Such acquisitions may also place a significant strain on our administrative, operational, financial and other resources. To manage growth effectively, we must continue to improve our management and operational controls, enhance our reporting systems and procedures, integrate new personnel and manage expanded operations. If we are unable to manage our growth and the related expansion in our operations from recent and future acquisitions, our business may be harmed through a decreased ability to monitor and control effectively our operations and a decrease in the quality of work and innovation of our employees. Certain of our acquisitions have generated disputes with stockholders or management of acquired companies that have required the expenditure of our resources to address or have led to litigation; any such disputes may reduce the value we hope to realize from our acquisitions, either by increasing our costs of the acquisition, reducing our opportunities to realize revenues from the acquisition or imposing litigation costs or adverse judgments on us.

***We expect that our operating results, including our profit margins and profitability, may fluctuate over time.***

Historically, our revenues, profit margins and other operating results have fluctuated from period to period and over time primarily due to the timing, size and nature of our license and service transactions. Additional factors that may

lead to such fluctuation include:

the timing of the introduction and the market acceptance of new products, product enhancements or services by us or our competitors;

the lengthy and often unpredictable sales cycles of large client engagements;

the amount and timing of our operating costs and other expenses;

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the financial health of our clients;

changes in the volume of assets under our clients' management;

cancellations of maintenance and/or software-enabled services arrangements by our clients;

changes in local, national and international regulatory requirements;

changes in our personnel;

implementation of our licensing contracts and software-enabled services arrangements;

changes in economic and financial market conditions; and

changes in the mix in the types of products and services we provide.

***If we cannot attract, train and retain qualified managerial, technical and sales personnel, we may not be able to provide adequate technical expertise and customer service to our clients or maintain focus on our business strategy.***

We believe that our success is due in part to our experienced management team. We depend in large part upon the continued contribution of our senior management and, in particular, William C. Stone, our Chief Executive Officer and Chairman of our Board of Directors. Losing the services of one or more members of our senior management could significantly delay or prevent the achievement of our business objectives. Mr. Stone has been instrumental in developing our business strategy and forging our business relationships since he founded the company in 1986. We maintain no key man life insurance policies for Mr. Stone or any other senior officer or manager.

Our success is also dependent upon our ability to attract, train and retain highly skilled technical and sales personnel. Loss of the services of these employees could materially affect our operations. Competition for qualified technical personnel in the software industry is intense, and we have, at times, found it difficult to attract and retain skilled personnel for our operations.

Locating candidates with the appropriate qualifications, particularly in the desired geographic location and with the necessary subject matter expertise, is difficult. Our failure to attract and retain a sufficient number of highly skilled employees could prevent us from developing and servicing our products at the same levels as our competitors and we may, therefore, lose potential clients and suffer a decline in revenues.

***If we are unable to protect our proprietary technology, our success and our ability to compete will be subject to various risks, such as third-party infringement claims, unauthorized use of our technology, disclosure of our proprietary information or inability to license technology from third parties.***

Our success and ability to compete depends in part upon our ability to protect our proprietary technology. We rely on a combination of trade secret, copyright and trademark law, nondisclosure agreements and technical measures to protect our proprietary technology. We have registered trademarks for some of our products and will continue to evaluate the registration of additional trademarks as appropriate. We generally enter into confidentiality and/or license agreements with our employees, distributors, clients and potential clients. We seek to protect our software, documentation and other written materials under trade secret and copyright laws, which afford only limited protection. These efforts may be insufficient to prevent third parties from asserting intellectual property rights in our technology.

Furthermore, it may be possible for unauthorized third parties to copy portions of our products or to reverse engineer or otherwise obtain and use our proprietary information, and third parties may assert ownership rights in our proprietary technology.

Existing patent and copyright laws afford only limited protection. Third parties may develop substantially equivalent or superseding proprietary technology, or competitors may offer equivalent products in competition with our products, thereby substantially reducing the value of our proprietary rights. There are many patents in the financial services field. As a result, we are subject to the risk that others will claim that the important technology we have developed, acquired or incorporated into our products will infringe the rights, including the patent rights,

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such persons may hold. These claims, if successful, could result in a material loss of our intellectual property rights. Expensive and time-consuming litigation may be necessary to protect our proprietary rights.

We incorporate open source software into a limited number of our software solutions. We monitor our use of open source software to avoid subjecting our products to conditions we do not intend. Although we believe that we have complied with our obligations under the applicable licenses for open source software that we use, there is little or no legal precedent governing the interpretation of many of the terms of certain of these licenses. Therefore, the potential impact of these terms is uncertain and may result in unanticipated obligations or restrictions regarding those of our products, technologies or solutions affected.

We have acquired and may acquire important technology rights through our acquisitions and have often incorporated and may incorporate features of this technology across many products and services. As a result, we are subject to the above risks and the additional risk that the seller of the technology rights may not have appropriately protected the intellectual property rights we acquired. Indemnification and other rights under applicable acquisition documents are limited in term and scope and therefore provide us with only limited protection.

In addition, we currently use certain third-party software in providing some of our products and services, such as industry standard databases and report writers. If we lost our licenses to use such software or if such licenses were found to infringe upon the rights of others, we would need to seek alternative means of obtaining the licensed software to continue to provide our products or services. Our inability to replace such software, or to replace such software in a timely manner, could have a negative impact on our operations and financial results.

***We could become subject to litigation regarding intellectual property rights, which could seriously harm our business and require us to incur significant costs, which, in turn, could reduce or eliminate profits.***

In recent years, there has been significant litigation in the United States involving patents and other intellectual property rights. We are from time to time a party to litigation to enforce our intellectual property rights or as a result of an allegation that we infringe others' intellectual property rights, including patents, trademarks and copyrights. From time to time, we have received notices claiming our technology may infringe third-party intellectual property rights or otherwise threatening to assert intellectual property rights. Any parties asserting that our products or services infringe upon their proprietary rights could force us to defend ourselves and possibly our clients against the alleged infringement. These claims and any resulting lawsuit, if successful, could subject us to significant liability for damages and invalidation of our proprietary rights. These lawsuits, regardless of their success, could be time-consuming and expensive to resolve, adversely affect our revenues, profitability and prospects and divert management time and attention away from our operations. We may be required to re-engineer our products or services or obtain a license of third-party technologies on unfavorable terms.

***Our failure to continue to derive substantial revenues from the licensing of, or the provision of software-enabled services related to, our CAMRA, TradeThru, Pacer, AdvisorWare and Total Return software, and the provision of maintenance and professional services in support of such licensed software, could adversely affect our ability to sustain or grow our revenues and harm our business, financial condition and results of operations.***

The licensing of, and the provision of software-enabled services, maintenance and professional services relating to, our CAMRA, TradeThru, Pacer, AdvisorWare and Total Return software accounted for approximately 50% of our revenues for the year ended December 31, 2010. We expect that the revenues from these software products and services will continue to account for a significant portion of our total revenues for the foreseeable future. As a result, factors adversely affecting the pricing of or demand for such products and services, such as competition or technological change, could have a material adverse effect on our ability to sustain or grow our revenues and harm our business, financial condition and results of operations.



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***We may be unable to adapt to rapidly changing technology and evolving industry standards and regulatory requirements, and our inability to introduce new products and services could result in a loss of market share.***

Rapidly changing technology, evolving industry standards and regulatory requirements and new product and service introductions characterize the market for our products and services. Our future success will depend in part upon our ability to enhance our existing products and services and to develop and introduce new products and services to keep pace with such changes and developments and to meet changing client needs. The process of developing our software products is extremely complex and is expected to become increasingly complex and expensive in the future due to the introduction of new platforms, operating systems and technologies. Our ability to keep up with technology and business and regulatory changes is subject to a number of risks, including that:

we may find it difficult or costly to update our services and software and to develop new products and services quickly enough to meet our clients' needs;

we may find it difficult or costly to make some features of our software work effectively and securely over the Internet or with new or changed operating systems;

we may find it difficult or costly to update our software and services to keep pace with business, evolving industry standards, regulatory and other developments in the industries where our clients operate; and

we may be exposed to liability for security breaches that allow unauthorized persons to gain access to confidential information stored on our computers or transmitted over our network.

Our failure to enhance our existing products and services and to develop and introduce new products and services to promptly address the needs of the financial markets could adversely affect our business and results of operations.

***Undetected software design defects, errors or failures may result in loss of our clients' data, litigation against us and harm to our reputation and business.***

Our software products are highly complex and sophisticated and could contain design defects or software errors that are difficult to detect and correct. Errors or bugs may result in loss of client data or require design modifications. We cannot be certain that, despite testing by us and our clients, errors will not be found in new products, which errors could result in data unavailability, loss or corruption of client assets, litigation and other claims for damages against us. The cost of defending such a lawsuit, regardless of its merit, could be substantial and could divert management's attention from our ongoing operations. In addition, if our business liability insurance coverage proves inadequate with respect to a claim or future coverage is unavailable on acceptable terms or at all, we may be liable for payment of substantial damages. Any or all of these potential consequences could have an adverse impact on our operating results and financial condition.

***Challenges in maintaining and expanding our international operations can result in increased costs, delayed sales efforts and uncertainty with respect to our intellectual property rights and results of operations.***

For the years ended December 31, 2008, 2009 and 2010, international revenues accounted for 39%, 36% and 32%, respectively, of our total revenues. We sell certain of our products, such as Altair and Pacer, primarily outside the United States. Our international business may be subject to a variety of risks, including:

changes in a specific country's or region's political or economic condition;

difficulties in obtaining U.S. export licenses;



potentially longer payment cycles;

increased costs associated with maintaining international marketing efforts;

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foreign currency fluctuations;

the introduction of non-tariff barriers and higher duty rates;

foreign regulatory compliance; and

difficulties in enforcement of third-party contractual obligations and intellectual property rights.

Such factors could have a material adverse effect on our ability to meet our growth and revenue projections and negatively affect our results of operations.

**Risks Relating to Our Indebtedness**

***Our substantial indebtedness could adversely affect our financial health and prevent us from fulfilling our obligations under our 113/4% senior subordinated notes due 2013 and our senior credit facilities.***

We have incurred a significant amount of indebtedness. As of December 31, 2010, we had total indebtedness of \$290.8 million and additional available borrowings of \$75.0 million under our revolving credit facility. Our total indebtedness consisted of \$133.3 million of 113/4% senior subordinated notes due 2013 and \$157.5 million of secured indebtedness under our term loan B facility.

Our substantial indebtedness could have important consequences. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to our notes and our senior credit facilities;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund acquisitions, working capital, capital expenditures, research and development efforts and other general corporate purposes;
- increase our vulnerability to and limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- expose us to the risk of increased interest rates as borrowings under our senior credit facilities are subject to variable rates of interest;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit our ability to borrow additional funds.

In addition, the indenture governing the notes and the agreement governing our senior credit facilities contain financial and other restrictive covenants that limit our ability to engage in activities that may be in our long-term best interests. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our debts.

***To service our indebtedness, we require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.***

We are currently obligated to make periodic principal and interest payments on our senior and subordinated debt of approximately \$21.3 million annually. Our ability to make payments on and to refinance our indebtedness and to fund planned capital expenditures will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under our senior credit facilities in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness on or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness, including our senior credit facilities and the notes, on commercially reasonable terms or at all. If we cannot service our indebtedness, we may have to take actions such as selling assets, seeking additional equity or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances. We

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cannot assure you that any such actions, if necessary, could be effected on commercially reasonable terms or at all.

***Despite current indebtedness levels, we and our subsidiaries may still be able to incur substantially more debt. This could further exacerbate the risks associated with our substantial financial leverage.***

We and our subsidiaries may be able to incur substantial additional indebtedness in the future because the terms of the indenture governing the notes and our senior credit facilities do not fully prohibit us or our subsidiaries from doing so. Subject to covenant compliance and certain conditions, our senior credit facilities permit additional borrowing, including borrowing up to \$75.0 million under our revolving credit facility. If new debt is added to our and our subsidiaries' current debt levels, the related risks that we and they now face could intensify.

***Restrictive covenants in the indenture governing the notes and the agreement governing our senior credit facilities may restrict our ability to pursue our business strategies.***

The indenture governing the notes and the agreement governing our senior credit facilities limit SS&C's ability, among other things, to:

- incur additional indebtedness;
- sell assets, including capital stock of restricted subsidiaries;
- agree to payment restrictions affecting SS&C's restricted subsidiaries;
- pay dividends;
- consolidate, merge, sell or otherwise dispose of all or substantially all of SS&C's assets;
- make strategic acquisitions;
- enter into transactions with SS&C's affiliates;
- incur liens; and
- designate any of SS&C's subsidiaries as unrestricted subsidiaries.

In addition, our senior credit facilities include other covenants which, subject to permitted exceptions, prohibit us from making capital expenditures in excess of certain thresholds, making investments, loans and other advances, engaging in sale-leaseback transactions, entering into speculative hedging agreements, and prepaying our other indebtedness while indebtedness under our senior credit facilities is outstanding. The agreement governing our senior credit facilities also requires us to maintain compliance with specified financial ratios, particularly a leverage ratio and an interest coverage ratio. Our ability to comply with these ratios may be affected by events beyond our control. See Note 6 to our consolidated financial statements for additional information.

The restrictions contained in the indenture governing the notes and the agreement governing our senior credit facilities could limit our ability to plan for or react to market conditions, meet capital needs or acquire companies, products or technologies or otherwise restrict our activities or business plans.

A breach of any of these restrictive covenants or our inability to comply with the required financial ratios could result in a default under the agreement governing our senior credit facilities. If such a default occurs, the lenders under our

senior credit facilities may elect to:

declare all borrowings outstanding, together with accrued interest and other fees, to be immediately due and payable; or

prevent us from making payments on the notes,

either of which would result in an event of default under the notes. The lenders also have the right in these circumstances to terminate any commitments they have to provide further borrowings. If we are unable to

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repay outstanding borrowings when due, the lenders under our senior credit facilities also have the right to proceed against the collateral, including our available cash, granted to them to secure the indebtedness. If the indebtedness under our senior credit facilities and the notes were to be accelerated, we cannot assure you that our assets would be sufficient to repay in full that indebtedness and our other indebtedness.

***We may not have the ability to raise the funds necessary to finance the change of control offer required by the indenture governing the notes.***

Upon the occurrence of certain specific kinds of change of control events, we will be required to offer to repurchase all outstanding notes at 101% of the principal amount thereof plus accrued and unpaid interest and liquidated damages, if any, to the date of repurchase. However, it is possible that we will not have sufficient funds at the time of the change of control to repurchase the notes at the required price or that restrictions in our senior credit facilities will not allow such repurchases. In addition, certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a Change of Control under the indenture governing the notes.

***SS&C Holdings is a holding company with no operations or assets of its own and its ability to pay dividends is limited or otherwise restricted.***

SS&C Holdings has no direct operations and no significant assets other than the stock of SS&C. Our ability to pay dividends is limited by our status as a holding company and by the terms of the indenture governing our notes and the agreement governing our senior credit facilities, which significantly restrict the ability of our subsidiaries to pay dividends or otherwise transfer assets to SS&C Holdings. See Risk factors Risks relating to our indebtedness Restrictive covenants in the indenture governing the notes and the agreement governing our senior credit facilities may restrict our ability to pursue our business strategies. Moreover, even in the absence of any such restrictions, none of the subsidiaries of SS&C Holdings is obligated to make funds available to SS&C Holdings for the payment of dividends or otherwise. In addition, Delaware law imposes requirements that may restrict the ability of our subsidiaries, including SS&C, to pay dividends to SS&C Holdings. Also, SS&C Holdings has no ability to acquire businesses or property or conduct other business activities directly. These limitations could reduce our attractiveness to investors.

### **Risks relating to ownership of our common stock**

***If equity research analysts do not publish or cease publishing research or reports about our business or if they issue unfavorable commentary or downgrade our common stock, the price and trading volume of our common stock could decline.***

The trading market for our common stock is influenced by the research and reports that equity research analysts publish about us and our business. We do not control these analysts. The price of our stock could decline if one or more equity analysts downgrade our stock or if those analysts issue other unfavorable commentary or cease publishing reports about us or our business. If any equity research analyst who covers us or may cover us in the future were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

***The market price of our common stock may be volatile, which could result in substantial losses for investors purchasing shares in this offering.***

Shares of our common stock were sold in our initial public offering, or IPO, at a price of \$15.00 per share on March 31, 2010, and our common stock has subsequently traded as high as \$21.95 and as low as \$13.27. An active,

liquid and orderly market for our common stock may not be sustained, which could depress the trading price of our common stock. In addition, the market price of our common stock may fluctuate significantly. Some of the factors that may cause the market price of our common stock to fluctuate include:

fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;

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changes in estimates of our financial results or recommendations by securities analysts;

failure of any of our products to achieve or maintain market acceptance;

changes in market valuations of similar companies;

success of competitive products;

changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;

announcements by us or our competitors of significant products, contracts, acquisitions or strategic alliances;

regulatory developments in the United States, foreign countries or both;

litigation involving our company, our general industry or both;

additions or departures of key personnel;

investors' general perception of us; and

changes in general economic, industry and market conditions.

In addition, if the market for technology stocks or the stock market in general experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, financial condition or results of operations. If any of the foregoing occurs, it could cause our stock price to fall and may expose us to class action lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management.

***A significant portion of our total outstanding shares may be sold into the public market in the near future, which could cause the market price of our common stock to drop significantly, even if our business is doing well.***

As of March 9, 2011, we have 76,448,720 shares of our common stock outstanding. In connection with our follow-on public offering on February 3, 2011, the holders of approximately 66,143,147 shares of our common stock signed lock-up agreements under which they have agreed not to sell, transfer or dispose of, directly or indirectly, any shares of our common stock or any securities into or exercisable or exchangeable for shares of our common stock, without the prior written consent of J.P. Morgan Securities LLC for a period of 90 days, subject to extension. Those lock-up agreements are expected to expire on May 4, 2011. After the expiration of the lock-up period, these shares may be sold in the public market, subject to prior registration or qualification for an exemption from registration, including, in the case of shares held by affiliates, compliance with the volume restrictions of Rule 144. To the extent that any of these stockholders sell, or indicate an intent to sell, substantial amounts of our common stock in the public market after the contractual lock-ups and other legal restrictions on resale lapse, the trading price of our common stock could decline significantly.

***A few significant stockholders control the direction of our business. If the ownership of our common stock continues to be highly concentrated, it will prevent you and other stockholders from influencing significant corporate decisions.***

As of March 9, 2011, investment funds affiliated with Carlyle beneficially owned approximately 46.4% of our common stock, and William C. Stone, our Chairman of the Board and Chief Executive Officer, beneficially owned



approximately 23.0% of our common stock. We are also party to a stockholders' agreement with Carlyle and Mr. Stone, pursuant to which Carlyle and Mr. Stone have agreed to vote in favor of nominees to our board of directors nominated by each other. As a result, Carlyle and Mr. Stone exercise control over matters requiring stockholder approval and our policy and affairs.

The presence of Carlyle's nominees on our board of directors may result in a delay or the deterrence of possible changes in control of our company, which may reduce the market price of our common stock. The interests of our existing stockholders may conflict with the interests of our other stockholders. Additionally,

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Carlyle and its affiliates are in the business of making investments in companies, and from time to time acquire interests in businesses that directly or indirectly compete with certain portions of our business or are suppliers or clients of ours.

***Our management has broad discretion in the use of our existing cash resources and may not use such funds effectively.***

Our management has broad discretion in the application of our cash resources. Accordingly, our stockholders will have to rely upon the judgment of our management with respect to our existing cash resources, with only limited information concerning management's specific intentions. Our management may spend our cash resources in ways that our stockholders may not desire or that may not yield a favorable return. The failure by our management to apply these funds effectively could harm our business.

***Provisions in our certificate of incorporation and bylaws might discourage, delay or prevent a change of control of our company or changes in our management and, therefore, depress the trading price of our common stock.***

Provisions of our certificate of incorporation and bylaws and Delaware law may discourage, delay or prevent a merger, acquisition or other change in control that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares of our common stock. These provisions may also prevent or frustrate attempts by our stockholders to replace or remove our management. These provisions include:

limitations on the removal of directors;

a classified board of directors so that not all members of our board are elected at one time;

advance notice requirements for stockholder proposals and nominations;

the inability of stockholders to call special meetings;

the ability of our board of directors to make, alter or repeal our bylaws;

the ability of our board of directors to designate the terms of and issue new series of preferred stock without stockholder approval, which could be used to institute a rights plan, or a poison pill, that would work to dilute the stock ownership of a potential hostile acquirer, likely preventing acquisitions that have not been approved by our board of directors; and

a prohibition on stockholders from acting by written consent if William C. Stone, investment funds affiliated with Carlyle, and certain transferees of Carlyle cease to collectively hold a majority of our outstanding common stock.

The existence of the foregoing provisions and anti-takeover measures could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of our company, thereby reducing the likelihood that you could receive a premium for your common stock in an acquisition.

***Our management is required to devote significant time to public company compliance requirements. This may divert management's attention from the growth and operation of the business.***

The Sarbanes-Oxley Act of 2002, and rules subsequently implemented by the Securities and Exchange Commission and The NASDAQ Global Select Market, impose a number of requirements on public companies, including

provisions regarding corporate governance practices. Our management and other personnel devote a significant amount of time to compliance with these requirements. Moreover, these rules and regulations may make some activities time-consuming and costly. For example, these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantial additional costs to maintain the same or

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similar coverage. These rules and regulations may also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers.

In addition, the Sarbanes-Oxley Act requires, among other things, that we maintain effective internal control over financial reporting and disclosure controls and procedures. In particular, we perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act. Our testing, or the subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses. Our compliance with Section 404 requires that we expend significant management time on compliance-related issues. Moreover if we or our independent registered public accounting firm identify deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our common stock could decline and we could be subject to sanctions or investigations by The NASDAQ Global Select Market, the Securities and Exchange Commission or other regulatory authorities, which would require additional financial and management resources.

**Item 1B. *Unresolved Staff Comments***

None.

**Item 2. *Properties***

We lease our corporate offices, which consist of 73,000 square feet of office space located in 80 Lambertson Road, Windsor, CT 06095. In 2006, we extended the lease term through October 2016. We utilize facilities and offices in eighteen other locations in the United States and have offices in Toronto, Canada; Montreal, Canada; London, England; Dublin, Ireland; Amsterdam, the Netherlands; Kuala Lumpur, Malaysia; Tokyo, Japan; Singapore; Curacao, the Netherlands Antilles; and Sydney, Australia. We believe that our facilities are in good condition and generally suitable to meet our needs for the foreseeable future; however, we will continue to seek additional space as needed to satisfy our growth.

**Item 3. *Legal Proceedings***

From time to time, we are subject to certain legal proceedings and claims that arise in the normal course of business. In the opinion of our management, we are not involved in any litigation or proceedings by third parties that our management believes could have a material adverse effect on us or our business.

**Item 4. *[Removed and Reserved]***

**PART II**

**Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

Our common stock began trading on The NASDAQ Global Select Market under the symbol SSNC on March 31, 2010. Before then, there was no public market for our common stock. The following table sets forth, for the periods indicated, the high and low sales prices of our common stock as reported by The NASDAQ Global Select Market:

**High                      Low**

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First Quarter 2010 (beginning March 31, 2010)	\$ 16.34	\$ 15.01
Second Quarter 2010	\$ 18.41	\$ 14.45
Third Quarter 2010	\$ 18.36	\$ 13.27
Fourth Quarter 2010	\$ 21.95	\$ 15.65

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On March 9, 2011, the closing price reported on The NASDAQ Global Select Market of our common stock was \$18.95 per share. As of March 9, 2010, we had approximately 24 holders of record of our common stock.

There is no established public trading market for shares of our Class A non-voting common stock. As of March 9, 2011, we had one holder of record of our Class A non-voting common stock.

We have never declared or paid dividends, and we do not expect to pay dividends on our common stock for the foreseeable future. Instead, we anticipate that all of our earnings in the foreseeable future will be used for the operation and growth of our business. Our ability to pay dividends is limited by our status as a holding company and by the terms of the indenture governing our notes and the agreement governing our senior credit facilities, insofar as we may seek to pay dividends out of funds made available to us by our subsidiaries, because our debt instruments directly or indirectly impose certain limitations on our subsidiaries' ability to pay dividends or make loans to us. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant.

Our equity plan information required by this item is incorporated by reference to the information in Part III, Item 12 of this Form 10-K.

**Performance graph**

This performance graph shall not be deemed soliciting material or to be filed with the Securities and Exchange Commission for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of SS&C Technologies Holdings, Inc. under the Securities Act of 1933, as amended, or the Exchange Act.

The following graph shows a comparison from March 31, 2010 (the date our common stock commenced trading on The NASDAQ Global Select Market) through December 31, 2010 of cumulative total return for our common stock, the NASDAQ Composite Index and the NASDAQ Computer and Data Processing Index. Such returns are based on historical results and are not intended to suggest future performance. Data for the NASDAQ Composite Index and the NASDAQ Computer and Data Processing Index assume reinvestment of dividends.

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**COMPARISON OF TEN MONTH CUMULATIVE TOTAL RETURN\***  
**Among SS&C Technologies Holdings, Inc., the NASDAQ Composite Index**  
**And the NASDAQ Computer and Data Processing Index**

\* \$100 invested in stock on 3/31/2010 in index including reinvestment of dividends.

	3/31/10	4/30/10	5/31/10	6/30/10	7/31/10	8/31/10	9/30/10	10/31/10	11/30/10	12/31/10
SS&C Technologies Holdings, Inc.	100	111	108	106	113	93	105	115	129	136
NASDAQ Composite Index	100	103	94	88	94	89	99	105	105	116
NASDAQ Computer & Data Processing	100	101	91	84	92	88	99	108	105	113

**Recent sales of unregistered securities**

None.

**Use of Proceeds from Registered Securities**

On February 9, 2011, we closed a follow-on public offering of our common stock, in which 11,000,000 shares of common stock were sold at a price to the public of \$17.60 per share. We sold 2,000,000 shares of our common stock in the offering and selling stockholders sold 9,000,000 shares of our common stock in the offering. On March 9, 2011, we sold 1,100,000 shares of our common stock to the underwriters pursuant to the over-allotment option. The aggregate offering price for all shares sold in the offering, including shares sold by us and the selling stockholders, was approximately \$213.0 million. The offer and sale of all of the shares in the offering were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-171673), which was declared effective by the SEC on February 3, 2011. The offering commenced as of February 3, 2011 and did not terminate before all of the securities registered in the registration statement were sold. J.P. Morgan Securities LLC, Morgan Stanley & Co. Incorporated and Deutsche Bank Securities Inc. acted as co-representatives of the underwriters. We raised approximately \$52.1 million in net proceeds from shares sold by us in the offering after deducting underwriting discounts and commissions of \$1.4 million and other estimated offering expenses of \$0.8 million, of which the underwriters reimbursed us for \$0.5 million. No payments were made by us to directors, officers or persons owning ten percent or more of our common stock or to their associates, or to our affiliates, other than payments in the ordinary course of business to officers for salaries and to non-employee directors as compensation for board or board committee service, or as a result of sales of shares of common stock by selling stockholders in the offering. There has been no material change in the planned use of proceeds from the offering as described in

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our final prospectus filed with the SEC pursuant to Rule 424(b). On February 15, 2010, we announced that SS&C has issued a redemption notice with respect to its 113/4% Senior Subordinated Notes due 2013, and we intend to use our net proceeds from the offering and a portion of our existing cash resources to complete the redemption.

**Item 6. Selected Financial Data**

The selected financial data set forth below should be read in conjunction with our consolidated financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations appearing elsewhere herein.

	<b>Successor</b>				
	<b>Year Ended December 31, 2010(5)</b>	<b>Year Ended December 31, 2009(4)</b>	<b>Year Ended December 31, 2008(3)</b>	<b>Year Ended December 31, 2007(2)</b>	<b>Year Ended December 31, 2006(1)</b>
	<b>(In thousands, except per share data)</b>				
<b>Statement of Operations Data:</b>					
Revenues	\$ 328,905	\$ 270,915	\$ 280,006	\$ 248,168	\$ 205,469
Operating income	79,840	67,103	65,083	48,730	43,869
Net income	32,413	19,018	18,801	6,575	1,075
Earnings per share					
Basic	\$ 0.47	\$ 0.31	\$ 0.31	\$ 0.11	\$ 0.02
Diluted	\$ 0.44	\$ 0.30	\$ 0.30	\$ 0.10	\$ 0.02
Weighted average shares outstanding					
Basic	69,027	60,381	60,284	60,245	60,172
Diluted	73,079	63,653	63,700	63,382	62,182
Cash dividends declared per share					
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Balance Sheet Data (at period end):</b>					
Total assets	\$ 1,275,726	\$ 1,185,641	\$ 1,127,353	\$ 1,190,495	\$ 1,152,521
Total long-term debt, including current portion	290,794	397,259	408,726	443,009	471,929
Stockholders' equity	857,183	645,987	587,253	612,593	563,132

(1) On March 3, 2006, we acquired all of the outstanding stock of Cogent Management Inc. On August 31, 2006, we acquired the assets and business of Zoologic, Inc.

(2) On March 12, 2007, we acquired all of the assets and business of Northport LLC.

(3)



On October 1, 2008, we acquired the assets and business of Micro Design Services, LLC. See Notes 2 and 11 of notes to our consolidated financial statements.

- (4) On March 20, 2009, we acquired the assets and business of Evare, LLC. On May 29, 2009, we acquired the assets and related business associated with Unisys Corporation's MAXIMIS software. On November 19, 2009, we acquired all of the outstanding stock of TheNextRound, Inc. On December 31, 2009, we acquired Tradeware Global Corp., through the merger of TG Acquisition Corp., our wholly-owned subsidiary, with and into Tradeware Global Corp., with Tradeware Global Corp., being the surviving company and becoming our wholly-owned subsidiary. See Notes 2 and 11 of notes to our consolidated financial statements.
- (5) On February 3, 2010, we acquired the assets and related business associated with Geller & Company LLC's Geller Investment Partnership Services division. On October 1, 2010, we acquired all of the outstanding stock of thinkorswim Technologies, Inc. On December 6, 2010, we acquired the all of the outstanding stock of PC Consulting d/b/a TimeShareWare. See Notes 2 and 11 of notes to our consolidated financial statements.

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**Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations***

**Overview**

We are a leading provider of mission-critical, sophisticated software products and software-enabled services that allow financial services providers to automate complex business processes and effectively manage their information processing requirements. Our portfolio of software products and rapidly deployable software-enabled services allows our clients to automate and integrate front-office functions such as trading and modeling, middle-office functions such as portfolio management and reporting, and back-office functions such as accounting, performance measurement, reconciliation, reporting, processing and clearing. Our solutions enable our clients to focus on core operations, better monitor and manage investment performance and risk, improve operating efficiency and reduce operating costs. We provide our solutions globally to more than 4,500 clients, principally within the institutional asset management, alternative investment management and financial institutions vertical markets. In addition, our clients include commercial lenders, corporate treasury groups, insurance and pension funds, municipal finance groups and real estate property managers.

Since 2007, we have expanded our presence in current markets and entered new markets, increased our contractually recurring revenues, enhanced our operating income, paid down debt and reduced our debt leverage, increased our revenues through offering our proprietary software as software-enabled services, and expanded our reach in the financial services market. Our acquisitions since 2007 have expanded our offerings for alternative investment managers, added to our portfolio management systems and provided us with new trading products for broker/dealers and financial exchanges.

Our revenues for 2010 were \$328.9 million, compared to \$270.9 million and \$280.0 million in 2009 and 2008, respectively. Our revenues increased in 2010 from 2009 primarily as a result of revenues from products and services that we acquired through our acquisitions of Evare, LLC, or Evare, in March 2009, Unisys Corporation's MAXIMIS software, or MAXIMIS, in May 2009, TheNextRound, Inc., or TNR, in November 2009, Tradeware Global Corp., or Tradeware, in December 2009, Geller & Company LLC's Geller Investment Partnership Services division, or GIPS, in February 2010, thinkorswim Technologies, Inc., or TOS, in October 2010 and TimeShareWare, or TSW, in December 2010, which, in the aggregate, added \$35.3 million in revenues in the year ended December 31, 2010. Organic revenues increased \$17.6 million, and the favorable impact from foreign currency translation accounted for \$5.1 million of the total increase, resulting from the weakness of the U.S. dollar relative to currencies such as the Canadian dollar and the Australian dollar. Our recurring revenues, which consist of our maintenance revenues and software-enabled services revenues, were \$284.5 million in 2010, compared to \$229.4 million and \$230.8 million in 2009 and 2008, respectively. In 2010, recurring revenues represented 86.5% of total revenues, compared to 84.7% and 82.4% in 2009 and 2008, respectively. We believe our high level of recurring revenues provides us with the ability to better manage our costs and capital investments. Our revenues from sales outside the United States were \$104.3 million in 2010, compared to \$98.6 million and \$110.3 million in 2009 and 2008, respectively.

As we have expanded our business, we have focused on increasing our contractually recurring revenues. Since 2007, we have seen increased demand in the financial services industry for our software-enabled services from existing and new customers. We have taken a number of steps to support that demand, such as automating our software-enabled services delivery methods and providing our employees with sales incentives. We have also acquired businesses that offer software-enabled services or that have a large base of maintenance clients. We believe that increasing the portion of our total revenues that are contractually recurring gives us the ability to better plan and manage our business and helps us reduce the fluctuations in revenues and cash flows typically associated with software license revenues. Our software-enabled services revenues increased from \$165.6 million in 2008 to \$211.8 million in 2010. Our maintenance revenues increased from \$65.2 million in 2008 to \$72.7 million in 2010. Maintenance customer retention

rates have continued to be in excess of 90%, and we have maintained both pricing levels for new contracts and annual price increases for existing contracts. To support the growth in our software-enabled services revenues and maintain our level of customer service, we have added personnel, expanded our facilities and invested in information technology. These investments and automation improvements in our software-enabled services have resulted in improved gross

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margins. Gross margins have increased from 49.1% in 2008 to 49.6% in 2010. We expect our contractually recurring revenues to continue to increase as a percentage of our total revenues.

We continue to focus on improving operating margins. Our total expenses, including costs of revenues, were \$249.1 million in 2010, compared to \$203.8 million and \$214.9 million in 2009 and 2008, respectively. Our expenses increased in 2010 over 2009 primarily due to acquisitions, which added expenses of \$25.3 million, an increase in stock-based compensation expense of \$7.6 million, an increase in costs of \$3.5 million related to foreign currency translation, an increase of \$4.0 million in amortization expense, and an increase of \$4.9 million in costs to support organic revenue growth. As a result of managing our expenses, our operating income margins were 24.3% of revenues in 2010 compared to 24.8% in 2009 and 23.2% in 2008. Consolidated EBITDA, a non-GAAP financial measure defined in our credit agreement and used to measure our debt compliance, was \$141.3 million in 2010 compared to \$119.3 million and \$115.6 million, in 2009 and 2008, respectively. Please see *Covenant Compliance* for a reconciliation of net income to Consolidated EBITDA.

We generated \$75.6 million in cash from operating activities in 2010, compared to \$59.9 million and \$61.7 million in 2009 and 2008, respectively. In 2010, we used our operating and financing cash flow and existing cash to repay \$108.1 million of debt, acquire three businesses for \$45.8 million, invest \$4.8 million in capital equipment in our business and invest \$0.5 million in capitalized software.

**Acquisitions**

To supplement our organic growth, we evaluate and execute acquisitions that provide complementary products or services, add proven technology and an established client base, expand our intellectual property portfolio or address a highly specialized problem or a market niche. Since the beginning of 2008, we have spent approximately \$115.2 million in cash to acquire eight businesses in the financial services industry.

The following table lists the businesses we have acquired since January 1, 2008:

<b>Acquired Business</b>	<b>Acquisition Date</b>	<b>Acquired Capabilities, Products and Services</b>
TimeShareWare	December 2010	Added shared ownership property management platform to real estate offering
thinkorswim Technologies	October 2010	Added electronic OMS/EMS offering in broker dealer market
GIPS	February 2010	Expanded fund administration services to private equity market
Tradeware	December 2009	Added electronic trading offering in broker/ dealer market
TheNextRound	November 2009	Expanded private equity client base with TNR Solution product
MAXIMIS	May 2009	Expanded institutional footprint and provided new cross-selling opportunities
Evare	March 2009	Expanded institutional middle- and back-office outsourcing services with financial data acquisition, transformation and delivery services
Micro Design Services	October 2008	Added real-time, mission-critical order routing and execution services with ACA, BlockTalk and MarketLook products

**Critical Accounting Estimates and Assumptions**

A number of our accounting policies require the application of significant judgment by our management, and such judgments are reflected in the amounts reported in our consolidated financial statements. In applying these policies, our management uses its judgment to determine the appropriate assumptions to be used in the determination of estimates. Those estimates are based on our historical experience, terms of existing contracts, management's observation of trends in the industry, information provided by our clients and information

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available from other outside sources, as appropriate. On an ongoing basis, we evaluate our estimates and judgments, including those related to revenue recognition, doubtful accounts receivable, goodwill and other intangible assets and other contingent liabilities. Actual results may differ significantly from the estimates contained in our consolidated financial statements. We believe that the following are our critical accounting policies.

### ***Revenue Recognition***

Our revenues consist primarily of software-enabled services and maintenance revenues, and, to a lesser degree, software license and professional services revenues.

Software-enabled services revenues, which are based on a monthly fee or transaction-based, are recognized as the services are performed. Software-enabled services are generally provided under non-cancelable contracts with initial terms of one to five years that require monthly or quarterly payments, and are subject to automatic annual renewal at the end of the initial term unless terminated by either party.

We recognize software-enabled services revenues on a monthly basis as the software-enabled services are provided and when persuasive evidence of an arrangement exists, the price is fixed or determinable and collectibility is reasonably assured. We do not recognize any revenues before services are performed. Certain contracts contain additional fees for increases in market value, pricing and trading activity. Revenues related to these additional fees are recognized in the month in which the activity occurs based upon our summarization of account information and trading volume.

We recognize revenues from the sale of software licenses when persuasive evidence of an arrangement exists, the product has been delivered, the fee is fixed or determinable and collection of the resulting receivable is reasonably assured. Our products generally do not require significant modification or customization of the underlying software and, accordingly, the implementation services we provide are not considered essential to the functionality of the software.

We use a signed license agreement as evidence of an arrangement for the majority of our transactions. Delivery generally occurs when the product is delivered to a common carrier F.O.B. shipping point, or if delivered electronically, when the client has been provided with access codes that allow for immediate possession via a download. Although our arrangements generally do not have acceptance provisions, if such provisions are included in the arrangement, then delivery occurs at acceptance, unless such acceptance is deemed perfunctory. At the time of the transaction, we assess whether the fee is fixed or determinable based on the payment terms. Collection is assessed based on several factors, including past transaction history with the client and the creditworthiness of the client. The arrangements for perpetual software licenses are generally sold with maintenance and professional services. We allocate revenue to the delivered components, normally the license component, using the residual value method based on objective evidence of the fair value of the undelivered elements. The total contract value is attributed first to the maintenance and customer support arrangement based on the fair value, which is derived from renewal rates. Fair value of the professional services is based upon stand-alone sales of those services. Professional services are generally billed at an hourly rate plus out-of-pocket expenses. Professional services revenues are recognized as the services are performed. Maintenance agreements generally require us to provide technical support and software updates to our clients (on a when-and-if-available basis). We generally provide maintenance services under one-year renewable contracts. Maintenance revenues are recognized ratably over the term of the contract.

We also sell term licenses with maintenance. These arrangements range from one to seven years. Vendor-specific objective evidence does not exist for the maintenance element in the term licenses, and revenues are therefore recognized ratably over the contractual term of the arrangement.

We occasionally enter into software license agreements requiring significant customization or fixed-fee professional service arrangements. We account for these arrangements in accordance with the percentage-of-completion method based on the ratio of hours incurred to expected total hours; accordingly we must estimate the costs to complete the arrangement utilizing an estimate of man-hours remaining. Due to uncertainties inherent in the estimation process, it is at least reasonably possible that completion costs may be

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revised. Such revisions are recognized in the period in which the revisions are determined. Due to the complexity of some software license agreements, we routinely apply judgments to the application of software revenue recognition accounting principles to specific agreements and transactions. Different judgments or different contract structures could have led to different accounting conclusions, which could have a material effect on our reported results of operations.

### ***Allowance for Doubtful Accounts***

The preparation of financial statements requires our management to make estimates relating to the collectibility of our accounts receivable. Management establishes the allowance for doubtful accounts based on historical bad debt experience. In addition, management analyzes client accounts, client concentrations, client creditworthiness, current economic trends and changes in our clients' payment terms when evaluating the adequacy of the allowance for doubtful accounts. Such estimates require significant judgment on the part of our management. Therefore, changes in the assumptions underlying our estimates or changes in the financial condition of our clients could result in a different required allowance, which could have a material effect on our reported results of operations.

### ***Long-lived Assets, Intangible Assets and Goodwill***

We must test goodwill annually for impairment (and in interim periods if certain events occur indicating that the carrying value of goodwill or indefinite-lived intangible assets may be impaired). Historically, we have tested the recoverability of goodwill by comparing the fair value of our reporting unit to its book value. To the extent that we do not achieve our revenue or operating cash flow plans or other measures of fair value decline, including external valuation assumptions, our current goodwill carrying value could be impaired. Additionally, since fair value is also based in part on the market approach, if our stock price declines, it is possible we could be required to perform the second step of the goodwill impairment test and impairment could result. The first step of the impairment analysis indicated that the fair value of our reporting unit exceeded its carrying value by more than 25% at December 31, 2010.

We assess the impairment of identifiable intangibles, long-lived assets and goodwill whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors we consider important which could trigger an impairment review include the following:

- significant underperformance relative to historical or projected future operating results;
- significant changes in the manner of our use of the acquired assets or the strategy for our overall business; and
- significant negative industry or economic trends.

When we determine that the carrying value of intangibles and long-lived assets may not be recoverable based upon the existence of one or more of the above indicators of potential impairment, we assess whether an impairment has occurred based on whether net book value of the assets exceeds related projected undiscounted cash flows from these assets. We consider a number of factors, including past operating results, budgets, economic projections, market trends and product development cycles in estimating future cash flows. Differing estimates and assumptions as to any of the factors described above could result in a materially different impairment charge and thus materially different results of operations.

### ***Acquisition Accounting***

In connection with our acquisitions, we allocate the purchase price to the assets and liabilities we acquire, such as net tangible assets, completed technology, in-process research and development, client contracts, other identifiable



intangible assets, deferred revenue and goodwill. We applied significant judgments and estimates in determining the fair market value of the assets acquired and their useful lives. For example, we have determined the fair value of existing client contracts based on the discounted estimated net future cash flows from such client contracts existing at the date of acquisition and the fair value of the completed technology based on the relief-from-royalties method on estimated future revenues of such completed technology and

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assumed obsolescence factors. While actual results during the years ended December 31, 2010, 2009 and 2008 were consistent with our estimated cash flows and we did not incur any impairment charges during those years, different estimates and assumptions in valuing acquired assets could yield materially different results.

***Stock-based Compensation***

Using the fair value recognition provisions of relevant accounting literature, stock-based compensation cost is measured at the grant date based on the value of the award and is recognized as expense over the appropriate service period. Determining the fair value of stock-based awards requires considerable judgment, including estimating the fair value of our common stock prior to our initial public offering, the expected term of stock options, expected volatility of our stock price, and the number of awards expected to be forfeited. In addition, for stock-based awards where vesting is dependent upon achieving certain operating performance goals, we estimate the likelihood of achieving the performance goals. Differences between actual results and these estimates could have a material effect on our financial results. A deferred income tax asset is recorded over the vesting period as stock compensation expense is recorded for non-qualified stock options. The realizability of the deferred tax asset is ultimately based on the actual value of the stock-based award upon exercise. If the actual value is lower than the fair value determined on the date of grant, then there could be an income tax expense for the portion of the deferred tax asset that is not realizable.

To date, we have granted stock options to our employees and directors under our 2006 equity incentive plan and 2008 stock incentive plan. Because there was no public market for our common stock prior to our IPO, our board of directors determined the fair value of our common stock on the measurement date, which required complex and subjective judgments. Our board reviewed and considered a number of factors when determining the fair value of our common stock, including:

- the value of our business as determined at arm's length in connection with the Transaction;
- significant business milestones that may have affected the value of our business subsequent to the Transaction;
- the risks associated with our business;
- the economic outlook in general and the condition and outlook of our industry;
- our financial condition and expected operating results;
- our level of outstanding indebtedness;
- the market price of stocks of publicly traded corporations engaged in the same or similar lines of business;
- as of July 31, 2006, March 31, 2007 and March 1, 2008, analyses using a weighted average of three generally accepted valuation procedures: the income approach, the market approach—publicly traded guideline company method and the market approach—transaction method; and
- as of November 15, 2008, April 1, 2009 and November 30, 2009, analyses using a weighted average of two generally accepted valuation procedures: the income approach and the market approach—publicly traded guideline company method. The market approach—transaction method was not utilized due to the lack of comparable transactions in the evaluation period.

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The following table summarizes information about stock-based compensation awards granted since August 2006, the date of the first option grants since the Transaction:

Grant Date	Shares Under Option	Shares Under Restricted Stock Award	Weighted-Average Exercise Price	Weighted Average Fair Value of Underlying Stock	Weighted-Average Grant Date Fair Value of		
					Options by Vesting Type(1):	Change in	
					Time	Performance	Control
August 2006	9,909,555		\$ 8.77	\$ 8.77	\$ 3.66	\$ 3.88	\$ 2.50
November 2006	89,250		8.77	8.77	3.62	3.84	2.50
March 2007	195,500		8.77	8.77	3.61	3.83	0.87
May 2007	148,750		11.64	11.64	4.81	5.10	1.07
June 2007	25,500		11.64	11.64	4.87	5.16	1.02
January 2009	255,041		10.08	10.08	2.86		
December 2009	102,000		14.53	14.53	4.54		
January 2010	4,250		14.53	14.53	4.49		
February 2010	400,350		14.53	14.53	4.48		
March 2010	1,615,085		14.53	14.53	4.51		
March 2010		153,846	14.53	14.53	14.53		
April 2010	21,250		15.29	15.29	4.79		
May 2010	50,200		16.49	16.49	5.64		
June 2010	48,500		17.83	17.83	6.06		
August 2010	14,500		16.24	16.24	5.42		

(1) The weighted-average fair value of options by vesting type represents the value at the grant date. These fair values do not reflect the re-valuation of certain options related to modifications effected in February 2009, March 2008 and April 2007, or the resolutions approved by our board and compensation committee in February 2010 relating to performance-based and change in control or superior options, as more fully described in note 10 to our consolidated financial statements.

**Income Taxes**

The carrying value of our deferred tax assets assumes that we will be able to generate sufficient future taxable income in certain tax jurisdictions, based on estimates and assumptions. If these estimates and related assumptions change in the future, we may be required to record additional valuation allowances against our deferred tax assets resulting in additional income tax expense in our consolidated statement of operations. On a quarterly basis, we evaluate whether deferred tax assets are realizable and assess whether there is a need for additional valuation allowances. The carrying value of our deferred tax assets and liabilities is recorded based on the statutory rates that we expect our deferred tax assets and liabilities to reverse into income. We estimate the state rate at which our deferred tax assets and liabilities will reverse based on estimates of state income apportionment for future years. Each of these estimates requires significant judgment on the part of our management. In addition, we evaluate the need to provide additional tax provisions for adjustments proposed by taxing authorities.

As of December 31, 2010, we had \$9.5 million of liabilities for unrecognized tax benefits. All of the unrecognized tax benefits, if recognized, would decrease our effective tax rate and increase our net income. We recognize accrued interest and penalties relating to unrecognized tax benefits as a component of the income tax provision.

**Table of Contents****Results of Operations for the Years Ended December 31, 2010, 2009 and 2008**

The following table sets forth revenues (dollars in thousands) and changes in revenues for the periods indicated:

	Year Ended December 31,			Percent Change from Prior Period	
	2010	2009	2008	2010	2009
Revenues:					
Software licenses	\$ 23,683	\$ 20,661	\$ 24,844	14.6%	(16.8)%
Maintenance	72,703	66,099	65,178	10.0	1.4
Professional services	20,727	20,889	24,352	(0.8)	(14.2)
Software-enabled services	211,792	163,266	165,632	29.7	(1.4)
Total revenues	\$ 328,905	\$ 270,915	\$ 280,006	21.4%	(3.2)%

The following table sets forth the percentage of our total revenues represented by each of the following sources of revenues for the periods indicated:

	Year Ended December 31,		
	2010	2009	2008
Revenues:			
Software licenses	7.2%	7.6%	8.9%
Maintenance	22.1	24.4	23.3
Professional services	6.3	7.7	8.7
Software-enabled services	64.4	60.3	59.1
Total revenues	100.0%	100.0%	100.0%

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**Comparison of Years Ended December 31, 2010, 2009 and 2008**

**Revenues**

Our revenues consist primarily of software-enabled services and maintenance revenues, and, to a lesser degree, software license and professional services revenues. As a general matter, our software license and professional services revenues tend to fluctuate based on the number of new licensing clients, while fluctuations in our software-enabled services revenues are attributable to the number of new software-enabled services clients as well as the number of outsourced transactions provided to our existing clients and total assets under management in our clients' portfolios. Maintenance revenues vary based on the rate by which we add or lose maintenance clients over time and, to a lesser extent, on the annual increases in maintenance fees, which are generally tied to the consumer price index.

Revenues were \$328.9 million, \$270.9 million and \$280.0 million in 2010, 2009 and 2008, respectively. Our revenues increased in 2010 by \$58.0 million, or 21.4%, primarily due to an increase in revenues from products and services that we acquired through our acquisitions of Evare in March 2009, MAXIMIS in May 2009, TNR in November 2009, Tradeware in December 2009, GIPS in February 2010, TOS in October 2010 and TSW in December 2010, which, in the aggregate, added \$35.3 million in revenues in the year ended December 31, 2010. Revenues for businesses and products that we have owned for at least 12 months, or organic revenues, increased \$17.6 million, or 6.5%, and the favorable impact from foreign currency translation accounted for \$5.1 million of the total increase, resulting from the weakness of the U.S. dollar relative to currencies such as the Canadian dollar and the Australian dollar. Our revenues decreased in 2009 by \$9.1 million, or 3.2%, primarily due to a decrease in organic revenues of \$18.3 million, or 7%, partially offset by revenues from products and services that we acquired through our acquisitions of Micro Design Services ( MDS ) in October 2008, Evare in March 2009, MAXIMIS in May 2009 and TNR in November 2009, which added \$15.6 million in revenues in the aggregate. The revenue decrease in 2009 was also due in part to the impact of the recent economic downturn and the unfavorable impact from foreign currency translation of approximately \$6.4 million resulting from the strength of the U.S. dollar relative to the Canadian dollar, British pound, Australian dollar and the euro.

***Software Licenses***

Software license revenues were \$23.7 million, \$20.6 million and \$24.8 million in 2010, 2009 and 2008, respectively. Our software license revenues increased in 2010 by \$3.0 million primarily due to an increase of \$1.9 million in organic software license revenues, revenues from acquisitions, which contributed \$0.9 million, and an increase of \$0.1 million related to foreign currency translation. Our software license revenues decreased in 2009 by \$4.1 million primarily due to a decrease of \$5.1 million in organic software license revenues and a decrease of \$0.4 million related to foreign currency translation, partially offset by revenues of \$1.4 million from acquisitions. Software license revenues will vary depending on the timing, size and nature of our license transactions. For example, the average size of our software license transactions and the number of large transactions may fluctuate on a period-to-period basis. During 2010, the average size and number of perpetual license transactions increased from those for the comparable period in 2009, while the revenues from term licenses decreased from the prior year period. During 2009, we had fewer perpetual license transactions than in 2008, but they remained at a similar average size. Additionally, software license revenues will vary among the various products that we offer, due to differences such as the timing of new releases and variances in economic conditions affecting opportunities in the vertical markets served by such products.

***Maintenance***

Maintenance revenues were \$72.7 million, \$66.1 million and \$65.2 million in 2010, 2009 and 2008, respectively. Our maintenance revenues increased in 2010 by \$6.6 million, or 10%, primarily due to revenues from acquisitions, which

contributed \$6.6 million in the aggregate, and the favorable impact from foreign currency translation of \$0.3 million. These increases were partially offset by a decrease in organic maintenance revenues of \$0.3 million. Our maintenance revenues increased in 2009 by \$0.9 million, or 1%, primarily due to revenue from acquisitions, which added \$5.0 million, partially offset by a decrease of \$2.7 million in

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organic maintenance revenues and a decrease of \$1.4 million related to foreign currency translation. The decrease in organic maintenance revenues in 2009 was primarily due to a decrease in fees for one significant customer. We typically provide maintenance services under one-year renewable contracts that provide for an annual increase in fees, which is generally tied to the percentage changes in the consumer price index. Future maintenance revenue growth is dependent on our ability to retain existing clients, add new license clients and increase average maintenance fees.

***Professional Services***

Professional services revenues were \$20.7 million, \$20.9 million and \$24.4 million in 2010, 2009 and 2008, respectively. Our professional services revenues decreased by \$0.2 million in 2010 primarily due to a decrease of \$2.5 million in organic professional services revenues, partially offset by revenues from acquisitions, which contributed \$1.9 million in the aggregate and the favorable impact from foreign currency translation of \$0.4 million. The decrease in organic revenues for 2010 was primarily due to a one-time significant project fee recognized in the second quarter of 2009. Our professional services revenues decreased in 2009 by \$3.5 million, or 14%, primarily due to a decrease of \$4.9 million in organic revenues and a decrease of \$0.7 million related to foreign currency translation, partially offset by revenues of \$2.1 million from acquisitions. The decrease in organic revenues in 2009 was primarily due to one significant professional services project that commenced during the first quarter of 2008 and was completed during 2008. Our overall software license revenue levels and