Welcome to Investor Day

November 11, 2008
Agenda

- Welcome and Introduction
  - Ray Panza - CFO

- 40 years of Experience & Leadership
  - Jack Noonan – Chairman, CEO & President

- Corporate Overview - Playing to Our Strength in a Difficult Environment
  - Douglas Dow - SVP, Corporate Development

- Financial Highlights
  - Ray Panza - CFO

- Market Perspective - Now It’s Personal
  - Erick Brethenoux - VP, Corporate Development

- Customer Perspective – The Predictive Analytic Journey
  - Business Partner, RSA

- Technology - Maintaining the Technology Advantage
  - Rich Holada - SVP, Technology Group

- WW Field Operations
  - Alex Kormushoff - Executing Multiple Channels Strategy
Investment Proposition

- Recognized leader in Predictive Analytics
  - Large, diverse customer base
    - Not dependent on any one customer segment, product, geography
    - Multi-channel strategy
  - Predictive Analytics pure play
  - Broad technology offerings that are scalable and easier to deploy and use
  - Competitive products with variable entry prices

- Financially sound
  - Solid balance sheet and cash flow
  - Growing profitability
  - Proven track record for delivery of results

- Positioned for growth
40-Years of Experience

Jack Noonan, Chairman, CEO & President
SPSS is a Technology Company

(Technology is specialized expertise)

- SPSS has deep expertise applying Predictive Analytics
  - Specialized expertise in data about people

- SPSS has manifested this expertise in software products

- SPSS is finding the paths to market for its technology
  - From statistics and data mining
  - To data collection and deployment
  - Majority of our technology hasn’t crossed the chasm
Evolution of SPSS

Stats for You & Me  Desktop Stats  Enterprise Strategy  Process Improvement


Constants: Expertise in the Practice of Quantitative Analysis; “Follow the User”

Survey Analysis

The rise of the PC

Stats NOT on every desktop

Drivers

Enterprise Computing – IT the enabler for business
(Bigger problems / More people / Larger business impact)

Platform agnosticim

Technology is the scaling enabler

Stretch & grow – acquisitions

Enablers

Expertise in data about people & deployment

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Predictive Analytics – Where does it fit?

Process Improvement

Predictive Analytics

SAS
Fair Isaac
SPSS

Process Measurement
Business Intelligence
IBM/Ascential/Cognos
Informatica

Operational Systems
IBM
SAP
Oracle
Chordiant

Process Management
Oracle/Hyperion
SAP/BO

Predictive Analytics – Analyst View

- 94% of customers achieved a positive ROI; payback in 10.7 months
- Over 90% of users attributed an increase in productivity to SPSS
- 81% of projects were deployed on time; 75% on or under budget

“This is one of the highest ROI scores Nucleus has ever seen in its Real ROI series of research reports.”

Rebecca Wettemann, VP of Research, Nucleus Research

SPSS: Recognized leader in Predictive Analytics

- SPSS applications have good market visibility and sales traction, and reflect a strong vision for the analytical side of CRM
- Consider SPSS as a best-of-breed data mining vendor with a strong focus on CRM
- SPSS perceived as the most visionary company in the market
Analytics Market Evolution

Start of Market Traction

1994

1997

2000

2003

2007

2010

Phase 1

Phase 2

Phase 3

Phase 4

Phase 5

Database & DW vendors

E-opportunists & ERP vendors

Middleware & BI vendors

Predictive Analytics & BPM-centric vendors

Event Optimization & PA vendors

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Playing to Our Strengths in a Difficult Environment

Douglas Dow, SVP Corporate Development
Investment Fundamentals

- **Long history:** Successfully -
  - Navigated through many economic cycles
  - Responded to market opportunities
  - Expanded organically and through acquisitions

- **Diversification:** Not dependant upon…
  - Any one product line
  - Any one customer segment
  - Any one geography

- **Predictive Analytics**
  - A business investment… not an “IT” spend
  - Target customers with a need to…
    - Attract and/or retain customers
    - Sell more to existing customers
    - Identify fraud or mitigate risk
  - Driven by a focus on ease-of-use, high ROI
Who is SPSS?

- Producer of Predictive Analytic software
  - Tools for analysts
  - Solutions for businesses
- Expertise in data about people
  - Actions
  - Attributes
  - Attitudes
- 40 years of experience in delivering value
- Broad customer base
- 1,310 F/T employees (9/30/08) ~ 223 quota sales reps
- Experienced inside and field sales teams
Diverse Customer Base

**Commercial enterprises**
- 95% of the FORTUNE 1000 companies
- 80% of the top global banks
- 80% of the top global life insurance companies
- All of the market research firms on the Honomichl Global 25

**Government & non-profit organizations**
- U.S. and all major foreign governments
- Law enforcement authorities around the world
- Every branch of the U.S. Military
- All 50 U.S. State governments

**Academic**
- #1 statistical software in U.S. campuses
- All of the top U.S. colleges and universities
- 75% of the top universities in Europe
- More than 100 text books
- SPSS analytical tools - standard at U.K. universities
The Predictive Analytics Market

- Predictive Analytics technology improves business processes:
  - Provides visibility for key decision makers
  - Automates decisions to meet business goals
  - Achieves a measurable competitive advantage

- Predictive Analytics is fundamentally different than Business Intelligence:
  - PA is data/text mining + statistic + survey + deployment technologies
  - SPSS PA has people-data orientation
  - PA creates new value-added data-scores
  - Go-to-market methods are different
Growing Market Opportunity

SPSS Products:
- Predictive Tools
- Predictive Solutions

SPSS Market Opportunity:
- Advanced analytics growing at 10% (1)
- CRM analytic applications growing at 13% (1)

(1) Compound Annual Growth Rate for 2007-2011; source 2007 IDC reports
(2) 2007 full year revenue $291M less $29M of Services revenue

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Competitive Advantages

- Data about People
  - Deep domain expertise grounded in 40 years analyzing data about people
  - Ability to dynamically capture attitudes, attributes and behaviors
  - Ability to dynamically improve people interactions
    - Right action for the right person at the right time
    - Continuously enriched knowledge about people

- A “first-to-market” deployment methodology
  - A methodology for deploying Predictive Analytics across the enterprise
  - Provides an incremental, phased approach to the enterprise solution
  - Based on the convergence of analytics, architecture and business processes

- “Play well with others”
  - Non-intrusive integration (Service Oriented Architecture (SOA))
  - Database-agnostic
  - Leverages existing operational software & IT investments
Core Business Objectives

- Predictive Analytic Products
  - Definition: SPSS produces “Predictive Analytic Products” for discovering forward-looking actionable information.
  - Objective: Increase our predictive analytics tools revenues, grow our market share and defend our current positions in the marketplace.

- Predictive Analytic Solutions
  - Definition: SPSS delivers “Predictive Analytic Solutions” to deploy predictions into business systems to improve the underlying business process. “Solutions” are deployments of our products, technology, methodology and services.
  - Objective: Create and lead the predictive analytics solutions market.
Products – Rename to Reflect Integrated Portfolio

- Unifies product families on functional basis
- Creates a clearer portfolio story
- Creates greater up-sell and cross-sell opportunities
- Increases deal size
We accomplish this by:

- Creating a unifying portfolio naming standard around *Predictive Analytics Software* (PASW)
- Creating consistent naming rules for all products
  - Organizing product families around **Capture**, **Predict** and **Act**
- Naming products with meaningful terms describing what the products do
- Integrating key “bundles” (core product + modules / options) into new premium offering
- Rolling out over Q1 and Q2 2009
Solutions – Seeking Sustainable Innovation

The World is Flat: Global Parity
Accelerated Market Expectations

Need for New Sources of Competitiveness

Sustainable Innovation
IP+ Customer Intimacy
## Predictive Analytic Solutions: Moving Forward

### Traditional Systems
- Ensure that customer interactions *happen*, and are *consistent, efficient* and *recorded*.
- Provide historical view
- Manually Measure ➔ Report ➔ Study
- Largely manual or drive static rules

### Predictive Analytic Solutions
- Ensure that the interactions are the *right* ones at the *right* times for the *right* customers.
- Predict future outcomes
- Algorithms that automatically “learn” significant patterns
- Deployed into business process for dynamic decision making

Predictive Analytics connect data to effect action by drawing reliable conclusions about current conditions and future events.

*SPSS has been doing this for 40 years.*
The Predictive Enterprise

A Predictive Enterprise drives profitable revenue growth by embedding analytics into key business processes across its business and using analytics to drive core business decisions.

How?

- Introducing data-driven decision making techniques
- Leveraging architecture & infrastructure to support consistent, cross-organizational use of analytics
- Deploying and operationalizing analytics within enterprise-wide business processes
Growth Strategy – Moving Upward in a Downturn

- Leverage Inside sales machine – play to strengths
  - “Core Accounts”
  - Coverage model

- Grow Indirect channel
  - “Indirect”
  - Reach model

- Target Field channel
  - “Strategic Accounts”
  - Focus model

- Research & Development – focus on the core
  - Stay ahead of the product curve
  - Create products that customers will buy

- Accelerate top line revenue through M&A
Playing to Our Strengths in a Difficult Environment

Financial Performance

Ray Panza, EVP & CFO
Revenue Guidance vs. Actual

Met or exceeded guidance in past 16 quarters

(dollars in millions)

Range:
- High: $57.0 $58.0 $58.0 $60.0 $64.0 $60.0 $63.0 $66.0 $68.0 $70.0 $70.0 $74.0 $76.0 $75.0 $78.0 $78.0
- Low: $55.0 $56.0 $56.0 $57.0 $61.0 $58.0 $61.0 $64.0 $65.0 $68.0 $68.0 $72.0 $74.0 $73.0 $74.0 $74.0
- Actual: $60.5 $57.5 $58.1 $58.3 $62.2 $62.2 $63.5 $64.7 $71.1 $70.2 $68.9 $72.3 $79.6 $78.2 $75.7 $74.9

Note: The red bars represent the range of Company guidance and the blue dots represent the Company’s actual performance.

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### GAAP EPS Guidance vs. Actual

**Met or exceeded guidance in past 15 of past 16 quarters**

<table>
<thead>
<tr>
<th>(dollars per share)</th>
<th>Q4'04</th>
<th>Q1'05</th>
<th>Q2'05</th>
<th>Q3'05</th>
<th>Q4'05</th>
<th>Q1'06</th>
<th>Q2'06</th>
<th>Q3'06</th>
<th>Q4'06</th>
<th>Q1'07</th>
<th>Q2'07</th>
<th>Q3'07</th>
<th>Q4'07</th>
<th>Q1'08</th>
<th>Q2'08</th>
<th>Q3'08</th>
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<tbody>
<tr>
<td><strong>Range:</strong></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>High:</td>
<td>$0.20</td>
<td>$0.10</td>
<td>$0.14</td>
<td>$0.22</td>
<td>$0.28</td>
<td>$0.20</td>
<td>$0.26</td>
<td>$0.30</td>
<td>$0.38</td>
<td>$0.27</td>
<td>$0.35</td>
<td>$0.42</td>
<td>$0.40</td>
<td>$0.45</td>
<td>$0.48</td>
<td>$0.48</td>
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<tr>
<td>Low:</td>
<td>$0.14</td>
<td>$0.05</td>
<td>$0.08</td>
<td>$0.15</td>
<td>$0.22</td>
<td>$0.14</td>
<td>$0.20 (1)</td>
<td>$0.24</td>
<td>$0.31 (2)</td>
<td>$0.23</td>
<td>$0.30</td>
<td>$0.38</td>
<td>$0.34</td>
<td>$0.40</td>
<td>$0.40</td>
<td>$0.42</td>
</tr>
<tr>
<td>Actual:</td>
<td>$0.20</td>
<td>$0.13</td>
<td>$0.21</td>
<td>$0.22</td>
<td>$0.30</td>
<td>$0.24</td>
<td>$0.12</td>
<td>$0.28</td>
<td>$0.43</td>
<td>$0.39</td>
<td>$0.36</td>
<td>$0.41</td>
<td>$0.50</td>
<td>$0.51</td>
<td>$0.41</td>
<td>$0.55</td>
</tr>
</tbody>
</table>

Note: The red bars represent the range of Company guidance and the blue dots represent the Company’s actual performance.

1. Q2'06 EPS includes non-recurring incremental R&D and marketing expenses and $0.8mm in non-operating non-cash currency exchange translation charges.
2. Q4'06 EPS adjusted for a non-cash income tax expense charge of $6.9mm. The effect of this charge on EPS was $0.33.
Diversified Revenue Stream

2007 Revenue by Category
- License: 49%
- Maintenance: 41%
- Services: 10%

2007 Revenue by Region
- Europe: 44%
- Americas: 41%
- Pacific Rim: 15%
British Pound vs. US Dollar
Euro vs. US Dollar
## Financial Summary

<table>
<thead>
<tr>
<th>$Millions</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>TTM 3Q08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$224.1</td>
<td>$236.1</td>
<td>$261.5</td>
<td>$291.0</td>
<td>$308.5</td>
</tr>
<tr>
<td>License Revenue</td>
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<td>$125.0</td>
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<td>$149.1</td>
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<td>$149.1</td>
<td></td>
</tr>
<tr>
<td>Operating Income</td>
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<td>$28.0</td>
<td>$34.3</td>
<td>$49.5</td>
<td>$52.3</td>
<td></td>
</tr>
<tr>
<td>Operating Margin</td>
<td>3%</td>
<td>12%</td>
<td>13%</td>
<td>17%</td>
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<td></td>
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<td>13%</td>
<td>17%</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>Operating Cash Flow</td>
<td>$12.3</td>
<td>$51.5</td>
<td>$48.2</td>
<td>$84.9</td>
<td>$78.9*</td>
<td></td>
</tr>
<tr>
<td>Cash (end of period)</td>
<td>$37.1</td>
<td>$84.4</td>
<td>$140.2</td>
<td>$306.9</td>
<td>$307.0</td>
<td></td>
</tr>
</tbody>
</table>

## Recent Financial Results

($millions - except EPS)  

<table>
<thead>
<tr>
<th></th>
<th>Y-T-D 09/08</th>
<th>Y-T-D 09/07</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>License</td>
<td>$107.0</td>
<td>$101.8</td>
<td>5%</td>
</tr>
<tr>
<td>Maintenance</td>
<td>98.9</td>
<td>87.9</td>
<td>13%</td>
</tr>
<tr>
<td>Service</td>
<td>22.9</td>
<td>21.7</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>228.8</td>
<td>211.4</td>
<td>8%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>191.2</td>
<td>176.6</td>
<td>8%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>37.6</td>
<td>34.8</td>
<td>8%</td>
</tr>
</tbody>
</table>

**Operating Margins**  

<table>
<thead>
<tr>
<th></th>
<th>Y-T-D 09/08</th>
<th>Y-T-D 09/07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>$28.2</td>
<td>$23.7</td>
</tr>
<tr>
<td>Fully Diluted EPS</td>
<td>$1.47</td>
<td>$1.16</td>
</tr>
</tbody>
</table>
## Operating Expense Detail
(w/wo Share-based Compensation)

### Detail Expenses Including Share-Based Compensation

<table>
<thead>
<tr>
<th>(In thousands, except per share)</th>
<th>Y-T-D 09/08</th>
<th>Y-T-D 09/07</th>
<th>% Change '08 vs. '07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Revenues</td>
<td>$16,236</td>
<td>$13,070</td>
<td>24%</td>
</tr>
<tr>
<td>Sales, Marketing, Services</td>
<td>115,036</td>
<td>101,839</td>
<td>13%</td>
</tr>
<tr>
<td>Research &amp; Development</td>
<td>33,550</td>
<td>36,444</td>
<td>(8%)</td>
</tr>
<tr>
<td>General &amp; Administrative</td>
<td>26,421</td>
<td>25,245</td>
<td>5%</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>$191,243</td>
<td>$176,598</td>
<td>8%</td>
</tr>
</tbody>
</table>

### Detail Expenses Excluding Share-Based Compensation

<table>
<thead>
<tr>
<th>(In thousands, except per share)</th>
<th>Y-T-D 09/08</th>
<th>Y-T-D 09/07</th>
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</thead>
<tbody>
<tr>
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<td>$16,236</td>
<td>$13,070</td>
<td>24%</td>
</tr>
<tr>
<td>Sales, Marketing, Services</td>
<td>113,777</td>
<td>100,880</td>
<td>13%</td>
</tr>
<tr>
<td>Research &amp; Development</td>
<td>32,728</td>
<td>35,477</td>
<td>(8%)</td>
</tr>
<tr>
<td>General &amp; Administrative</td>
<td>22,163</td>
<td>21,628</td>
<td>2%</td>
</tr>
<tr>
<td>Share-based Compensation</td>
<td>6,339</td>
<td>5,543</td>
<td>14%</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>$191,243</td>
<td>$176,598</td>
<td>8%</td>
</tr>
<tr>
<td>Year</td>
<td>Revenue (dollars in millions)</td>
<td>Year-over-Year Revenue Growth</td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>-------------------------------</td>
<td>------------------------------</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>$208.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>$224.1</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>$236.1</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>$261.5</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>$291.0</td>
<td>11%</td>
<td></td>
</tr>
</tbody>
</table>
New License Revenue

(dollars in millions)

Year over Year Revenue Growth

- 2003: $91.5
- 2004: $95.8
- 2005: $107.6
- 2006: $125.0
- 2007: $144.0

Yearly Growth Rates:

- 2003-2004: 5%
- 2004-2005: 12%
- 2005-2006: 16%
- 2006-2007: 15%

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Expanding Operating Income and Margins

(dollars in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Margin</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>-%-%</td>
<td>$0.1</td>
</tr>
<tr>
<td>2004</td>
<td>3%</td>
<td>$6.6(1)</td>
</tr>
<tr>
<td>2005</td>
<td>12%</td>
<td>$28.0(1)</td>
</tr>
<tr>
<td>2006</td>
<td>13%</td>
<td>$34.3(1)</td>
</tr>
<tr>
<td>2007</td>
<td>17%</td>
<td>$49.5(1)</td>
</tr>
</tbody>
</table>

(1) Includes charges for share based compensation in 2004, 2005, 2006 and 2007 totaling $0.2 million, $0.5 million, $6.7 million and $7.8 million, respectively.
Improving Earnings Per Share Growth

FY 2006 GAAP reported EPS includes 4Q non-cash income tax charge of $6.9 million ($0.34 per share) for the loss of certain tax attributes based on the Company’s 2006 assessment of worldwide income tax audits.
Statement of Financial Position

<table>
<thead>
<tr>
<th>December 31</th>
<th>Sept. 30</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>($ million)</td>
</tr>
<tr>
<td>2004</td>
<td>2005</td>
</tr>
<tr>
<td>$ 37.1</td>
<td>$ 84.4</td>
</tr>
<tr>
<td>23.4</td>
<td>11.4</td>
</tr>
<tr>
<td>21.5</td>
<td>20.4</td>
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<td>28.2</td>
<td>28.5</td>
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<tr>
<td>42.2</td>
<td>41.2</td>
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<tr>
<td>38.3</td>
<td>38.5</td>
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<tr>
<td>4.9</td>
<td>5.1</td>
</tr>
<tr>
<td>195.6</td>
<td>229.5</td>
</tr>
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</table>

Less: Deferred revenues | 81.8 |

Net Assets | $365.3 |

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
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</thead>
<tbody>
<tr>
<td>$ 3.4</td>
<td>$ 0.9</td>
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<td>1.6</td>
<td>0.9</td>
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<tr>
<td>1.6</td>
<td>1.6</td>
</tr>
<tr>
<td>128.5</td>
<td>163.7</td>
</tr>
<tr>
<td>216.5</td>
<td>209.4</td>
</tr>
<tr>
<td>133.5</td>
<td>165.5</td>
</tr>
<tr>
<td>218.1</td>
<td>361.8</td>
</tr>
</tbody>
</table>

Non-current debt | $150.0 |

Other non-current liabilities | 2.6 |

Stockholders’ equity | 212.7 |

Non-current liabilities and stockholder equity | $365.3 |

(1) Ex-deferred income tax/deferred revenues
(2) Purchased 1.5M shares of SPSS stock for $50.0 million in March 2007
(3) Purchased 0.6M shares of SPSS stock for $21.8 million during 4Q 2007
(4) Purchased 0.8M shares of SPSS stock for $27.9 million during 1Q 2008.
## Non-Cash Working Capital

<table>
<thead>
<tr>
<th></th>
<th>December 31</th>
<th>Sept. 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2004</td>
<td>2005</td>
</tr>
<tr>
<td>Non-Cash Working Capital*</td>
<td>$23.4</td>
<td>$11.4</td>
</tr>
<tr>
<td>Revenue (12 months)</td>
<td>$224.1</td>
<td>$236.1</td>
</tr>
<tr>
<td>Non-Cash Working Capital as a Percent of Revenue</td>
<td>10.4%</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

*Ex-deferred income taxes and deferred revenue*
Strong Cash Flows from Operations

(dollars in millions)

2003: $22.2
2004: $12.3
2005: $51.5
2006*: $48.2
2007: $84.9

* Beginning in 2006, tax benefit from share-based compensation is included in “Cash from Financing Activities” rather than “Cash Flows from Operations.”
SPSS Remains Positioned for Success

- Holds market leadership position
- Maintains financial strength
- Has managed through downturns before
- Can’t change the slowdown
- Can manage effectively through it
- Moving upward in a downturn is our goal
People Data: Now It’s Personal!

Erick Brethenoux, VP Corporate Development
Digital Noise = Semantic Deafness
Customer Segments = Blurred Vision
The Noise Volume is Increasing…

Products Proliferation
- TNS Media Intelligence has 2 million brands in its database growing at 700 a day, over 10% a year
- In the 1990s, the number of brands on grocery store shelves tripled from 15,000 to 45,000

Access Proliferation

Media Proliferation
- 17,300 magazine titles (8,400 in 1960)
- 13,000 radio stations (4,400 in 1960)
- 82.4 TV channels per home (5.7 in 1960)
- 86.7M unique SNA users (March 2008)
- 3.3B cell users linked by GPS & SNA

Online Matching
- match.com

Online Communities
- myspace.com
- xing
- technorati

Business Networks
-结合起来

Alumni Networks
- trombi.com

Copyright 2008, SPSS Inc.
Through a Multitude of Personalities

- Influencer
- Consumer
- User
- Participant
- Customer
- Comedian (MySpace)
- VP (Siebel)
- Netizen (Second Life)
- Apocalypto (WoW)
- Chef (Amazon)

Which One Is it?

Friends & Family

Copyright 2008, SPSS Inc.
In general, consumers trust other consumers! Traditional Media fare reasonably well, but online and mobile phone Ads aren’t to be trusted.

Source: Global Nielsen consumer report - Trust in Advertising - October 2007 (Base: 26,486 internet users in 47 markets from Europe, Asia Pacific, the Americas and the Middle East)
Moments of Truth

- At every customer interaction with a company, there is at least one "moment of truth" an interaction that can disproportionately positively or negatively affect the customer experience.

Source: Gartner (November 2007)
… In the Hands of Consumers
When Should Organizations Engage?

*Lifetime changing events*

- First job
- Having a child
- Graduating
- Getting married
- New City

*Immediacy*

*Right time vs. Real time*

Copyright 2008, SPSS Inc.
... And How Deeply to Engage?

- Your most important relationships are buried in your mobile phone records

**Proximity frequency**

<table>
<thead>
<tr>
<th></th>
<th>Sun</th>
<th>Mon</th>
<th>Tue</th>
<th>Wed</th>
<th>Thur</th>
<th>Fri</th>
<th>Sat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friend</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office mate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Friendship (left) and daily proximity (right) networks share similar structure

Source: MIT reality mining project - gathered 500,000 hours (60 years) of cell phone usage on campus (e.g., call logs, Bluetooth proximity, towers ID, apps usage, status [charging, idle, off…])

Copyright 2008, SPSS
No Decisions Without Emotions

- At banks, emotionally charged interactions (e.g., receiving financial advice and negotiating mortgages as opposed to buying travelers’ checks) can have dramatic impacts on the organization’s bottom line.

\[\text{Source: Survey of 2,229 large banks customers - The McKinsey Quarterly - “The moment of Truth in Customer Service”}^1\]
CEOs are Investing in Active Listening

Chart 1. What companies use most to analyze customer information

- Employee interactions with customers: 81%
- Blogs, wikis, social networking, chat rooms: 53%
- Emails, call center transcripts: 42%

Chart 4. In the next 24 months, do you expect your company’s overall investment in knowing your customers to:

- Increase: 65%
- Stay the same: 26%
- Decrease: 2%
- No response: 7%

Source: PWC Management Barometer 1Q08 (Base: based on interviews with 118 senior executives of large, US-based multinationals - Avg Revenues $7.1B)

Copyright 2008, SPSS Inc.
Toward the End of the Averaged Customer

- The start of a (multi-channel) conversation
  - Multiple personalities online disorder
  - “The circle of Trust”
  - Right time vs. real time \((T = N)\)
  - Emotionally charged moments of truth

- The tipping point of intimacy: a friendly insult?

- Shift of Intellectual Property from products to clients
  - The true face of customer intimacy
  - Turning customer insights into profitable results

- Now it’s personal!

Now it’s personal!
Maintaining the Technological Advantage
Taking Risks without Taking Chances

Rich Holada, SVP Technology
Foundation in Science & Data – 40 Years

- Science
  - Still alive & being invested in by academic community
  - Acknowledged more & more by business

- Data
  - Growing exponentially in volume
  - Increased value to business
Target Users

- Analysts – More products for existing customers
  - Build new add-on options
  - Build in Platform; use across multiple products
  - Cross-product integration

- “New” Analysts - Broadening the current user base
  - Increase usability through automation
  - Build in Platform; use across multiple products

- Consumers - Creating a new class of users
  - Analytics are hidden from the consumer
  - Deliver deployment technology through the Platform
  - Cross-product integration
R&D Investment Focus

- Science & Data
  - Maintain dominant position with Analysts

- Usability
  - Enabling the less sophisticated “New” Analysts

- Deployment Capability
  - Enabling the “consumer,” an entirely new class of user
Science & Data

- New algorithms
- New data sources
- PSM (patented ultra-scalability mechanisms)
- GPL (patented visualization technology)
Science & Data – GPL
Usability

- Algorithm Automation
  - Automated data preparation (ADP)
  - Automated model selection

- Targeted application interfaces and processes
  - Modeler Advantage
  - Custom Dialogs
  - SPSS EZ RFM
Usability – SPSS EZ RFM
Deployment – Platform Architecture

Capture
Data Collection

Predict
Modeler
Stats
Text Mining

Act
Deployment Services

Platform Services
Pre-Built Content

Attract
Up-sell
Retain
## R&D Summary

<table>
<thead>
<tr>
<th>User</th>
<th>Focus</th>
<th>Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analyst</td>
<td>Science &amp; Data</td>
<td>New Algorithms</td>
</tr>
<tr>
<td></td>
<td></td>
<td>New Data Sources</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PSM</td>
</tr>
<tr>
<td></td>
<td></td>
<td>GPL</td>
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<tr>
<td>New Analyst</td>
<td>Usability</td>
<td>Algorithm Automation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Targeted Applications</td>
</tr>
<tr>
<td>Consumer</td>
<td>Deployment</td>
<td>Platform Architecture</td>
</tr>
</tbody>
</table>
Executing Through Multiple Channels
“Covering the Table”

Alex Kormushoff, SVP WW Field Operations
SPSS Channel Strategy – 18 Months Ago

75%

Inside
- Coverage Model
- Transaction-based

25%

Field
- Coverage Model
- Transaction-based
SPSS Channel Strategy – Now

74%  12%  14%

**Core Accounts**
- **Name:**
- **How:** Transactions
- **What:** Coverage Model
- **Sell To:** Analysts
- **User:** Analyst

**Strategic Accounts**
- **Name:**
- **How:** Account Development
- **What:** Focus Model
- **Sell To:** Executives
- **User:** Consumer

**Indirect**
- **Name:**
- **How:** Partners
- **What:** Reach Model
- **Sell To:** Through Partners
- **User:** Analyst/Consumer
SPSS Channel Strategy – Core Accounts

- Charter: Transactions / Coverage Model
  - High Volume Churn Business
    - 33K transactions → ~50% of License revenue
  - Moved some Field to Inside
  - Driven by Direct Marketing
SPSS Channel Strategy – Strategic Accounts

- **Charter: Account Development / Focus Model**
  - Based on high propensity model
    - Finance, banking, insurance
    - Retail
    - Telco
    - CPG
    - Market research
    - US Federal (HLS, IRS, FBI, Border Patrol…)
  - Account development / account penetration approach
SPSS Channel Strategy – Indirect

- Charter: Partners / Reach Model
  - Franchises
  - Distributors
  - OEMs
  - Alliances
SPSS Go-To-Market Channels

- Goals
  - Transition
    - From geographic model supported by channel
    - To channel model supported by geography
  - Performance
    - Improve execution across channels
    - Improve collaboration across channels
    - Improve scalability
  - Align capacity and investment across channels
<table>
<thead>
<tr>
<th>Name: Core Accounts</th>
<th>Name: Strategic Accounts</th>
<th>Name: Indirect</th>
</tr>
</thead>
<tbody>
<tr>
<td>What: Coverage Model</td>
<td>What: Focus Model</td>
<td>What: Reach Model</td>
</tr>
<tr>
<td>Sell To: Analysts</td>
<td>Sell To: Executives</td>
<td>Sell To: Through Partners</td>
</tr>
<tr>
<td>User: Analyst</td>
<td>User: Consumer</td>
<td>User: Analyst/Consumer</td>
</tr>
</tbody>
</table>

74% 12% 14%
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