

SS&C TECHNOLOGIES INC

Form 10-K

March 28, 2008

Table of Contents

**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, 2007**
- or
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 333-135139

SS&C Technologies, Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware

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

06-1169696

*(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:

None

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

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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 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 <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>
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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the registrant's common equity held by non-affiliates is zero. The registrant is a privately-held corporation.

There were 1,000 shares of the registrant's common stock outstanding as of March 28, 2008.

DOCUMENTS INCORPORATED BY REFERENCE:

None.

SS&C TECHNOLOGIES, INC.

YEAR 2007 FORM 10-K ANNUAL REPORT

TABLE OF CONTENTS

	Page
<u>PART I</u>	
<u>Item 1.</u>	4
<u>Item 1A.</u>	22
<u>Item 1B.</u>	30
<u>Item 2.</u>	30
<u>Item 3.</u>	30
<u>Item 4.</u>	31
<u>PART II</u>	
<u>Item 5.</u>	32
<u>Item 6.</u>	32
<u>Item 7.</u>	33
<u>Item 7A.</u>	48
<u>Item 8.</u>	49
<u>Item 9.</u>	49
<u>Item 9A(T).</u>	49
<u>Item 9B.</u>	50
<u>PART III</u>	
<u>Item 10.</u>	51
<u>Item 11.</u>	52
<u>Item 12.</u>	66
<u>Item 13.</u>	68
<u>Item 14.</u>	69
<u>PART IV</u>	
<u>Item 15.</u>	71
<u>Signatures</u>	72
Consolidated Financial Statements	F-2
<u>Exhibit Index</u>	
<u>EX-12 Statement of Computation of Ratio of Earnings to Fixed Charges</u>	
<u>EX-21 Subsidiaries of the Registrant</u>	
<u>EX-31.1 Certification of the Registrant's Chief Executive Officer pursuant to Section 302</u>	
<u>EX-31.2 Certification of the Registrant's Chief Financial Officer pursuant to Section 302</u>	
<u>EX-32 Certification of the Registrant's Chief Executive Officer and Chief Financial Officer pursuant to Section 906</u>	

Table of Contents

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.

The following (identified in the chart of products and services on pages 11 and 12) are registered trademarks and/or service marks of SS&C Technologies, Inc. and/or its subsidiaries in the United States and/or in other countries: ADVISORWARE, DBC, FUNDRUNNER, HEATMAPS, 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.

We use the terms SS&C, the Company, we, us and our in this annual report to refer to SS&C Technologies, Inc. its subsidiaries, unless the context requires otherwise.

Table of Contents

PART I

Item 1. *Business*

SS&C Technologies, Inc. was acquired on November 23, 2005 through a merger transaction with SS&C Technologies Holdings, Inc., a Delaware corporation (formerly known as Sunshine Acquisition Corporation) formed by investment funds associated with The Carlyle Group. The acquisition was accomplished through the merger of Sunshine Merger Corporation, a wholly-owned subsidiary of SS&C Technologies Holdings, Inc., into SS&C Technologies, Inc., with SS&C Technologies, Inc. being the surviving company and a wholly-owned subsidiary of SS&C Technologies Holdings, Inc. (the Transaction). See further discussion of the Transaction in Note 1 of notes to the consolidated financial statements. Unless the context otherwise requires, we refer to SS&C Technologies Holdings, Inc. as SS&C Holdings throughout this annual report.

Although SS&C Technologies, Inc. continued as the same legal entity after the Transaction, the accompanying consolidated statements of operations, cash flows and stockholders' equity are presented for two periods: Predecessor and Successor, which relate to the period preceding the Transaction and the period succeeding the Transaction, respectively. The Company refers to the operations of SS&C Technologies, Inc. and subsidiaries for both the Predecessor and Successor periods. We have prepared our discussion of the results of operations by comparing the years ended December 31, 2007 and 2006 to the mathematical combination of the Successor and Predecessor periods in the year ended December 31, 2005. Although this presentation does not comply with generally accepted accounting principles (GAAP), we believe that it provides a meaningful method of comparison. The combined operating results have not been prepared as pro forma results under applicable regulations and may not reflect the actual results we would have achieved absent the Transaction and may not be predictive of future results of operations.

Company 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 4,000 clients, principally within the institutional asset management, alternative investment management and financial institutions sectors. 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 both specialized software products, which are deployed at our clients' facilities, and software-enabled services, which consist of software-enabled outsourcing services and subscription-based on-demand software that is hosted at our 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 and processing. 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

Table of Contents

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	Corporate	Institutional	Insurance &	Commercial	Real Estate
	Investment Managers	Treasury Groups	Financial Institutions	Asset Managers	Pension Funds	Commercial Finance Property Groups Managers
Portfolio Management/Accounting	ü	ü	ü	ü	ü	
Trading/Treasury Operations	ü	ü	ü	ü	ü	
Financial Modeling			ü		ü	ü
SS&C Fund Services	ü					
Loan Management/Accounting			ü		ü	ü
Money Market Processing			ü			
Property Management						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 two- to five-year non-cancelable contracts with required monthly or quarterly payments. We also generate revenues by licensing our software to clients through either perpetual or term licenses, both of which include annually renewable maintenance 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.

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, increased as a percentage of total revenues from 52% in the year ended December 31, 2000 to 82% in the year ended December 31, 2007. 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 consistent organic growth and acquisitions, we generated revenues of \$248.2 million for the year ended December 31, 2007 as compared to revenues of \$161.6 million for the year ended December 31, 2005. We generated 76% of our revenues in 2007 from clients in North America and 24% from clients outside North America. Our revenues are highly diversified, with our largest client in 2007 accounting for less than 5% of our revenues. For financial information relating to our business, including geographic information, please see our consolidated financial statements, including the notes thereto.

Since 2005, our business has continued to grow, and we have made significant operational improvements. We acquired EisnerFast, Financial Interactive, Cogent Management and Northport, which enabled us to expand our software-enabled services for alternative investment managers, as well as MarginMan, Open Information Systems and Zoologic, which added software solutions to complement our product suite. We also acquired and integrated the

operations of Financial Models Company, which significantly increased our client base and product capabilities. Moreover, we have strengthened our product portfolio through internal development and introduced new offerings for institutional asset managers, alternative investment managers and mortgage and commercial loan managers. On November 23, 2005, SS&C was acquired by SS&C Holdings, which is currently owned principally by funds affiliated with Carlyle and by William C. Stone, our Chairman of the Board and Chief Executive Officer.

Our Industry

The financial services industry is a large, dynamic market and comprises a variety of enterprises and organizations, including institutional asset managers, alternative investment managers, financial institutions,

Table of Contents

commercial lenders, corporate treasury groups, insurance and pension funds, municipal finance groups and real estate property managers. We expect continued strong growth within the financial services information technology, or IT, market due to growing assets under management, increasing transaction volumes, constantly evolving regulatory requirements and the increasing number, and complexity, of asset classes. According to a 2006 Gartner report, worldwide financial services industry spending on IT services and software is forecasted to grow from \$163.5 billion in 2005 to \$230.9 billion in 2010, representing a 7.2% compound annual growth rate. Additionally, worldwide financial services spending on outsourced process management is expected to grow from \$26.5 billion in 2005 to \$40.7 billion in 2010, representing an 8.9% compound annual growth rate. We expect our growth to continue due to a number of factors related to the financial services industry and evolving challenges faced by industry participants, including:

Rapidly Growing Worldwide Financial Services Industry. As both transaction volumes and assets under management increase, financial services providers require more advanced solutions to automate complex business processes and manage their information processing requirements. For example, according to a 2007 Boston Consulting Group report, the value of professionally managed assets grew by approximately 13% globally to \$53.4 trillion in 2006, with the United States accounting for \$25.7 trillion of that amount. The average daily trading volume on the New York Stock Exchange increased from 1.04 billion shares in 2000 to 2.78 billion shares in the 2007. Additionally, alternative investment vehicles such as hedge funds and private equity funds have experienced rapid growth. According to a 2007 report of Hedge Fund Research, Inc., the total assets under hedge fund management have increased from \$490.6 billion in 2000 to \$1.9 trillion in 2007, representing a compound annual growth rate of 21%. To keep pace with the rapid growth in the industry and remain competitive with other industry participants, financial services providers increasingly need to implement advanced software applications or utilize service offerings from third parties to manage their most critical and complex IT processes.

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.

Asset Classes and Securities Products Growing in Both Number and Complexity. As the financial services industry has evolved, investment professionals must increasingly track and invest in numerous types of asset classes and securities that are often far more complex than traditional equity and debt instruments, including mortgage- and asset-backed securities, derivatives, swaps, futures, repos and options. These assets require more sophisticated systems to automate functions such as trading and modeling, portfolio management, accounting, performance measurement, reconciliation, reporting, processing and clearing.

Increasing Regulatory Requirements. Increasing domestic and foreign regulation is forcing compliance with more complicated and burdensome requirements for financial services providers. This has escalated demand for software solutions that both meet compliance requirements and reduce the burden of compliance reporting and enforcement.

For example, according to a May 2007 PricewaterhouseCoopers LLP survey, the top two challenges for 2007 cited by investment management industry executives were regulatory uncertainty and regulatory pressures to increase transparency. Financial services providers continue to face increasing regulatory oversight from domestic organizations such as the National Association of Securities Dealers, U.S. Treasury Department, U.S. Securities and Exchange Commission, New York Stock Exchange, National Association of Insurance

Table of Contents

Commissioners and U.S. Department of Labor as well as foreign regulatory 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. As the financial services industry continues to grow in complexity, we anticipate regulatory oversight will continue to impose new demands on financial services providers.

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, increase front-office productivity by offering investment professionals greater modeling functionality and better tools to solve complex financial problems, and drive cost savings by utilizing software to automate and integrate their mission-critical and labor intensive business processes, provide greater functionality to investment professionals and offer the tools necessary to solve complex financial problems.

Our Competitive Strengths

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

Broad Portfolio of Products and Services Focused on Financial Services Organizations. Our broad portfolio of over 50 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 sectors of financial services software and services 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.

Enhanced Profitability Through Software Ownership. We use our proprietary software products and infrastructure to provide our software-enabled services, strengthening our overall operating margins. Because we use our own products 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 software-enabled services model and therefore do not have the same level of hands-on experience with their products.

Attractive Operating Model. We believe we have an 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 82% of total revenues for the year ended December 31, 2007, 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.

Table of Contents

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. Approximately every two weeks, we deliver over 300,000 electronic newsletters to industry participants worldwide. These *eBriefings* are integrated with our corporate website, 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, 2007, we had 868 development and service 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 in 1987. 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 Solution Center, an 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

Table of Contents

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 \$141.3 million for the year ended December 31, 2007, representing a compound annual growth rate of 66%.

Expand Our Client Base. Our client base of more than 4,000 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. Our direct sales force principally targets financial services providers that are not currently our clients.

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 for a minority 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, add new clients, supplement our internal development efforts and accelerate our expected growth. We believe that 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 attractive valuations, businesses, products 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 23 businesses that 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. For example, the acquisitions of EisnerFast, Cogent and Northport have expanded our software-enabled services offerings to the alternative investment management market, which is one of our fastest growing businesses today. 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 and scale revenues. 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 2007, we generated 24% of our revenues from

clients outside North America. We are building our international operations in order to increase our sales outside North America. We believe that the hiring of more sales personnel will lead to increased international sales. For example, we believe that the rapidly growing alternative investment management market in Europe presents a compelling growth opportunity. We plan to expand our international market presence by leveraging our existing software products and software-enabled services for alternative investment managers, which to date have primarily been implemented by U.S.-based alternative investment management firms.

Table of Contents**Our Acquisitions**

Since 1995, we have acquired over 20 businesses within our industry. 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;

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

expand our global reach into strategic geographic markets;

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

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

Our senior management receives numerous acquisition proposals for its consideration. We receive referrals from several sources, including clients, investment banks and industry contacts. 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 acquisition criteria.

Below is a table summarizing our acquisitions.

Date	Acquired Business	Contract Purchase Price*	Acquired Products and Services Currently Offered
March 1995	Chalke	\$10,000,000	PTS
November 1997	Mabel Systems	\$850,000 and 109,224 shares	Mabel
December 1997	Shepro Braun Systems	1,500,000 shares	Total Return, Antares
March 1998	Quantra	\$2,269,800 and 819,028 shares	SKYLINE
April 1998	The Savid Group	\$821,500	Debt & Derivatives
March 1999	HedgeWare	1,028,524 shares	AdvisorWare
March 1999	Brookside	41,400 shares	Consulting services
November 2001	Digital Visions	\$1,350,000	PortPro, The BANC Mall, PALMS
January 2002	Real-Time, USA	\$4,000,000	Real-Time, Lightning
November 2002	DBC	\$4,500,000	Municipal finance products
December 2003	Amicorp Fund Services	\$1,800,000	Fund services
January 2004	Investment Advisory Network	\$3,000,000	Compass, Portfolio Manager
February 2004	NeoVision Hypersystems	\$1,600,000	Heatmaps
April 2004	OMR Systems	\$19,671,000	TradeThru, Xacct
February 2005	Achievement Technologies	\$470,000	SamTrak
February 2005	EisnerFast	\$25,300,000	Fund services
April 2005	Financial Models Company	\$159,000,000	FMC suite of products
June 2005	Financial Interactive	358,424 shares and warrants to purchase 50,000 shares	FundRunner

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August 2005	MarginMan	\$5,600,000	MarginMan
October 2005	Open Information Systems	\$24,000,000	Money Market Manager, Information Manager
March 2006	Cogent Management	\$12,250,000	Fund services
August 2006	Zoologic	\$3,000,000	Education and training courseware
March 2007	Northport	\$5,000,000	Fund services

* 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.

Table of Contents

Many of our acquisitions have enabled us to expand our product and service offerings into new markets or client bases within the financial services industry. For example, with our acquisitions of Shepro Braun Systems and HedgeWare, we began providing portfolio management and accounting software to the hedge funds and family offices market. We began offering property management products to the real estate property management industry after we acquired Quantra and started selling financial modeling products to the municipal finance groups market after the DBC acquisition. Our acquisition of OMR Systems Corporation and OMR Systems International Limited, which we refer to collectively as OMR, allowed us to offer integrated, global solutions to financial institutions and hedge funds through our TradeThru software and Xacct services. The acquisitions of EisnerFast, Cogent and Northport expanded our software-enabled services to the hedge fund and private equity markets. With our acquisition of FMC, we complemented and expanded our product and service offerings to meet the front-, middle- and back-office needs of the investment management industry. The addition of new products and services also enabled us to market other products and services to acquired client bases. Some acquisitions have also provided us with new technology, such as the Heatmaps data visualization product developed by NeoVision Hypersystems, Inc.

To date, all of our acquisitions have resulted in a marketable product or service that has added to our revenues. We also have generally been able to improve the operating performance and profitability of the 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 some cases, we have also been able to increase revenues generated by acquired products and services by leveraging our larger sales capabilities and client base.

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 50 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.

Products	Typical Users	Vertical Markets Served
<i>Portfolio Management/Accounting</i>		
AdvisorWare	Portfolio managers	Alternative investment managers
Altair	Asset managers	Corporate treasury groups
CAMRA	Fund administrators	Financial institutions
CAMRA D Class	Investment advisors	Institutional asset managers
Debt & Derivatives	Accountants	Insurance & pension funds
FundRunner	Auditors	
FundRunner Investorsite	Alternative investment managers	
FundRunner Marathon	Brokers/dealers	
Lightning		
Pacer		

Pages
PALMS
PortPro
Recon
SS&C Wealth Management Suite Front
Office
Sylvan
Total Return

Table of Contents

Products	Typical Users	Vertical Markets Served
<i>Trading/Treasury Operations</i>		
Antares	Securities traders	Alternative investment managers
Heatmaps	Financial institutions	Corporate treasury groups
MarginMan	Risk managers	Financial institutions
Suite Front Office	Foreign exchange traders	Institutional asset managers
TradeDesk	Asset managers	Insurance & pension funds
TradeThru		
<i>Financial Modeling</i>		
AnalyticsExpress	CEO/CFOs	Insurance & pension funds
DBC (family of products)	Risk managers	Financial institutions
Finesse HD	Actuarial professionals	Municipal finance groups
PTS	Bank asset/liability managers	
	Investment bankers	
	State/local treasury staff	
	Financial advisors	
<i>Loan Management/Accounting</i>		
LMS Loan Suite	Mortgage originators	Commercial lenders
LMS Originator	Commercial lenders	Financial institutions
LMS Servicer	Mortgage loan servicers	Insurance & pension funds
The BANC Mall	Mortgage loan portfolio managers	
	Real estate investment managers	
	Bank/credit union loan officers	
<i>Property Management</i>		
SKYLINE (family of products)	Real estate investment managers	Real estate leasing/property managers
SamTrak	Real estate leasing agents	
	Real estate property managers	
	Facility managers	
<i>Money Market Processing</i>		
Information Manager	Financial institutions	Financial institutions
Money Market Manager	Custodians	
	Security lenders	
	Cash managers	
<i>Training</i>		
Zoologic Learning Solutions	Financial institutions	All verticals
	Asset managers	
	Hedge fund managers	
	Investment bankers	
Services		
<i>Software-enabled services</i>		
SS&C Direct	Portfolio managers	Alternative investment managers
SS&C Fund Services	Asset managers	Financial institutions
SSCNet	Fund administrators	Institutional asset managers

SVC

Investment advisors
Alternative investment managers
Securities traders

Insurance and pension funds

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.

12

Table of Contents

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 multi-currency 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 sell 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.

CAMRA D Class. CAMRA D Class software is for smaller U.S. insurance companies that need to account for their trades and holdings and comply with statutory reporting requirements but do not require a software application as sophisticated as CAMRA.

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.

FundRunner. FundRunner is a hedge fund investor relationship management and fund profiling solution. FundRunner solutions provide a comprehensive investor relationship management and fund profiling infrastructure for managing sophisticated investors by consolidating and automating their communication needs. FundRunner solutions streamline client servicing and marketing for fund managers and integrates account management, correspondence tracking, marketing, reporting, fund and investor performance analysis and compliance.

FundRunner InvestorSite. FundRunner InvestorSite is a robust, easy-to-use Internet communications development and administration toolset for the investment management industry. FundRunner InvestorSite empowers investment managers to easily develop and maintain a secure, personalized web presence in order to give their clients valuable information.

FundRunner Marathon. FundRunner Marathon HF gives hedge fund managers every tool necessary for investor communication and reporting in a clear and simple package any user can easily adopt out of the box.

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.

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.

Table of Contents

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.

SS&C Wealth Management. SS&C Wealth Management is a web services platform that delivers core account management services to wealth management professionals. Services include investor prospecting, account aggregation and reconciliation, account management, tax lot accounting, performance measurement, fee processing and reporting. Services can be customized to meet the specific needs of registered investment advisors, broker-dealers or financial institutions.

Suite Front Office. A web-based service, Suite Front Office combines our core asset management product functionalities into an innovative, visually appealing, and easy-to-use interface. Suite provides an integrated suite with best-of-breed components modeling, trading, portfolio accounting, client communications and other mission critical workflows as an on-demand, software-enabled service.

Sylvan. Sylvan is a performance measurement, attribution and composite management platform designed to streamline the calculation and reporting of performance measurement requirements of clients. It provides an enterprise-wide performance solution with data sourced from multiple accounting engines and is highly scalable, supporting the high volumes of detailed analysis requirements of institutional investment managers.

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 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.

Heatmaps. Heatmaps is a data visualization technology that uses color, sound, animation and pattern to integrate vast amounts of financial data and analytics into dynamic, visual color displays. Heatmaps provides professional traders, analysts, asset managers and senior management with consolidated and simplified views of their information, allowing them to proactively monitor their business for opportunities, trends and potential risks.

Table of Contents

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

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.

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.

AnalyticsExpress. AnalyticsExpress is a reporting and data visualization tool that translates actuarial analysis into meaningful management information. AnalyticsExpress brings flexibility to the reporting process and allows clients to analyze and present output at varying levels of detail and create high-level reports and charts.

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.

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.

Finesse HD. Finesse HD is a financial simulation tool for the property/casualty insurance industry that uses the principles of dynamic financial analysis. Finesse HD measures multiple future risk scenarios to provide a more accurate picture of financial risk and is designed to generate iterative computer-simulated scenarios.

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.

Loan Management/Accounting

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

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.

Table of Contents

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.

The BANC Mall. The BANC Mall is an Internet-based lending and leasing tool designed for loan officers and loan administrators. The 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 The BANC Mall on a fee-for-service basis to access more than a dozen data providers.

Property Management

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

retirement communities

residential

universities

retail

hospitals

SamTrak. SamTrak is a comprehensive facilities maintenance and work processing system designed to seamlessly integrate accounting functionality with building 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.

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

Table of Contents

configured into curriculums that meet our clients' needs. It includes instructor-led training, web-based courseware and program design.

Software-Enabled Services

SS&C Direct. We provide comprehensive software-enabled services through our SS&C Direct operating unit for portfolio accounting, reporting and analysis functions. The SS&C Direct service includes:

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 Direct's Outsourced Investment Accounting Services option includes comprehensive investment accounting and investment operations services for sophisticated, global organizations.

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

investment managers

funds of funds managers

commodity pool operators

commodity trading advisors

proprietary traders

family offices

private equity groups

private wealth groups

separate managed accounts

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.

Software and Service Delivery Options

Our delivery methods include software-enabled services, software licenses with related maintenance agreements, and blended solutions. 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-

Table of Contents

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 two- to five-year non-cancelable contracts with required monthly and quarterly payments. 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, 2007, revenues from software-enabled services represented 56.9% of total revenues.

Software License and Related Maintenance Agreements. We license our software to clients through either perpetual or term licenses, both of which include annually renewable maintenance contracts. 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, 2007, license and maintenance revenues represented 11.1% and 25.0% 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, 2007, revenues from professional services represented 7.0% 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 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 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 4,000 clients globally in eight vertical markets in 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

Table of Contents

groups, 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, 2007, our top 10 clients represented approximately 21% 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-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, 2005, 2006 and 2007 were \$21.3 million, \$23.6 million and \$26.3 million, respectively.

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

Table of Contents

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, technological 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 BISYS. 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 the asset management market, we compete with a variety of other vendors depending on customer 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, Mellon Financial (Eagle Investment Systems) and Advent, to smaller providers of specialized applications and technologies such as StatPro, Charles River and others. We also compete with internal processing and information technology departments of our customers and prospective customers. 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 market, we compete with a variety of vendors depending on customer 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.

We also compete with outsourcers, as well as the internal processing and information technology departments of our customers and prospective customers. 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 customers, 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 the 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 and Intuit. 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.

Financial Institutions: In our financial institutions 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

Table of Contents

information technology departments of our customers and prospective customers. The key competitive factors in marketing financial institution software and services including accuracy and timeliness of processed information provided to customers, 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 the commercial lending market, we compete with a variety of other vendors depending on customer 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.

Corporate Treasury: In the corporate treasury market, we compete with larger competitors of end-to-end corporate treasury solutions like SimCorp and SunGard. The key competitive factors in marketing corporate treasury solutions are the features and complexity of our software, level of software development expertise, total cost of ownership and return on investment. Our strengths in this market are our broadly diversified portfolio of software solutions, our ability to provide integrated solutions and our flexible delivery mechanisms. We face the competitive challenge that we are a relatively new entrant in this market.

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 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 Item 1A. 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, 2007, we had 1,059 full-time employees, consisting of:

195 employees in research and development;

579 employees in consulting and services;

77 employees in sales and marketing;

94 employees in client support; and

114 employees in finance and administration.

Table of Contents

As of December 31, 2007, 361 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

We were organized as a Connecticut corporation in March 1986 and reincorporated as a Delaware corporation in April 1996. 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 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, 2007, we had total indebtedness of \$443.0 million and additional available borrowings of \$75.0 million under our revolving credit facility. Our total indebtedness consisted of \$205.0 million of 113/4% senior subordinated notes due 2013 and \$238.0 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 obligated to make periodic principal and interest payments on our senior and subordinated debt of approximately \$43 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.

Table of Contents

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 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 our ability, among other things, to:

incur additional indebtedness;

sell assets, including capital stock of restricted subsidiaries;

agree to payment restrictions affecting our restricted subsidiaries;

pay dividends;

consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;

make strategic acquisitions;

enter into transactions with our affiliates;

incur liens; and

designate any of our 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.

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 make acquisitions 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 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,

Table of Contents

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 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 make the required repurchase of notes 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.

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 slowdown or prolonged downturn in the general economy or the financial services industry could disproportionately affect the demand for our products and services.

Our clients include a range of organizations in the financial services industry whose success is intrinsically 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 disproportionately 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;
- 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 and our other lenders, could be materially adversely affected.

Further or accelerated consolidations in the financial services industry could result in a decline in demand for our products and services.

If financial services firms continue to consolidate, as they have over the past decade, there could be a decline in demand for our products and services. For example, if a client merges with a firm using its own solution or another vendor's solution, it could decide to consolidate its 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. For instance, in 2007, a client that represented 4.5% of our revenues in 2007 was acquired in a tender offer transaction. Although the effect of the acquisition on our business is not yet known, if that client were to stop using our products and services as a result of the acquisition, it could cause a significant decrease in our revenues, at least in the short term.

Table of Contents

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;
- 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 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;
- 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 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.

Table of Contents

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.

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 made and intend in the future to make acquisitions of 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

Table of Contents

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.

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 the 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 officers or managers.

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. Others 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. We cannot be sure that our proprietary technology does not include open-source software, free-ware, share-ware or other publicly available technology. 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, such persons may hold. Third parties also could claim that our software incorporates publicly available software and that, as a result, we must publicly disclose our source code. Because we rely on confidentiality for protection, such an event could result in a material loss of our intellectual property rights. Expensive and time-consuming litigation may be necessary to protect our proprietary rights.

Table of Contents

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 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. While we are not currently a party to any litigation asserting that we have violated third-party intellectual property rights, we may be a party to litigation in the future 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. 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 52% of our revenues for the year ended December 31, 2007. 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.

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

Table of Contents

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 assure you 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 ongoing operations of the company. 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, 2005, 2006 and 2007, international revenues accounted for 37%, 40% and 41%, respectively, of our total revenues. We sell certain of our products, such as Altair, Mabel 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;

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.

Table of Contents

We are controlled by The Carlyle Group, whose interests may not be aligned with yours.

The Carlyle Group and its affiliates own a substantial majority of the fully diluted equity of SS&C Holdings, and, therefore, have the power to control our affairs and policies. Carlyle and its affiliates also control, to a large degree, the election of directors, the appointment of management, the entering into mergers, sales of substantially all of our assets and other extraordinary transactions. The directors so elected will have authority, subject to the terms of our debt, to issue additional stock, implement stock repurchase programs, declare dividends and make other decisions. The interests of Carlyle and its affiliates could conflict with the interests of note holders. For example, if we encounter financial difficulties or are unable to pay our debts as they mature, the interests of Carlyle, as equity holders, might conflict with the interests of note holders. Carlyle and its affiliates may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, even though such transactions might involve risks to you as a note holder. Additionally, Carlyle and its affiliates are in the business of making investments in companies, and may from time to time in the future acquire interests in businesses that directly or indirectly compete with certain portions of our business or are suppliers or customers of ours.

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 thirteen locations in the United States and have offices in Toronto, Canada; Montreal, Canada; London, England; Amsterdam, the Netherlands; Kuala Lumpur, Malaysia; Tokyo, Japan; Curacao, the Netherlands Antilles; Dublin, Ireland; and Sydney, Australia.

Item 3. *Legal Proceedings*

In connection with the Transaction, two purported class action lawsuits were filed against us, each of our directors and, with respect to the first matter described below, SS&C Holdings, in the Court of Chancery of the State of Delaware, in and for New Castle County.

The first lawsuit was Paulena Partners, LLC v. SS&C Technologies, Inc., et al., C.A. No. 1525-N (filed July 28, 2005). The second lawsuit was Stephen Landen v. SS&C Technologies, Inc., et al., C.A. No. 1541-N (filed August 3, 2005). Each complaint purported to state claims for breach of fiduciary duty against all of our directors at the time of filing of the lawsuits. The complaints alleged, among other things, that (1) the merger would benefit our management or The Carlyle Group at the expense of our public stockholders, (2) the merger consideration to be paid to stockholders was inadequate or unfair and did not represent the best price available in the marketplace for us, (3) the process by which the merger was approved was unfair and (4) the directors breached their fiduciary duties to our stockholders in negotiating and approving the merger. Each complaint sought, among other relief, class certification of the lawsuit, an injunction preventing the consummation of the merger (or rescinding the merger if it were completed prior to the receipt of such relief), compensatory and/or rescissory damages to the class and attorneys' fees and expenses, along with such other relief as the court might find just and proper. The plaintiffs had not sought a specific amount of monetary damages.

The two lawsuits were consolidated by order dated August 31, 2005. On October 18, 2005, the parties to the consolidated lawsuit entered into a memorandum of understanding, pursuant to which we agreed to make certain additional disclosures to our stockholders in connection with their approval of the merger. The memorandum of

understanding also contemplated that the parties would enter into a settlement agreement, which the parties executed on July 6, 2006. Under the settlement agreement, we agreed to pay up to \$350,000 of plaintiffs' legal fees and expenses. The settlement agreement was subject to customary conditions, including court approval following notice to our stockholders. The court did not find that the settlement agreement was fair, reasonable and adequate and disapproved the proposed settlement on November 29, 2006. The court criticized plaintiffs' counsel's handling of the litigation, noting that the plaintiffs' counsel displayed a lack of understanding of basic terms of the merger,

Table of Contents

did not appear to have adequately investigated the plaintiffs' potential claims and was unable to identify the basic legal issues in the case. The court also raised questions about the process leading up to the Transaction, which process included Mr. Stone's discussions of potential investments in, or acquisitions of, SS&C, without prior formal authorization of our board, but the court did not make any findings of fact on the litigation other than that there were not adequate facts in evidence to support the settlement. The plaintiffs decided to continue the litigation following rejection of the settlement, and the parties proceeded with discovery.

On November 28, 2007, plaintiffs moved to withdraw from the lawsuit with notice to SS&C's former shareholders. On January 8, 2008, the defendants opposed plaintiffs' motion for notice to shareholders in connection with their withdrawal and moved for sanctions against plaintiffs and removal of confidentiality restrictions on plaintiffs' discovery materials. At a hearing on February 8, 2008, the court orally granted plaintiffs' motion to withdraw, declined to order notice and took defendants' motion for sanctions under advisement. In its memorandum opinion and order dated March 6, 2008, the court granted in part defendants' motion for sanctions, awarding attorneys' fees and other expenses that defendants reasonably incurred in defending plaintiffs' motion to withdraw and in bringing a motion to unseal the record and for sanctions. The court noted that further proceedings were required to determine the proper amount of the award, and it directed the parties to submit a schedule to bring this matter to a conclusion.

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

Item 4. *Submission of Matters to a Vote of Security Holders*

None.

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

Our outstanding common stock is privately held, and there is no established public trading market for our common stock. As of the date of this filing, there was one holder of record of our common stock. See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—The Transaction and Note 6 of notes to our consolidated financial statements for a description of restrictions on our ability to pay dividends.

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.

	Successor		Combined(1)	Successor	Predecessor		
	Year	Year	Year	November 23	January 1	Year Ended December 31,	
	Ended	Ended	Ended	through	through		
	December 31,	December 31,	December 31,	December 31,	November 22,		
	2007(6)	2006(5)	2005(4)	2005	2005	2004(3)	2003(2)
	(In thousands)						
Statement of Operations Data:							
Revenues	\$ 248,168	\$ 205,469	\$ 161,634	\$ 17,665	\$ 143,969	\$ 95,888	\$ 65,531
Operating income	48,730	43,869	9,239	5,463	3,776	29,413	18,378
Net income	6,575	1,075	1,543	831	712	19,010	11,796
Cash dividends declared per share			\$ 0.08		\$ 0.08	\$ 0.22	\$ 0.067
		2007(6)	Successor 2006(5)	2005(4)	Predecessor		
					2004(3)	2003(2)	
Balance Sheet Data (at period end):							
Total assets		\$ 1,190,495	\$ 1,152,521	\$ 1,176,371	\$ 185,663	\$ 82,585	
Total long-term debt, including current portion		443,009	471,929	488,581			
Stockholder's equity		612,593	563,132	577,133	156,094	61,588	

(1) Our combined results for the year ended December 31, 2005 represent the addition of the Predecessor period from January 1, 2005 through November 22, 2005 and the Successor period from November 23, 2005 through

December 31, 2005. This combination does not comply with generally accepted accounting principles (GAAP) or with the rules for pro forma presentation, but is presented because we believe it provides the most meaningful comparison of our results.

- (2) On December 12, 2003, we acquired the assets and business of Amicorp Group's fund services business.
- (3) On January 16, 2004, we acquired the assets and business of Investment Advisory Network, LLC. On February 17, 2004 we acquired the assets and business of NeoVision Hypersystems, Inc. On April 12, 2004, we acquired all the outstanding shares of OMR Systems Corporation and OMR Systems International, Ltd.
- (4) On February 11, 2005, we acquired the assets and business of Achievement Technologies, Inc. On February 28, 2005, we acquired all the membership interests in EisnerFast LLC. On April 19, 2005, we acquired substantially all the outstanding stock of Financial Models Company Inc. On June 3, 2005, we acquired all the outstanding stock of Financial Interactive, Inc. On August 24, 2005, we acquired the assets and business of

Table of Contents

MarginMan. On October 31, 2005, we acquired all the outstanding stock of Open Information Systems, Inc. See Notes 2 and 10 of notes to our consolidated financial statements.

- (5) 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. See Notes 2 and 10 of notes to our consolidated financial statements.
- (6) On March 12, 2007, we acquired all of the outstanding stock of Northport LLC. See Notes 2 and 10 of notes to our consolidated financial statements.

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 4,000 clients, principally within the institutional asset management, alternative investment management and financial institutions sectors.

In 2006 and 2007, we accomplished four primary objectives: expanded our presence in current markets and entered a new market, increased our recurring revenues, enhanced our operating income and paid down debt and reduced our debt leverage.

Through two acquisitions in 2006, we expanded our presence in the alternative investment market and entered the financial services training market. In March 2006, we acquired Cogent Management Inc., a provider of services to the alternative investment management market. We combined the Cogent business with our SS&C Fund Services business and increased our presence in this market. In August 2006, we entered a new market with our acquisition of the assets of Zoologic Inc., a provider of web-based courseware and training for the financial services industry. We further expanded our services in the alternative investment market in March 2007 when we acquired the assets of Northport LLC. In 2005, we expanded our presence in the international market with both the acquisition of FMC, which had operations in both London and Australia and the acquisition of MarginMan, which had operations in Ireland. In 2006, we expanded our European operations by offering our alternative asset market services in the European market. Since the beginning of 2005, our headcount outside North America has increased by approximately 50 employees or 100%, and we expect it will continue to increase in future periods. As a result, our revenue outside of North America has increased from \$38.9 million in 2005 to \$60.2 million in 2007.

As we have expanded our business, we have focused on increasing our contractually recurring revenues, which include maintenance revenues and software-enabled services revenues. We have seen increased demand in the financial services industry for our software-enabled services. This demand has been both from existing customers increasing services they purchase from us and from selling our services to new customers. To support that demand, we have taken a number of steps, such as automating our software-enabled services delivery methods, providing our employees with sales incentives and acquiring 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 to reduce the fluctuations in revenues and cash

flows typically associated with software license revenues. Our software-enabled services revenues increased from \$75.1 million, or 46% of total revenues, in 2005 to \$141.3 million, or 57% of total revenues, in 2007. Our maintenance revenues increased from \$47.8 million in 2005 to \$61.9 million in 2007. 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 invested in increased personnel, facilities expansion and information technology. As a result of these investments and the fact that software-enabled services have lower gross margins than license and maintenance revenues, our overall gross margin percentage has

Table of Contents

been affected. We expect our contractually recurring revenues to continue to increase as a percentage of our total revenues.

While increasing our contractually recurring revenues, we also focus on increasing our profitability. Although operating expenses increased in terms of dollars due to our acquisitions, we reduced operating expenses as a percentage of total revenues from 30% in 2005, excluding costs related to the Transaction, to 28% in 2007. We believe that our success in managing operating expenses results from a disciplined approach to cost controls, our focus on operational efficiencies, identification of synergies related to acquisitions and more cost-effective marketing programs.

In 2007, we generated \$57.1 million of net cash from operating activities. We used \$37.5 million, net of borrowings, to pay down debt. Our operating results improvements and the reduction of debt resulted in a reduction of our consolidated total leverage ratio from 6.43x as of December 31, 2005 to 4.30x as of December 31, 2007.

The Going-Private Transaction

On November 23, 2005, SS&C Holdings acquired SS&C through the merger of Sunshine Merger Corporation, a wholly owned subsidiary of SS&C Holdings, with and into SS&C, with SS&C being the surviving company and a wholly owned subsidiary of SS&C Holdings.

The accompanying financial information is presented for two periods: Predecessor and Successor, which relate to the period preceding the Transaction and the period succeeding the Transaction, respectively. The results of operations for the years ended December 31, 2006 and 2007 are the results of operations of SS&C and its consolidated subsidiaries (Successor). Our results of operations for 2005 consist of SS&C's consolidated results of operations for the Predecessor period from January 1, 2005 through November 22, 2005 and for the Successor period from November 23, 2005 through December 31, 2005. To facilitate comparison among the annual periods, we have prepared our discussion of the results of operations by comparing the mathematical combination of the Successor and Predecessor periods in the year ended December 31, 2005 to the year ended December 31, 2006. Although this presentation does not comply with GAAP, we believe that it provides a meaningful method of comparison. The combined operating results have not been prepared as pro forma results under applicable regulations and may not reflect the actual results we would have achieved absent the Transaction and may not be predictive of future results of operations.

Effect of the Going-Private Transaction

As a result of the Transaction, our assets and liabilities, including client relationships, completed technology and trade names, were adjusted to their fair market values as of the closing date. These adjusted valuations resulted in an increase in our cost of revenue and operating expenses due to the increase in expense related to amortization of intangible assets.

The value at which we carry our intangible assets and goodwill increased significantly. As set forth in greater detail in the table below, as a result of the application of purchase accounting, our intangible assets with definite lives were revalued from an aggregate of \$80.7 million prior to the consummation of the Transaction to \$272.1 million after the consummation of the Transaction, and were assigned new amortization periods.

The valuation assigned to our intangible assets at the date of the Transaction was as follows:

Weighted

	Carrying Value (In millions)	Average Amortization Period
Customer relationships	\$ 197.1	11.5 years
Completed technology	\$ 55.7	8.5 years
Trade names	\$ 17.2	13.9 years
Exchange relationships	\$ 1.4	10 years
Other	\$ 0.7	3 years

Table of Contents

Goodwill was also revalued from \$175.5 million prior to the consummation of the Transaction to \$809.5 million after the consummation of the Transaction and is subject to annual impairment testing.

Additionally, as discussed below in *Liquidity and Capital Resources*, we incurred significant indebtedness in connection with the consummation of the Transaction, and our total indebtedness and related interest expenses are significantly higher than prior to the Transaction. We are obligated to make periodic principal and interest payments on our senior and subordinated debt of approximately \$43 million annually.

Strategic Acquisitions

To complement our organic growth, we evaluate and execute acquisitions that expand our client base, increase our market presence both in the United States and abroad, expand the breadth of our proprietary software and software-enabled service offerings and enhance our strategic assets. Since the beginning of 2005, we have spent approximately \$235 million in cash to acquire nine financial services businesses.

The following table lists the businesses we have acquired since 2004:

Acquired Business	Acquisition Date	Description
Northport	March 12, 2007	Alternative investment fund management services
Zoologic	August 31, 2006	Web-based training software
Cogent Management	March 3, 2006	Alternative investment fund management services
Open Information Systems	October 31, 2005	Money market processing software and services
MarginMan	August 24, 2005	Collateralized trading software and services
Financial Interactive	June 3, 2005	Investor relations software and services
Financial Models Company	April 19, 2005	Investment management software and services
EisnerFast	February 28, 2005	Alternative investment fund management services
Achievement Technologies	February 11, 2005	Facilities management software

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 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 provided under arrangements that generally have terms of two

to five years and contain monthly or quarterly fixed payments, with additional billing for increases in market value of a client's assets, pricing and trading activity under certain contracts.

We recognize software-enabled services revenues in accordance with Staff Accounting Bulletin (SAB) 104 Revenue Recognition , 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.

Table of Contents

We apply the provisions of Statement of Position No. 97-2, Software Revenue Recognition (SOP 97-2) to all software transactions. 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. 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 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 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 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 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 quarterly results of operations.

Allowance for Doubtful Accounts

The preparation of financial statements requires our management to make estimates relating to the collectability 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

Under Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets (SFAS 142), 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) using reporting units identified for the purpose of assessing potential future impairments of goodwill.

We apply the provisions of SFAS 142 and SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, and assess the impairment of identifiable intangibles, long-lived assets and goodwill whenever

Table of Contents

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, long-lived assets and goodwill 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 considered a number of factors, including past operating results, budgets, economic projections, market trends and product development cycles. 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 apply the provisions of SFAS No. 141, Business Combinations, and 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 and goodwill. We apply 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 discounted estimated future cash flows from the product sales of such completed technology. While actual results during the years ended December 31, 2007, 2006 and 2005 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

As of the date of the Transaction, the Company adopted SFAS No. 123R (revised 2004), Share-Based Payment (SFAS 123R), using the modified prospective method, which requires companies to record stock compensation expense over the remaining service period for all unvested awards as of the adoption date. Accordingly, prior period amounts have not been restated. Using the fair value recognition provisions of SFAS 123R, 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 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. 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.

SS&C Holdings grants stock options to our employees and directors under the SS&C Holdings 2006 equity incentive plan. Given the lack of a public market for SS&C Holdings common stock, SS&C Holdings board of directors must

determine the fair value of SS&C Holdings common stock on the date of grant, which requires making complex and subjective judgments. The SS&C Holdings board has reviewed and considered a number of factors when determining the fair value of SS&C Holdings 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;

Table of Contents

the continued 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; and

as of July 31, 2006 and March 31, 2007, 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.

The following table summarizes information about stock options granted by SS&C Holdings since August 2006:

Grant Date	Shares	Exercise Price	Fair Value of Underlying Stock	Weighted-Average Fair Value of Options by Vesting Type (1):		
				Time	Performance	Change in Control
August 2006	1,165,831	\$ 74.50	\$ 74.50	\$ 31.08	\$ 32.98	\$ 21.23
November 2006	10,500	74.50	74.50	30.75	32.61	21.23
March 2007	23,000	74.50	74.50	30.69	32.54	7.41
May 2007	17,500	98.91	98.91	40.85	43.32	9.09
June 2007	3,000	98.91	98.91	41.37	43.89	8.64

- (1) The weighted-average fair value of options by vesting type represents the value as determined under SFAS 123R at the grant date. These fair values do not reflect the re-valuation of certain options related to modifications effected in April 2007, as more fully described in Note 9 to the consolidated financial statements for the year ended December 31, 2007.

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. Such estimates require 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.

On January 1, 2007, we adopted the provisions of Financial Standards Accounting Board (FASB) Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48). At adoption, we had \$5.3 million of liabilities for

unrecognized tax benefits. The adoption of FIN 48 resulted in a reclassification of certain tax liabilities from current to non-current and to certain related deferred tax assets. We did not record a cumulative effect adjustment to retained earnings as a result of adopting FIN 48. As of January 1, 2007, accrued interest related to unrecognized tax benefits was less than \$0.1 million. We recognize accrued interest and penalties relating to the unrecognized tax benefits as a component of the income tax provision.

As of December 31, 2007, we had \$6.7 million of liabilities for unrecognized tax benefits. Of this amount, \$5.9 million relates to uncertain income tax positions that either existed prior to or were created as a result of the Transaction and would decrease goodwill if recognized. The remainder of the unrecognized tax benefits, if recognized, would decrease our effective tax rate and increase our net income.

Table of Contents**Results of Operations for the Years Ended December 31, 2007, 2006 and 2005**

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

	Successor		Successor Predecessor		Percent Change	
	Year	Year	Combined	Period	Period	from Prior Year
	Ended	Ended	Year	from	from	
	December 31,	December 31,	December 31,	November 23,	January 1,	
	2007 ,	2006 ,	2005 ,	2005 ,	2005 ,	2007
				through	through	2006 ,
Revenues:						
Software licenses	\$ 27,514	\$ 22,925	\$ 23,734	\$ 3,587	\$ 20,147	20.0%
Maintenance	61,910	55,222	47,765	3,701	44,064	(3.4)%
Professional services	17,491	19,582	15,085	2,520	12,565	12.1
Software-enabled services	141,253	107,740	75,050	7,857	67,193	(10.7)
Total revenues	\$ 248,168	\$ 205,469	\$ 161,634	\$ 17,665	\$ 143,969	29.8
						27.1

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,		
	2007	2006	2005
Revenues:			
Software licenses	11.1%	11.2%	14.7%
Maintenance	25.0	26.9	29.6
Professional services	7.0	9.5	9.3
Software-enabled services	56.9	52.4	46.4

Comparison of Years Ended December 31, 2007, 2006 and 2005**Revenues**

Revenues were \$248.2 million, \$205.5 million and \$161.6 million in 2007, 2006 and 2005, respectively. Revenue growth in 2007 of \$42.7 million, or 21%, was driven by revenues for businesses and products that we have owned for at least 12 months, or organic revenues, which increased 16%, accounting for \$32.7 million of the increase, and came from increased demand of \$29.0 million for our software-enabled services, an increase of \$3.7 million in maintenance revenues and an increase of \$2.0 million in license sales, partially offset by a decrease of \$2.0 million in professional services revenues. The remaining \$6.4 million increase was due to sales of products and services that we acquired in our acquisitions of Northport, Zoologic and Cogent, which occurred in March 2007, August 2006 and March 2006,

respectively. Additionally, revenues for 2006 include a reduction of \$3.6 million as a result of adjusting deferred revenue to fair value in connection with the Transaction. Revenue growth in 2007 includes the favorable impact from foreign currency translation of \$4.6 million resulting from the weakness of the U.S. dollar relative to currencies such as the Canadian dollar, the British pound and the euro. Revenue growth in 2006 of \$43.8 million, or 27%, was primarily a result of our 2005 acquisitions of FMC, EisnerFast, Financial Interactive, Inc., MarginMan and OIS, which increased revenues by an aggregate of \$24.5 million, reflecting a full 12 months of activity. Our 2006 acquisitions of Cogent and Zoologic added \$5.1 million in the aggregate, and organic revenues increased \$17.1 million, or 10.5%, from 2005. Organic growth came from increased demand for our software-enabled services totaling \$15.7 million and increases in sales of our maintenance and professional services of \$3.2 million and \$1.6 million, respectively. These increases were offset by a decrease of \$3.4 million in license sales. Revenues for 2006 also include a reduction of \$3.6 million related to the valuation of deferred revenue acquired in the Transaction, while 2005 revenues were reduced by \$0.7 million.

Table of Contents***Software Licenses***

Software license revenues were \$27.5 million, \$22.9 million and \$23.7 million in 2007, 2006 and 2005, respectively. The increase in software license revenues from 2006 to 2007 of \$4.6 million was primarily due to organic growth of \$2.0 million and acquisitions, which contributed \$1.1 million to the increase. Additionally, software license revenues for 2006 included a reduction of \$1.5 million as a result of adjusting our deferred revenue to fair value in connection with the Transaction. During 2007, both the number of perpetual license transactions and the average size of those transactions increased from 2006. The decrease in software license revenues from 2005 to 2006 of \$0.8 million was due to a reduction of \$1.5 million related to the valuation of deferred revenue acquired in the Transaction. Our acquisition of Zoologic in August 2006 added \$0.7 million, while organic revenues were consistent with 2005. During 2006 and 2005, we had a similar number of perpetual license transactions at a comparable average size. 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. 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 \$61.9 million, \$55.2 million and \$47.8 million in 2007, 2006 and 2005, respectively. The increase in maintenance revenues of \$6.7 million, or 12%, in 2007 was due in part to organic revenue growth of \$3.7 million and acquisitions, which added \$0.2 million. Additionally, maintenance revenues in 2006 included a reduction of \$2.8 million as a result of adjusting our deferred revenue to fair value in connection with the Transaction. The increase in maintenance revenues from 2005 to 2006 of \$7.5 million, or 16%, was primarily due to our 2005 acquisitions, which increased revenues an aggregate of \$5.9 million, reflecting a full 12 months of activity, organic growth of \$3.2 million and our acquisition of Zoologic, which added \$0.2 million. These increases in maintenance revenues were offset by a reduction of \$2.8 million related to the valuation of deferred revenue acquired in the Transaction, while 2005 revenues were reduced by \$1.0 million due to the valuation of acquired deferred revenues. We typically provide maintenance services under one-year renewable contracts that provide for an annual increase in fees, 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 \$17.5 million, \$19.6 million and \$15.1 million in 2007, 2006 and 2005, respectively. The decrease in professional services revenues in 2007 was primarily related to several large professional services projects that were either completed or substantially completed in late 2006; we were not engaged in similar sized projects in 2007. Additionally, professional services revenues for 2006 included an increase of \$0.2 million as a result of adjusting our deferred revenue to fair value in connection with the Transaction. The increase in professional services revenues from 2005 to 2006 of \$4.5 million, or 30%, was primarily due to our 2005 acquisitions, which increased revenues by an aggregate of \$2.9 million, reflecting a full 12 months of activity and organic growth of \$1.6 million. Our overall software license revenue levels and market demand for professional services will continue to have an effect on our professional services revenues.

Software-Enabled Services

Software-enabled services revenues were \$141.3 million, \$107.7 million and \$75.1 million in 2007, 2006 and 2005, respectively. The increase in software-enabled services revenues in 2007 of \$33.6 million, or 31%, was primarily due to organic growth of \$29.0 million, which included increased demand for portfolio management and accounting

services from existing clients and the addition of new clients for our SS&C Fund Services and SS&C Direct software-enabled services, as well as our Pacer application service provider (ASP) services and Securities Valuation (SVC) securities data services provided by SS&C Technologies Canada Corp. Acquisitions added \$5.0 million in revenues. Additionally, software-enabled services revenues for 2006 include an increase of \$0.4 million related to the valuation of deferred revenue acquired in the Transaction. The increase in software-

Table of Contents

enabled services revenues from 2005 to 2006 of \$32.7 million, or 44%, was primarily due to our 2005 acquisitions, which increased revenues by an aggregate of \$12.5 million, reflecting a full 12 months of activity, our 2006 acquisition of Cogent, which added \$4.2 million and organic growth of \$15.7 million. Organic growth was driven by SS&C Fund Services and Pacer ASP services provided by SS&C Canada. Additionally, software-enabled services revenues for 2006 increased \$0.3 million from 2005 as a result of adjusting deferred revenue to fair value in connection with the Transaction. Future software-enabled services revenue growth is dependent on our ability to add new software-enabled services clients, retain existing clients and increase average software-enabled services fees.

Cost of Revenues

The total cost of revenues was \$128.9 million, \$100.0 million and \$66.6 million in 2007, 2006 and 2005, respectively. The gross margin decreased from 59% in 2005 to 51% in 2006 and 48% in 2007. The increase in total cost of revenues in 2007 was mainly due to three factors: personnel increases to support revenue growth, acquisitions and the increased costs associated with stock-based compensation and amortization of intangibles. Cost increases to support our organic revenue growth were \$15.8 million and acquisitions added \$4.0 million in costs, primarily in software-enabled services revenues. Stock-based compensation expense increased \$2.0 million due to the vesting of certain performance-based options, amortization expense increased \$6.9 million as a result of increasing cash flows, and non-cash rent expense increased \$0.2 million. Certain of our intangible assets are amortized into cost of revenues based on the ratio that current cash flows for the intangible assets bear to the total of current and expected future cash flows for the intangible assets. The increase in costs in 2006 was primarily due to our acquisitions, which increased costs by an aggregate of \$13.6 million, incremental amortization of \$10.2 million related to the revaluation of intangible assets in connection with the Transaction and cost increases of \$10.0 million to support our organic revenue growth. The increased costs included \$9.0 million for personnel, infrastructure and other costs to support the growth in our software-enabled services revenues and professional services revenues, respectively, and \$1.0 million of stock-based compensation expense.

Cost of Software License Revenues

The cost of software license revenues was \$9.6 million, \$9.2 million and \$3.8 million in 2007, 2006 and 2005, respectively. The increase in cost of software licenses in 2007 was due to additional amortization expense under the percent of cash flows method. The increase in cost from 2005 to 2006 was attributable in part to \$3.9 million in additional amortization relating to the Transaction, reflecting a full 12 months of expense, and acquisitions, which increased costs by an aggregate of \$0.9 million. Organically, costs increased \$0.6 million, reflecting additional amortization under the percent of cash flows method.

Cost of Maintenance Revenues

The cost of maintenance revenues was \$26.0 million, \$20.4 million and \$11.9 million in 2007, 2006 and 2005, respectively. The increase in cost of maintenance revenues in 2007 was primarily due to additional amortization expense of \$4.6 million as a result of increasing cash flows, acquisitions, which added \$0.5 million in costs, an increase of \$0.3 million in costs to support organic revenue growth and additional stock-based compensation expense of \$0.2 million. The increase in costs from 2005 to 2006 was primarily due to \$7.0 million in additional amortization relating to the Transaction and acquisitions, which added \$1.7 million. These increases were offset by a \$0.2 million decrease in organic costs.

Cost of Professional Services Revenues

The cost of professional services revenue was \$14.3 million, \$12.6 million and \$8.7 million in 2007, 2006 and 2005, respectively. The increase in cost of professional services revenues in 2007 was primarily due to additional

stock-based compensation expense of \$0.2 million and an increase of \$1.4 million in personnel costs. Acquisitions added \$0.1 million in costs. The increase in costs from 2005 to 2006 was primarily due to acquisitions, which added \$2.3 million, and an increase of \$1.5 million to support organic revenue growth, primarily personnel costs.

Table of Contents***Cost of Software-Enabled Services Revenues***

The cost of software-enabled services revenues was \$79.0 million, \$57.8 million and \$42.2 million in 2007, 2006 and 2005, respectively. The increase in cost of software-enabled services revenues in 2007 was primarily due to an increase of \$14.2 million in costs to support the growth in organic revenues, additional stock-based compensation expense of \$1.7 million and acquisitions, which added \$3.2 million. Additionally, amortization expense increased \$2.0 million due to increasing cash flows and non-cash rent expense increased \$0.1 million. The increase in costs from 2005 to 2006 was primarily due to acquisitions, which increased costs by an aggregate of \$8.7 million, and an increase of \$7.0 million in costs to support the organic growth in software-enabled services revenues. Additionally, 2006 costs include \$0.8 million related to stock-based compensation and a decrease of \$0.8 million in amortization expense.

Operating Expenses

Our total operating expenses were \$70.6 million, \$61.6 million and \$85.8 million in 2007, 2006 and 2005, respectively, representing 28%, 30% and 53%, respectively, of total revenues in those years. The increase in operating expenses in 2007 was primarily due to additional stock-based compensation expense of \$5.1 million due to the vesting of certain performance-based options and additional increases of \$2.9 million in costs to support organic revenue growth. Expenses increased \$0.2 million related to increased amortization expense, partially offset by a decrease of \$0.2 million in capital-based taxes. The remaining \$1.0 million of the increase was due to our acquisitions of Northport, Zoologic and Cogent. The decrease in total operating expenses from 2005 to 2006 was primarily due to one-time transaction costs of \$36.9 million in 2005. Additionally, acquisitions increased costs by an aggregate of \$7.2 million and organic costs increased \$5.5 million. The increase in organic costs was primarily due to \$2.9 million in stock-based compensation, \$1.8 million in capital-based taxes, \$1.1 million in increased amortization expense due to the revaluation of intangible assets acquired in the Transaction and \$1.0 million in post-Transaction management services provided by Carlyle. These increases were offset by a decrease of \$1.3 million in personnel and other expenses.

Selling and Marketing

Selling and marketing expenses were \$19.7 million, \$17.6 million and \$14.5 million in 2007, 2006 and 2005, respectively, representing 8%, 9% and 9%, respectively, of total revenues in those years. The increase in selling and marketing expenses in 2007 was primarily attributable to an increase in stock-based compensation expense of \$1.2 million, our acquisitions, which added \$0.5 million in costs, and an increase of \$0.4 million in costs, primarily commissions due to the increase in revenue. The increase in expenses from 2005 to 2006 was primarily due to acquisitions, which increased costs by an aggregate of \$2.2 million, a \$1.0 million in increased amortization expense due to the revaluation of intangible assets acquired in the Transaction and stock-based compensation expense of \$0.6 million. These increases were offset by a decrease of \$0.7 million in personnel and other costs.

Research and Development

Research and development expenses were \$26.3 million, \$23.6 million and \$21.3 million in 2007, 2006 and 2005, respectively, representing 11%, 11% and 13%, respectively, of total revenues in those years. The increase in research and development expenses in 2007 was primarily due to an increase of \$1.4 million in costs to support organic revenue growth, additional stock-based compensation expense of \$0.7 million, our acquisitions, which added \$0.4 million and an increase of \$0.1 million in non-cash rent expense. The increase in expenses from 2005 to 2006 was primarily due to acquisitions, which increased costs by an aggregate of \$3.6 million and stock-based compensation expense of \$0.4 million. These increases were offset by a decrease of \$1.6 million in personnel and other costs.

General and Administrative

General and administrative expenses were \$24.6 million, \$20.4 million and \$13.1 million in 2007, 2006 and 2005, respectively, representing 10%, 10% and 8%, respectively, of total revenues in those years. The increase in general and administrative expenses in 2007 was primarily due to an increase of \$0.9 million in costs to support the

Table of Contents

growth in organic revenues, primarily personnel related costs, additional stock-based compensation expense of \$3.2 million and acquisitions, which added \$0.2 million. These increases were partially offset by a decrease of \$0.1 million in non-cash rent expense. The increase in expenses from 2005 to 2006 was primarily due to acquisitions, which increased costs by an aggregate of \$1.4 million, stock-based compensation expense of \$1.8 million, capital-based taxes of \$1.8 million and \$1.0 million in post-Transaction management services provided by Carlyle. Personnel and other costs increased an additional \$1.3 million.

Merger Costs Related to the Transaction

In connection with the Transaction, we incurred \$36.9 million in costs, including \$31.7 million of compensation expense related to the payment and settlement of SS&C's outstanding stock options.

Interest Income, Interest Expense and Other Income, Net

We had interest expense of \$45.5 million and interest income of \$0.9 million in 2007 compared to interest expense of \$47.4 million and interest income of \$0.4 million in 2006. In 2005, we had interest expense of \$7.0 million and interest income of \$1.1 million. The decrease in interest expense in 2007 reflects the lower average debt balance as compared to 2006. The increase in interest income in 2007 is related to the higher average cash balance as compared to 2006. The increase in interest expense from 2005 to 2006 reflects a full 12 months of carrying the debt issued in connection with the Transaction. Other income, net in 2007 consists primarily of foreign currency translation gains of \$0.6 million, property tax refunds of \$0.9 million and \$0.4 million related to the favorable settlement of a liability accrued at the time of our acquisition of FMC in 2005. Other income, net in 2006 primarily reflects income recorded under the equity method from a private investment. Included in other income, net in 2005 were net gains of \$0.6 million resulting from the sale of marketable securities and net foreign currency translation gains of \$0.2 million.

Provision for Income Taxes

For the year ended December 31, 2007, we recorded a benefit of \$0.5 million. The difference between the benefit we recorded and the statutory rate was partially due to changes in Canadian statutory tax rates enacted in June 2007 and December 2007, for which we recorded a benefit of approximately \$1.5 million on our deferred tax liabilities, and foreign tax benefits of approximately \$1.9 million. For the year ended December 31, 2006, we recorded a benefit of \$3.8 million. This was partially due to a change in Canadian statutory tax rates enacted in June 2006, for which we recorded a benefit of approximately \$1.2 million on our deferred tax liabilities, and foreign tax benefits of approximately \$1.9 million. For the year ended December 31, 2005, we had an effective income tax rate of approximately 63%. We had \$75.1 million of deferred tax liabilities and \$10.6 million of deferred tax assets at December 31, 2007. In future years, we expect to have sufficient levels of profitability to realize the deferred tax assets at December 31, 2007.

Liquidity and Capital Resources

Our principal cash requirements are to finance the costs of our operations pending the billing and collection of client receivables, to fund payments with respect to our indebtedness, to invest in research and development and to acquire complementary businesses or assets. We expect our cash on hand, cash flows from operations and availability under the revolving credit portion of our senior credit facilities to provide sufficient liquidity to fund our current obligations, projected working capital requirements and capital spending for at least the next 12 months.

Our cash and cash equivalents at December 31, 2007 were \$19.2 million, an increase of \$7.5 million from \$11.7 million at December 31, 2006. Cash provided by operations was partially offset by net repayments of debt and cash used for an acquisition and capital expenditures.

Net cash provided by operating activities was \$57.1 million in 2007. Net cash provided by operating activities during 2007 was primarily the result of our net income, adjusted for non-cash expenses including depreciation and amortization, stock compensation expense, amortization of loan origination costs and a decrease in deferred income taxes. The net change in our operating accounts was driven by increases in accrued expenses, income taxes payable and deferred revenues, partially offset by increases in accounts receivable and prepaid expenses and other assets.

Table of Contents

The increase in accrued expenses primarily represents the increases in accrued employee bonuses and deferred rent. The increase in deferred rent is the result of signing an extension of our lease agreement for our headquarters in Windsor, Connecticut and newly leased space in Chicago and New York City, partially offset by the favorable settlement of the acquired FMC liability. The increase in accounts receivable is primarily attributable to our growth in revenues. Days sales outstanding decreased to 52 days as of December 31, 2007 from 53 days as of December 31, 2006. Deferred revenues increased as a result of maintenance revenues increasing in 2007 over 2006.

Investing activities used net cash of \$12.8 million in 2007. Cash used by investing activities was primarily due to \$5.1 million cash paid for the acquisition of Northport and \$7.7 million in capital expenditures to support the growth of our business.

Net cash used in financing activities was \$37.4 million in 2007, primarily related to \$37.5 million net repayments of debt. Additionally, the exercise of employee stock options provided \$0.1 million in income tax benefits.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2007 that require us to make future cash payments (in thousands):

Contractual Obligations	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years	All Other
Short-term and long-term debt	\$ 443,009	\$ 2,429	\$ 4,857	\$ 230,723	\$ 205,000	\$
Interest payments(1)	218,047	40,784	80,890	72,285	24,088	
Operating lease obligations(2)	45,676	7,665	14,729	12,428	10,854	
Purchase obligations(3)	3,058	1,924	604	509	21	
FIN 48 liability and interest(4)	6,712					6,712
Total contractual obligations	\$ 716,502	\$ 52,802	\$ 101,080	\$ 315,945	\$ 239,963	\$ 6,712

- (1) Reflects interest payments on our term loan facility at an assumed interest rate of three-month LIBOR of 4.83% plus 2.0% for U.S. dollar loans and CDOR of 4.81% plus 2.85% for Canadian dollar loans, interest payments on our revolving credit facility at an assumed interest rate of one-month LIBOR of 4.83% plus 2.75% and required interest payment payments on our senior subordinated notes of 11.75%.
- (2) We are obligated under noncancelable operating leases for office space and office equipment. The lease for the corporate facility in Windsor, Connecticut expires in 2016. We sublease office space under noncancelable leases. We received rental income under these leases of \$1.5 million, \$1.4 million and \$0.4 million for the years ended December 31, 2007, 2006 and 2005, respectively. The effect of the rental income to be received in the future has not been included in the table above.
- (3) Purchase obligations include the minimum amounts committed under contracts for goods and services.
- (4) As of December 31, 2007, our FIN 48 liability and related net interest payable were \$6.5 million and \$0.2 million, respectively. We are unable to reasonably estimate the timing of FIN 48 liability and interest

payments in individual years beyond 12 months due to uncertainties in the timing of the effective settlement of tax positions.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

The Going-Private Transaction

On November 23, 2005, in connection with the Transaction, SS&C (1) entered into a new \$350 million credit facility, consisting of a \$200 million term loan facility with SS&C as the borrower, a \$75 million-equivalent term

Table of Contents

loan facility with a Canadian subsidiary as the borrower (\$17 million of which is denominated in US dollars and \$58 million of which is denominated in Canadian dollars) and a \$75 million revolving credit facility and (2) issued \$205 million aggregate principal amount of 113/4% senior subordinated notes due 2013.

As a result of the Transaction, we are highly leveraged and our debt service requirements are significant. At December 31, 2007, our total indebtedness was \$443.0 million and we had \$75.0 million available for borrowing under our revolving credit facility.

Senior Credit Facilities

SS&C's borrowings under the senior credit facilities bear interest at either a floating base rate or a Eurocurrency rate plus, in each case, an applicable margin. In addition, SS&C pays a commitment fee in respect of unused revolving commitments at a rate that will be adjusted based on our leverage ratio. SS&C is obligated to make quarterly principal payments on the term loan of \$2.4 million per year. Subject to certain exceptions, thresholds and other limitations, SS&C is required to prepay outstanding loans under the senior credit facilities with the net proceeds of certain asset dispositions and certain debt issuances and 50% of its excess cash flow (as defined in the agreements governing our senior credit facilities), which percentage will be reduced based on our reaching certain leverage ratio thresholds.

The obligations under our senior credit facilities are guaranteed by SS&C Holdings and all of SS&C's existing and future material wholly owned U.S. subsidiaries, with certain exceptions as set forth in our credit agreement. The obligations of the Canadian borrower are guaranteed by SS&C Holdings, SS&C and each of SS&C's U.S. and Canadian subsidiaries, with certain exceptions as set forth in the credit agreement. The obligations under the senior credit facilities are secured by a perfected first priority security interest in all of SS&C's capital stock and all of the capital stock or other equity interests held by SS&C Holdings, SS&C and each of SS&C's existing and future U.S. subsidiary guarantors (subject to certain limitations for equity interests of foreign subsidiaries and other exceptions as set forth in our credit agreement) and all of SS&C Holdings' and SS&C's tangible and intangible assets and the tangible and intangible assets of each of SS&C's existing and future U.S. subsidiary guarantors, with certain exceptions as set forth in the credit agreement. The Canadian borrower's borrowings under the senior credit facilities and all guarantees thereof are secured by a perfected first priority security interest in all of SS&C's capital stock and all of the capital stock or other equity interests held by SS&C Holdings, SS&C and each of SS&C's existing and future U.S. and Canadian subsidiary guarantors, with certain exceptions as set forth in the credit agreement, and all of SS&C Holdings' and SS&C's tangible and intangible assets and the tangible and intangible assets of each of SS&C's existing and future U.S. and Canadian subsidiary guarantors, with certain exceptions as set forth in the credit agreement.

The senior credit facilities contain a number of covenants that, among other things, restrict, subject to certain exceptions, SS&C's (and its restricted subsidiaries') ability to incur additional indebtedness, pay dividends and distributions on capital stock, create liens on assets, enter into sale and lease-back transactions, repay subordinated indebtedness, make capital expenditures, engage in certain transactions with affiliates, dispose of assets and engage in mergers or acquisitions. In addition, under the senior credit facilities, SS&C is required to satisfy and maintain a maximum total leverage ratio and a minimum interest coverage ratio. We were in compliance with all covenants at December 31, 2007.

In March 2007, SS&C amended the credit agreement to reduce the margin on the U.S. Term Loan from 2.5% to 2.0%.

113/4% Senior Subordinated Notes due 2013

The 113/4% senior subordinated notes due 2013 are unsecured senior subordinated obligations of SS&C that are subordinated in right of payment to all existing and future senior debt, including the senior credit facilities. The senior subordinated notes will be *pari passu* in right of payment to all future senior subordinated debt of SS&C.

The senior subordinated notes are redeemable in whole or in part, at SS&C's option, at any time at varying redemption prices that generally include premiums, which are defined in the indenture. In addition, upon a change

Table of Contents

of control, SS&C is required to make an offer to redeem all of the senior subordinated notes at a redemption price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest.

The indenture governing the senior subordinated notes contains a number of covenants that restrict, subject to certain exceptions, SS&C's ability and the ability of its restricted subsidiaries to incur additional indebtedness, pay dividends, make certain investments, create liens, dispose of certain assets and engage in mergers or acquisitions.

On June 13, 2007, SS&C Holdings filed a registration statement for an initial public offering with the Securities and Exchange Commission. In the event the offering is consummated, we intend to redeem (with a majority of SS&C Holdings' net proceeds from the offering) up to \$71.75 million in principal amount of the outstanding senior subordinated notes, at a redemption price of 111.75% of the principal amount, plus accrued and unpaid interest. If we redeem the maximum amount of senior subordinated notes permitted by the indenture, we will redeem \$71.75 million in principal amount of notes for \$80.18 million in cash, plus accrued and unpaid interest. This redemption will result in a loss on extinguishment of debt of approximately \$8.4 million in the period in which the notes are redeemed. Additionally, we will incur a non-cash charge of approximately \$2.1 million relating to the write-off of deferred financing fees attributable to the redeemed notes. Our future annual interest payments will be reduced by approximately \$8.4 million. For each \$1.0 million decrease in the principal amount redeemed, we will pay \$1.12 million less in cash.

Covenant Compliance

Under the senior credit facilities, we are required to satisfy and maintain specified financial ratios and other financial condition tests. As of December 31, 2007, we were in compliance with the financial and non-financial covenants. Our continued ability to meet these financial ratios and tests can be affected by events beyond our control, and we cannot assure you that we will meet these ratios and tests. A breach of any of these covenants could result in a default under the senior credit facilities. Upon the occurrence of any event of default under the senior credit facilities, the lenders could elect to declare all amounts outstanding under the senior credit facilities to be immediately due and payable and terminate all commitments to extend further credit.

Consolidated EBITDA is a non-GAAP financial measure used in key financial covenants contained in our senior credit facilities, which are material facilities supporting our capital structure and providing liquidity to our business. Consolidated EBITDA is defined as earnings before interest, taxes, depreciation and amortization (EBITDA), further adjusted to exclude unusual items and other adjustments permitted in calculating covenant compliance under our senior credit facilities. We believe that the inclusion of supplementary adjustments to EBITDA applied in presenting Consolidated EBITDA is appropriate to provide additional information to investors to demonstrate compliance with the specified financial ratios and other financial condition tests contained in our senior credit facilities.

Management uses Consolidated EBITDA to gauge the costs of our capital structure on a day-to-day basis when full financial statements are unavailable. Management further believes that providing this information allows our investors greater transparency and a better understanding of our ability to meet our debt service obligations and make capital expenditures.

The breach of covenants in our senior credit facilities that are tied to ratios based on Consolidated EBITDA could result in a default under that agreement, in which case the lenders could elect to declare all amounts borrowed due and payable and to terminate any commitments they have to provide further borrowings. Any such acceleration would also result in a default under our indenture. Any default and subsequent acceleration of payments under our debt agreements would have a material adverse effect on our results of operations, financial position and cash flows. Additionally, under our debt agreements, our ability to engage in activities such as incurring additional indebtedness, making investments and paying dividends is also tied to ratios based on Consolidated EBITDA.

Consolidated EBITDA does not represent net income (loss) or cash flow from operations as those terms are defined by GAAP and does not necessarily indicate whether cash flows will be sufficient to fund cash needs. Further, our senior credit facilities require that Consolidated EBITDA be calculated for the most recent four fiscal quarters. As a result, the measure can be disproportionately affected by a particularly strong or weak quarter. Further, it may not be comparable to the measure for any subsequent four-quarter period or any complete fiscal year.

Table of Contents

Consolidated EBITDA is not a recognized measurement under GAAP, and investors should not consider Consolidated EBITDA as a substitute for measures of our financial performance and liquidity as determined in accordance with GAAP, such as net income, operating income or net cash provided by operating activities. Because other companies may calculate Consolidated EBITDA differently than we do, Consolidated EBITDA may not be comparable to similarly titled measures reported by other companies. Consolidated EBITDA has other limitations as an analytical tool, when compared to the use of net income (loss), which is the most directly comparable GAAP financial measure, including:

Consolidated EBITDA does not reflect the provision of income tax expense in our various jurisdictions;

Consolidated EBITDA does not reflect the significant interest expense we incur as a result of our debt leverage;

Consolidated EBITDA does not reflect any attribution of costs to our operations related to our investments and capital expenditures through depreciation and amortization charges;

Consolidated EBITDA does not reflect the cost of compensation we provide to our employees in the form of stock option awards; and

Consolidated EBITDA excludes expenses that we believe are unusual or non-recurring, but which others may believe are normal expenses for the operation of a business.

The following is a reconciliation of net income to Consolidated EBITDA as defined in our senior credit facilities.

	Successor		Combined	Successor Period from November 23, 2005	Predecessor Period from January 1 through November 22, 2005
	Year Ended December 31, 2007	Year Ended December 31, 2006	Year Ended December 31, 2005	through December 31, 2005	through November 22, 2005
	(In thousands)				
Net income	\$ 6,575	\$ 1,075	\$ 1,543	\$ 831	\$ 712
Interest expense (income), net	44,524	47,039	5,951	4,890	1,061
Income tax (benefit) provision	(458)	(3,789)	2,658		2,658
Depreciation and amortization	35,047	27,128	11,876	2,301	9,575
EBITDA	85,688	71,453	22,028	8,022	14,006
Purchase accounting adjustments(1)	(296)	3,017	616	616	
Merger costs			36,912		36,912
Capital-based taxes	1,721	1,841			
Unusual or non-recurring charges(2)	(1,718)	1,485	(979)	(242)	(737)
Acquired EBITDA and cost savings(3)	135	1,147	14,893	85	14,808
Stock-based compensation	10,979	3,871			
Other(4)	2,158	1,184	107	107	

Consolidated EBITDA, as defined	\$	98,667	\$	83,998	\$	73,577	\$	8,588
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