State of the e-commerce Software Market

Global e-commerce software sales trends

Mark Iverson, group vice president – DR globalDirect

Presentations are available for you to download:

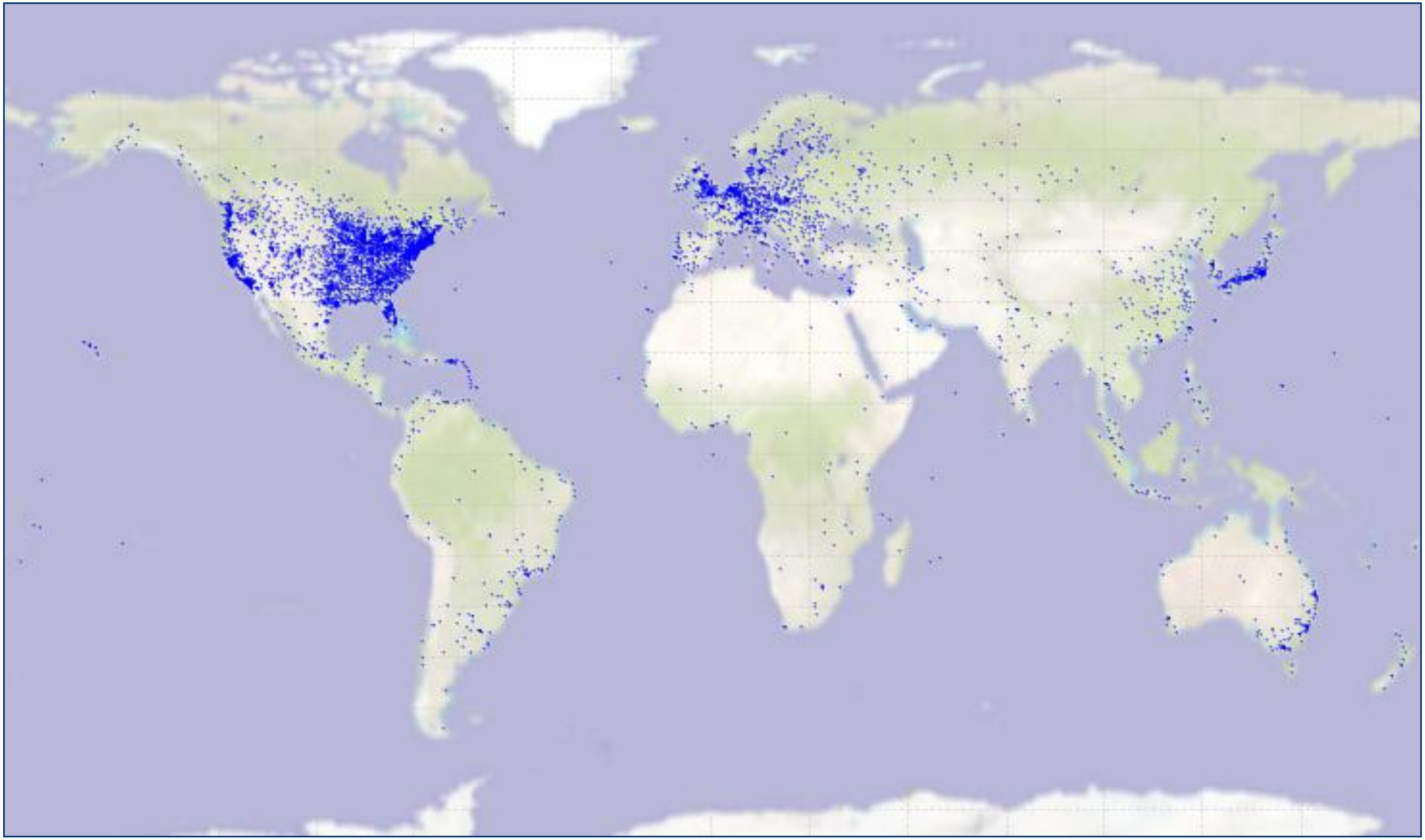
SIC Web site

www.sic.org

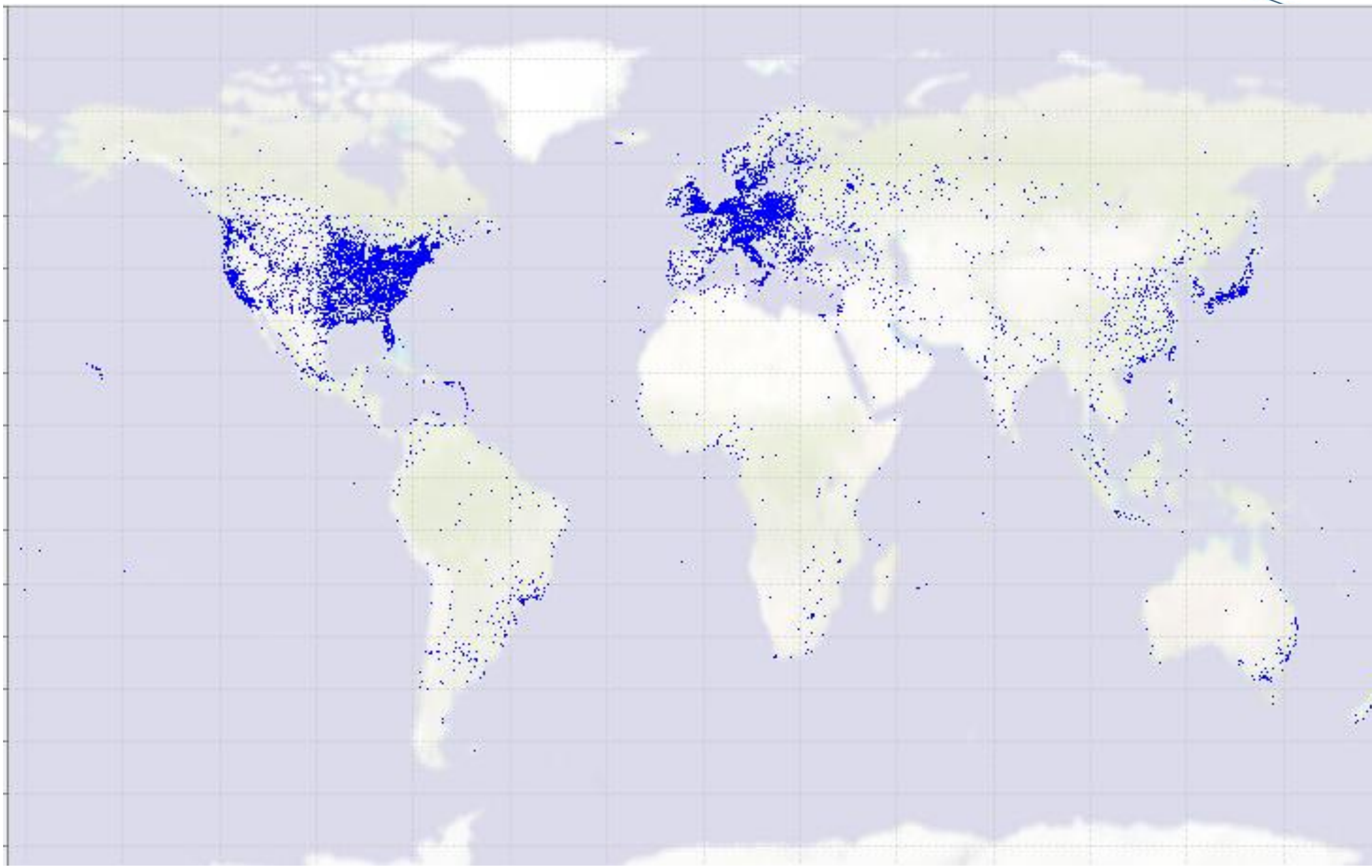
Digital River Developer Resource

www.developer-resource.com

Globalization – 24 hours of sales during 2008



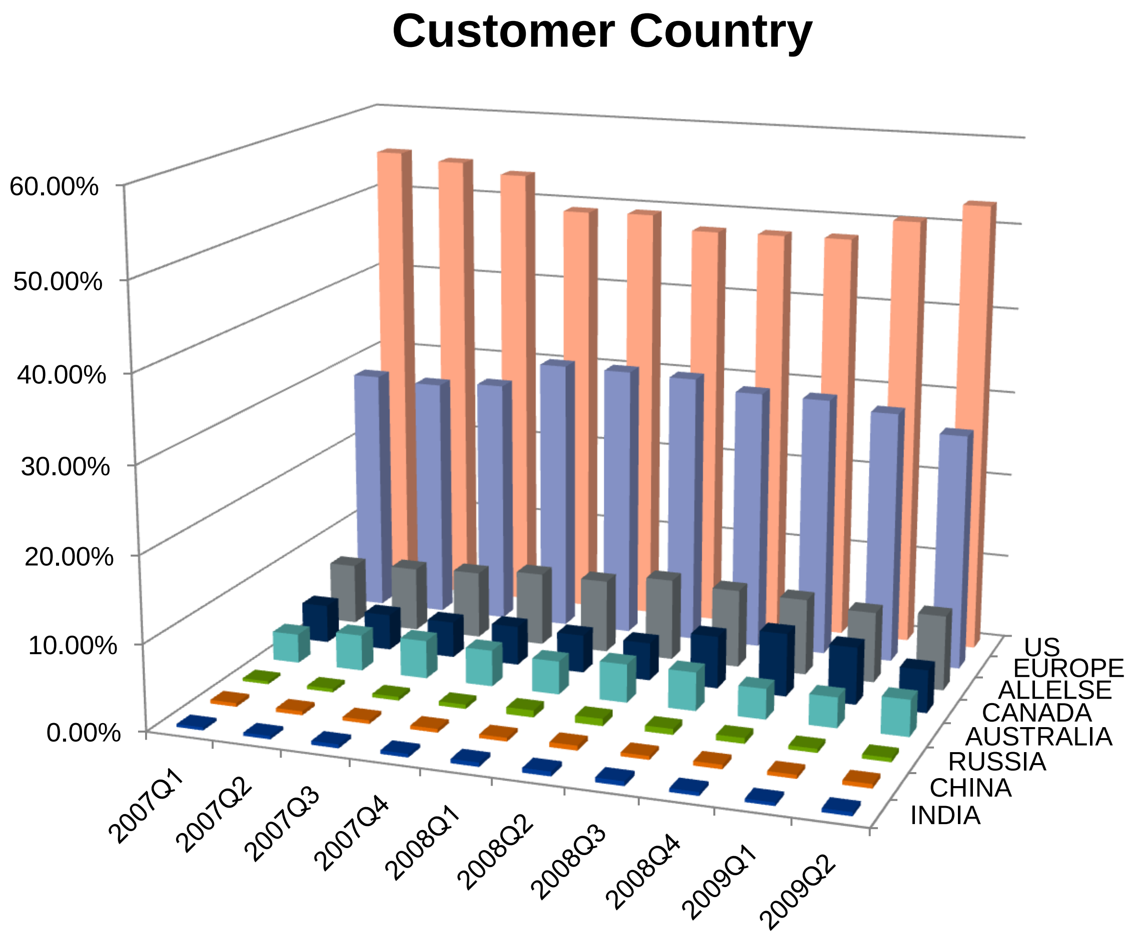
Globalization – 24 hours of sales during 2009



Globalization

> Data includes **ALL** Digital River shareware platforms sales!

Are you global? Here is where consumers are buying software.



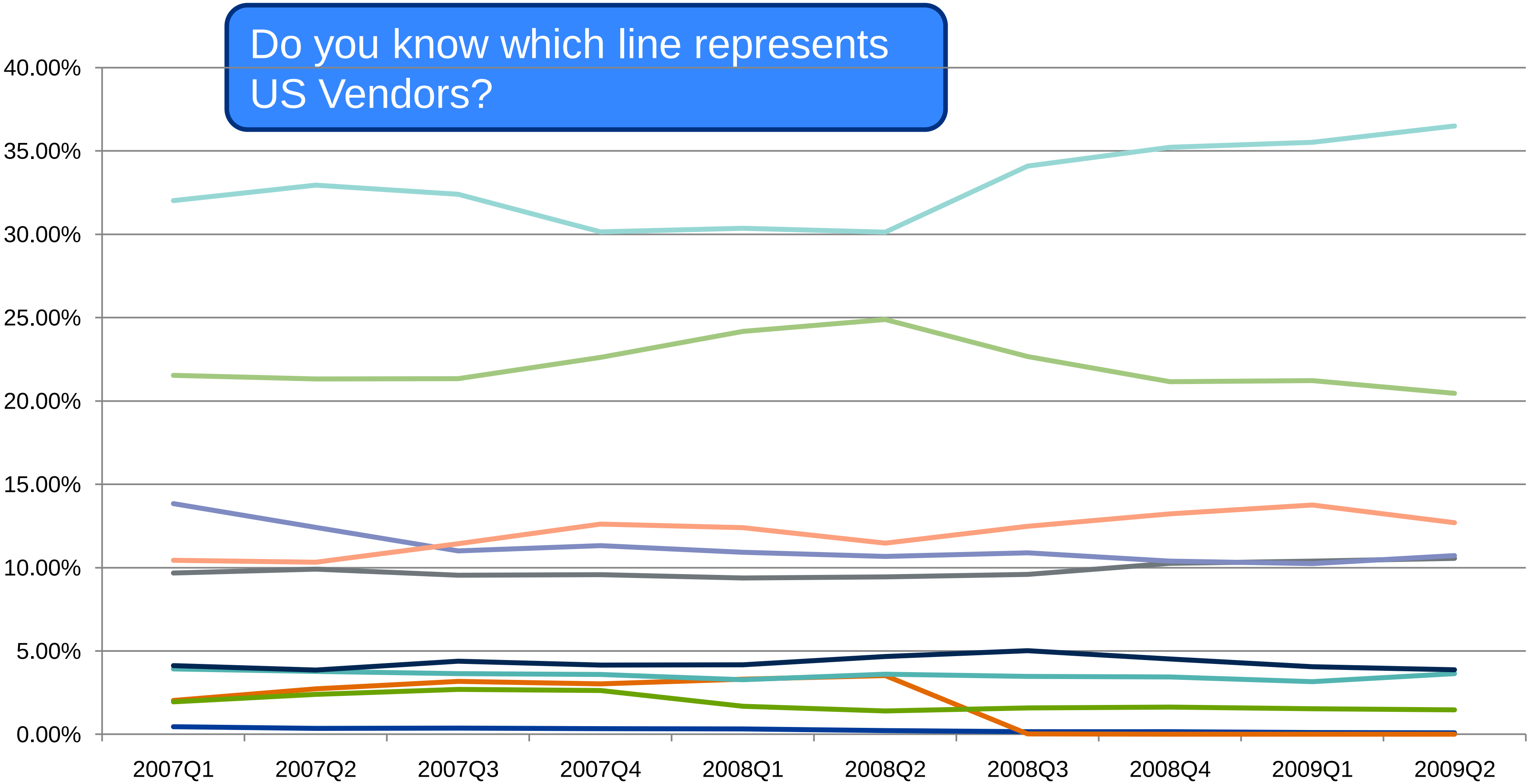
Key trends

> Dependence on US consumers continues hold steady

> Continued trend towards EU maintains as well

>Increases in Canadian and All Else sales continues

Digital River Vendor sales mix by ***vendor*** location



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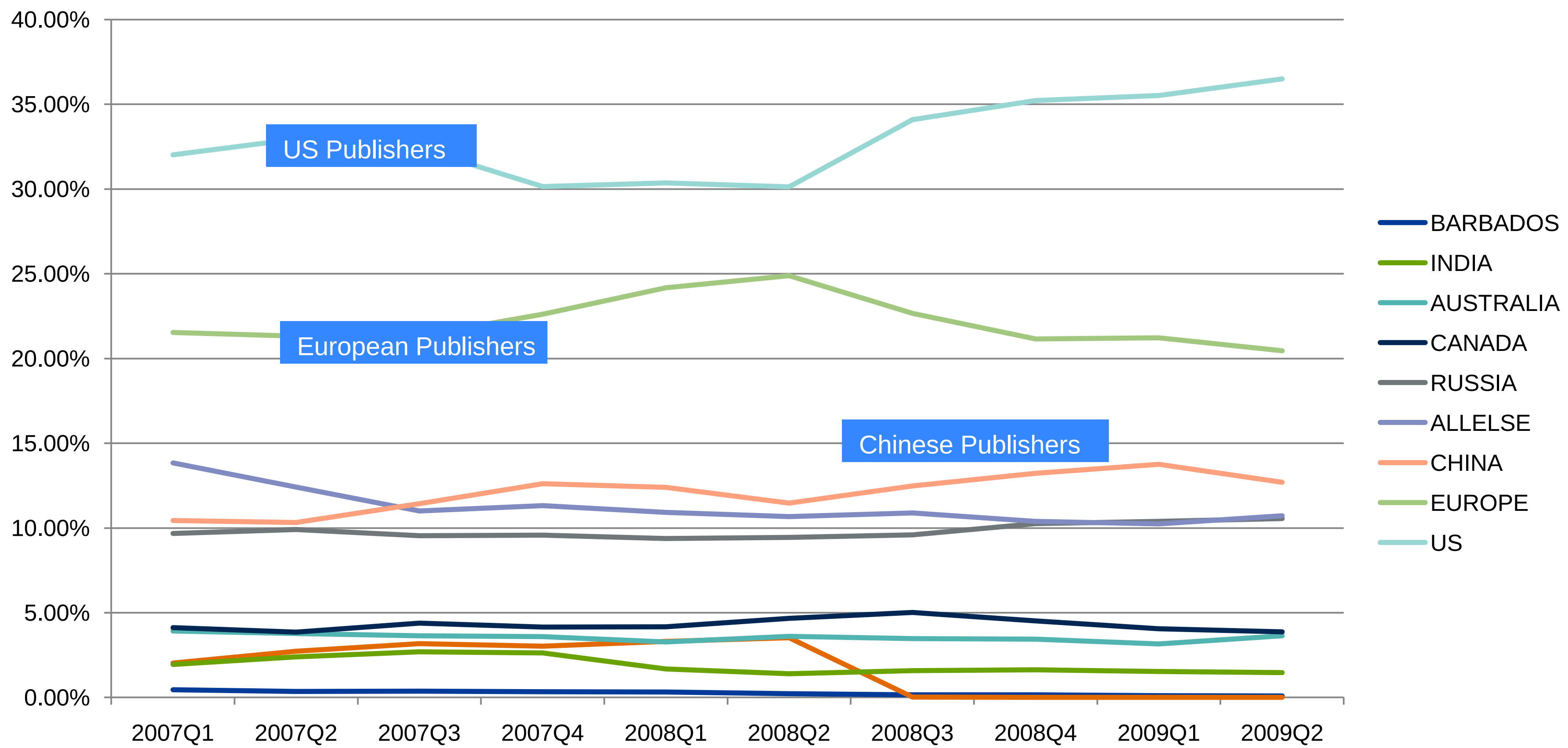
Digital River Vendor sales mix by ***vendor*** location



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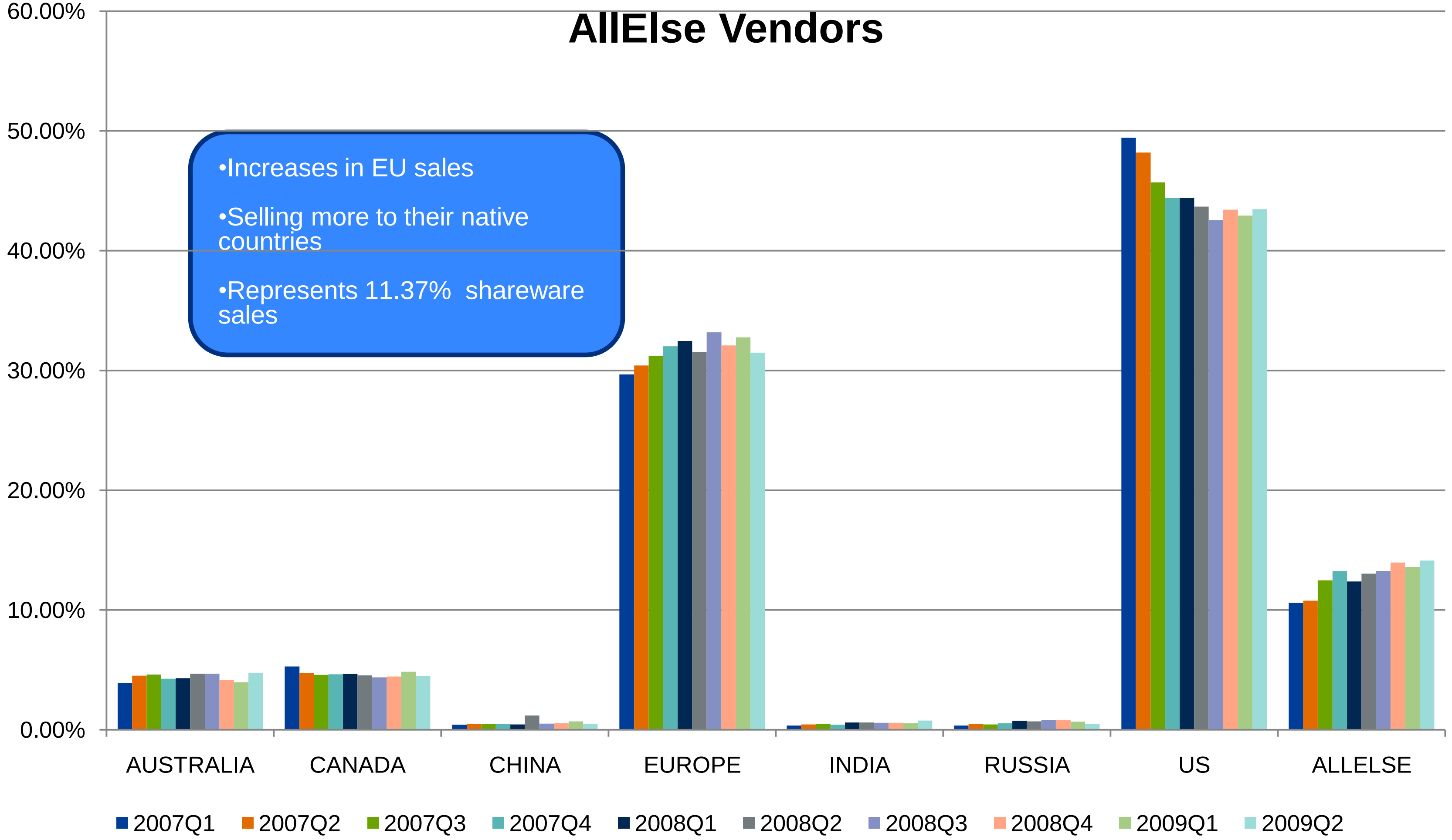
Who are All Else “rest of world” publishers selling to?



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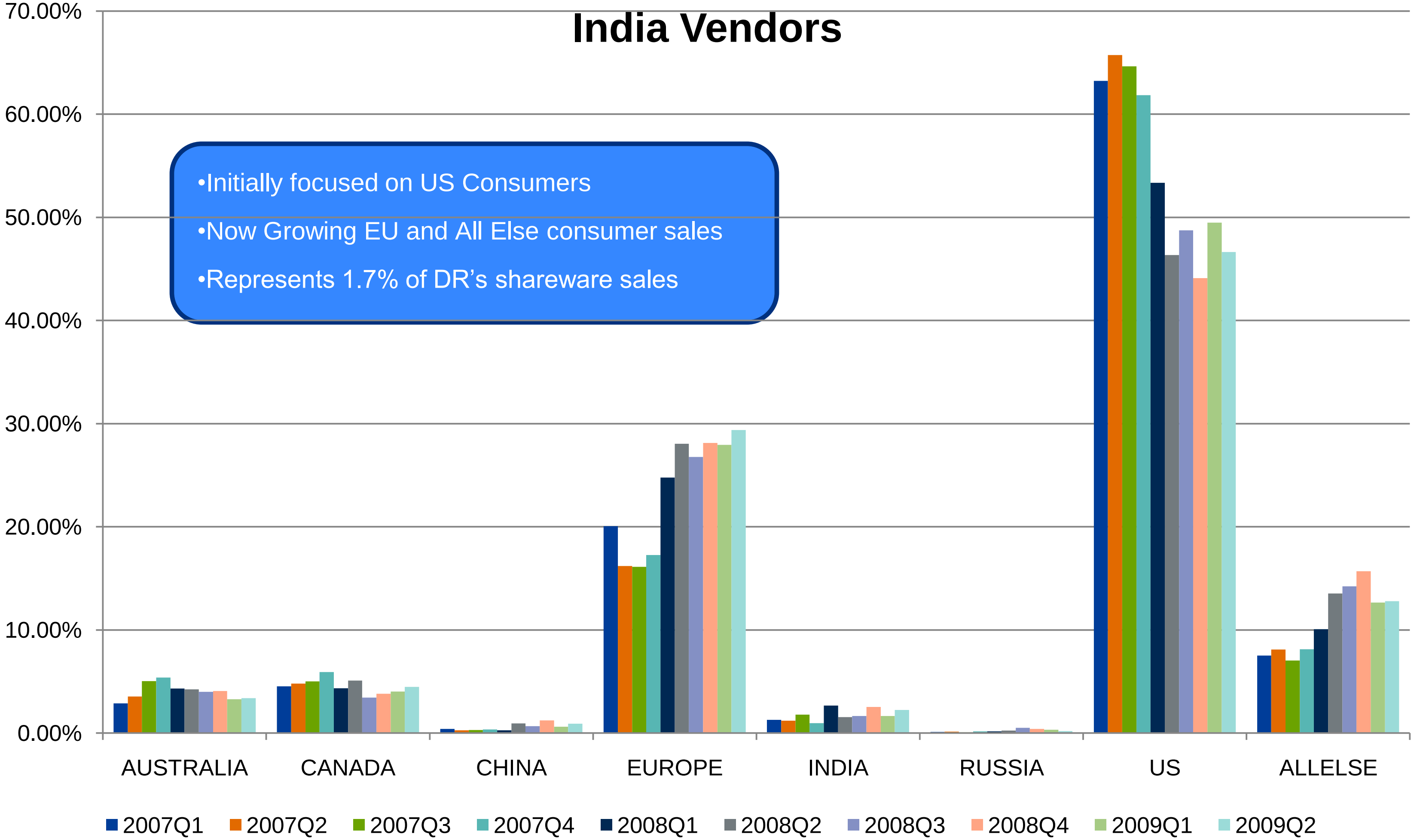
Who are Indian publishers selling to?



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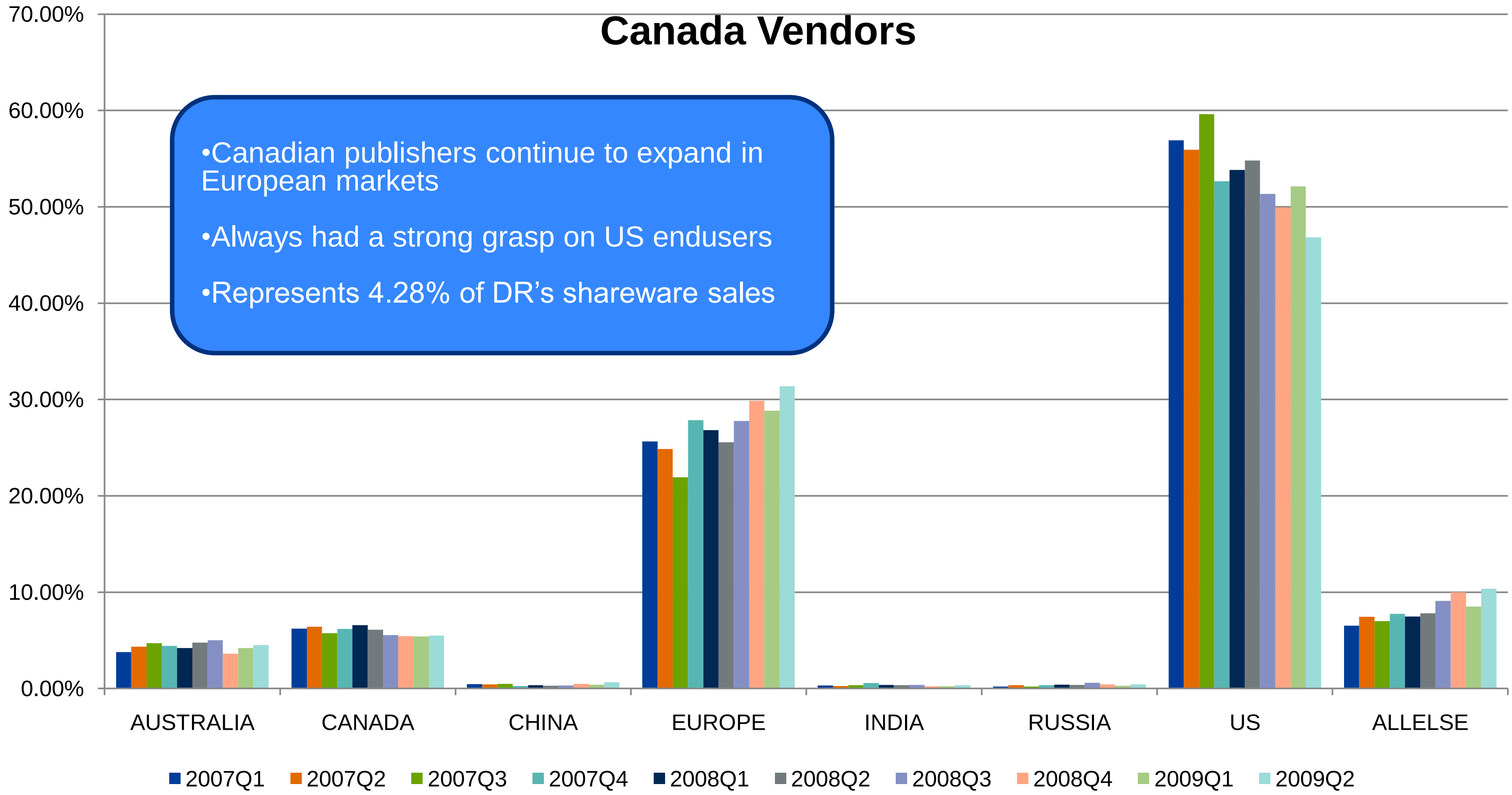
Who are Canadian publishers selling to?



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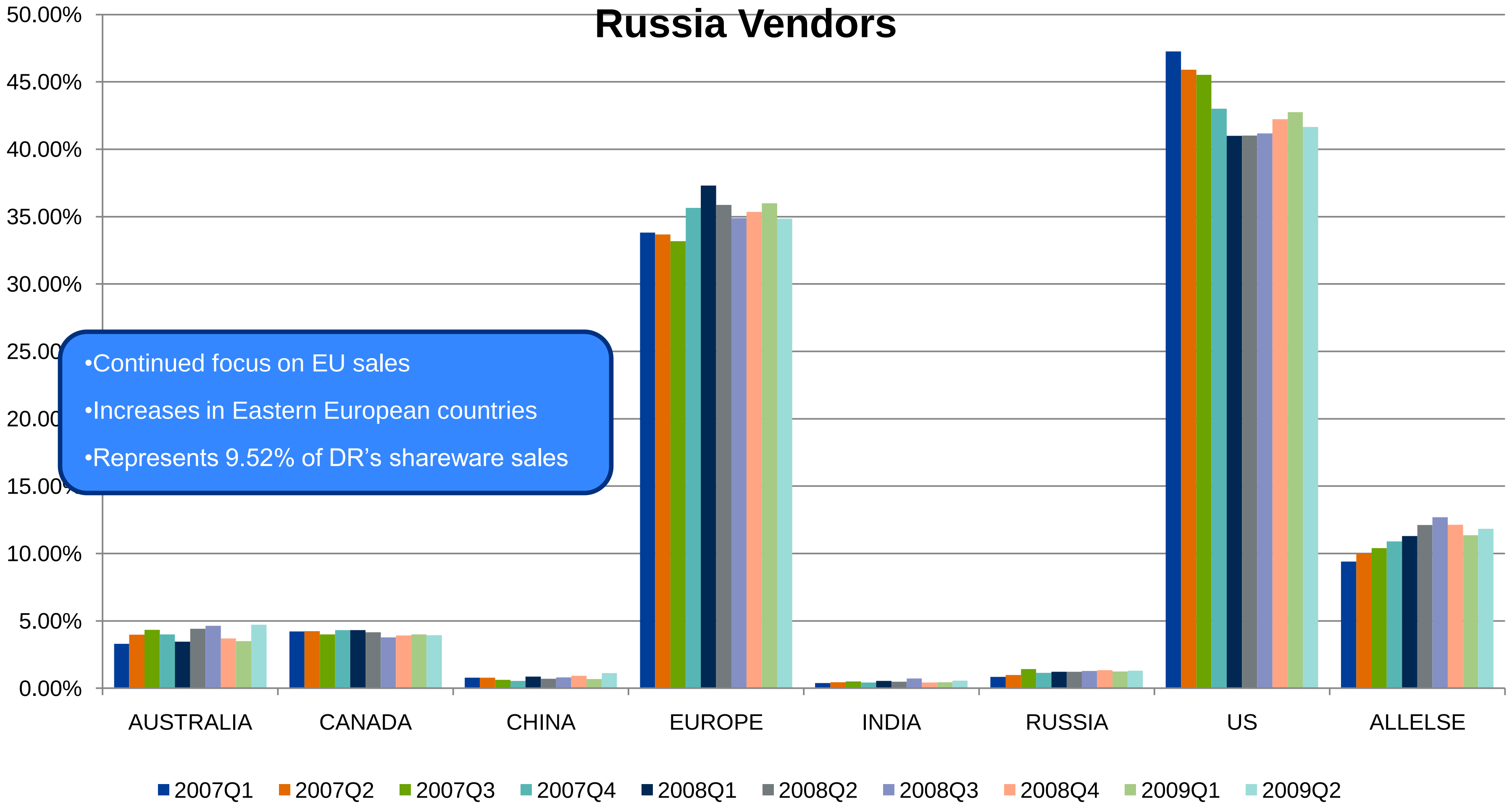
Who are Russian publishers selling to?



- Continued focus on EU sales
- Increases in Eastern European countries
- Represents 9.52% of DR’s shareware sales

Who are Chinese publishers selling to?

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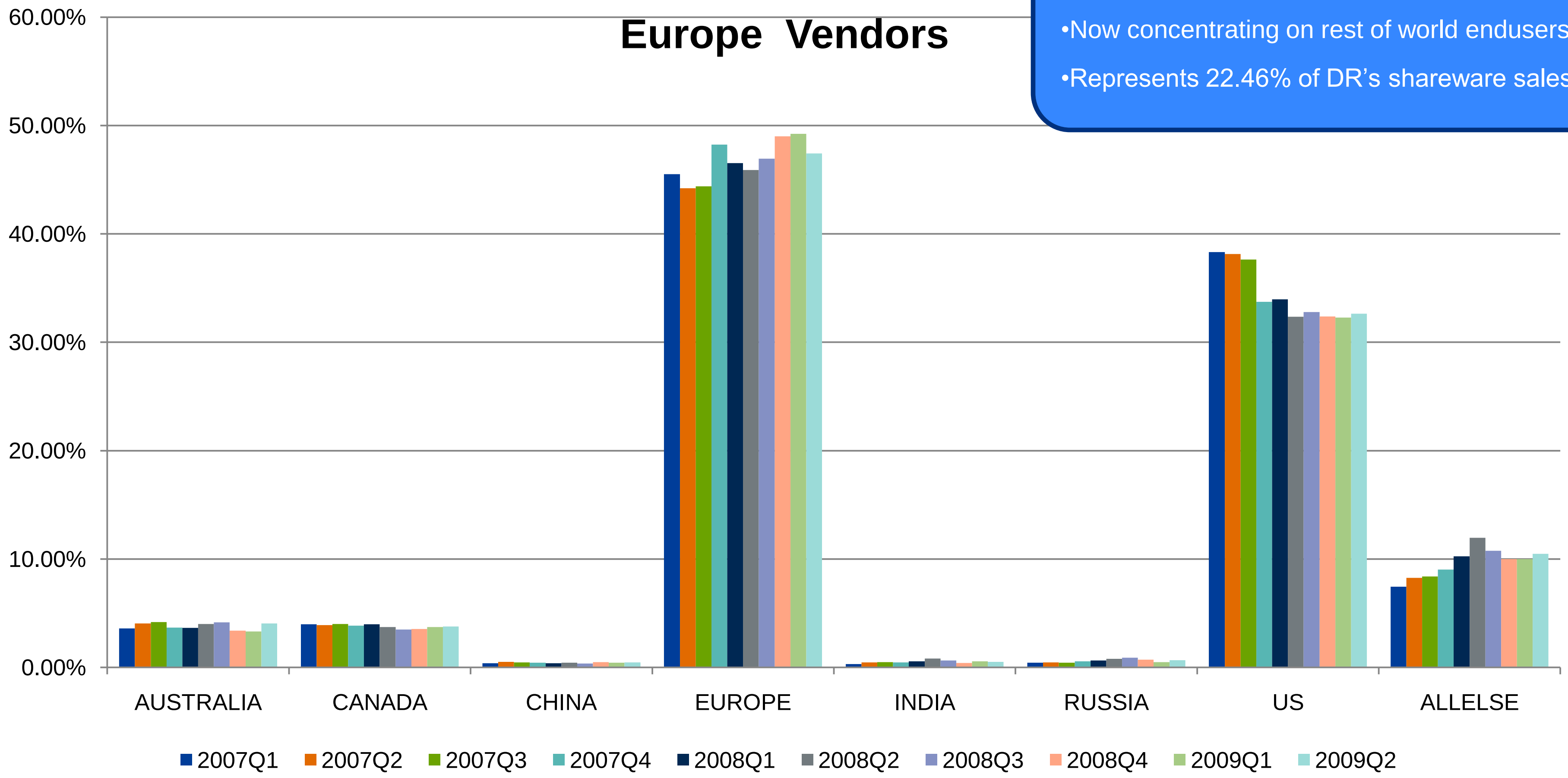
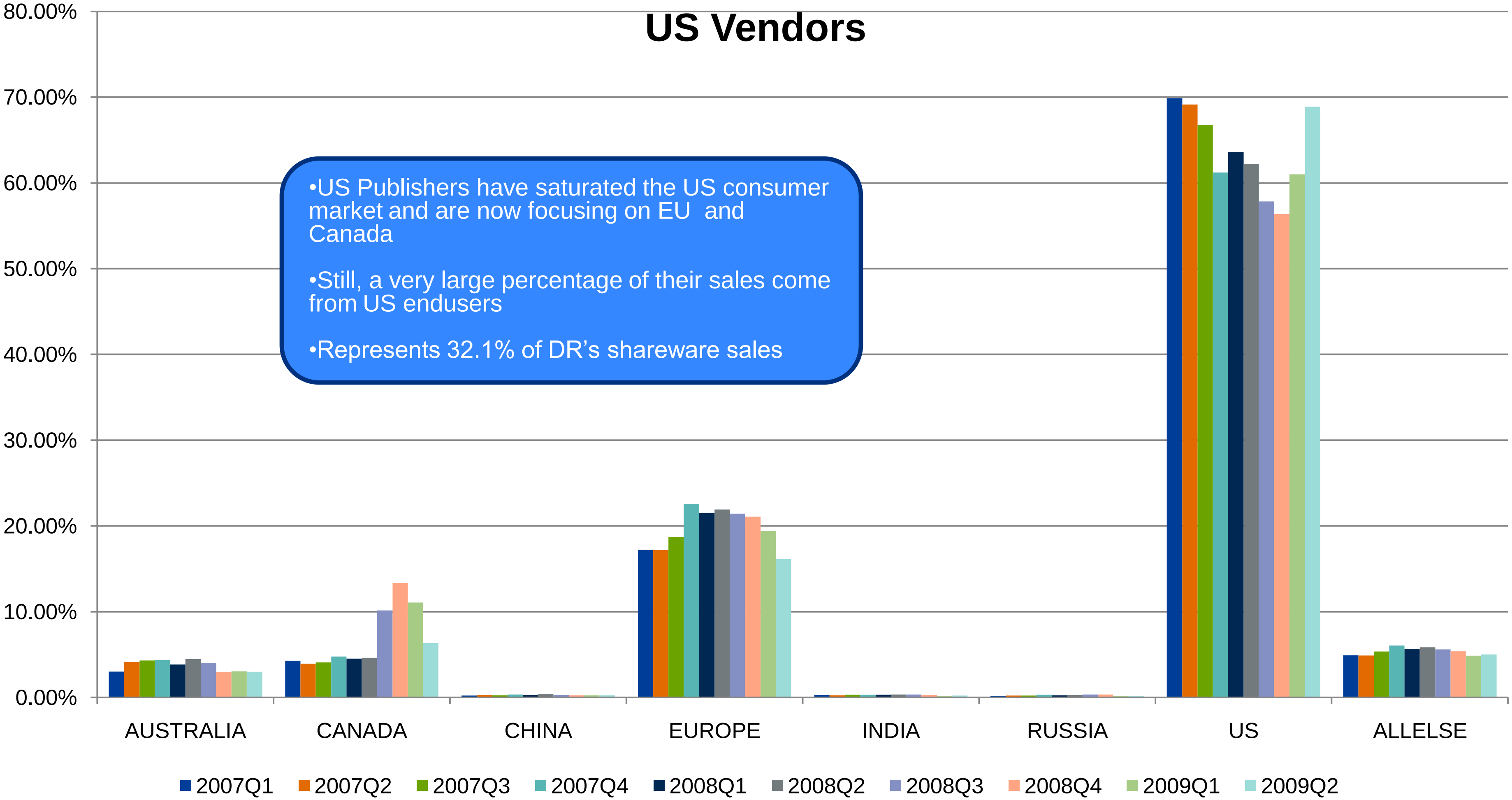
Who are European publishers selling to?

- Have always focused on EU consumers utilizing our share-it and SWReg platforms
- Now concentrating on rest of world endusers
- Represents 22.46% of DR's shareware sales



Who are US publishers selling to?



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What does it all mean?

> Our clients are focusing on the markets they know best

> All mature geographical developers are still very focused on the largest software market (US) and Europe

> All Else “rest of world” publishers are now making significant contribution to overall global software sales

> India has now entered into the global market

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Real Facts in Unreal Market Conditions

Turning the recession into an opportunity

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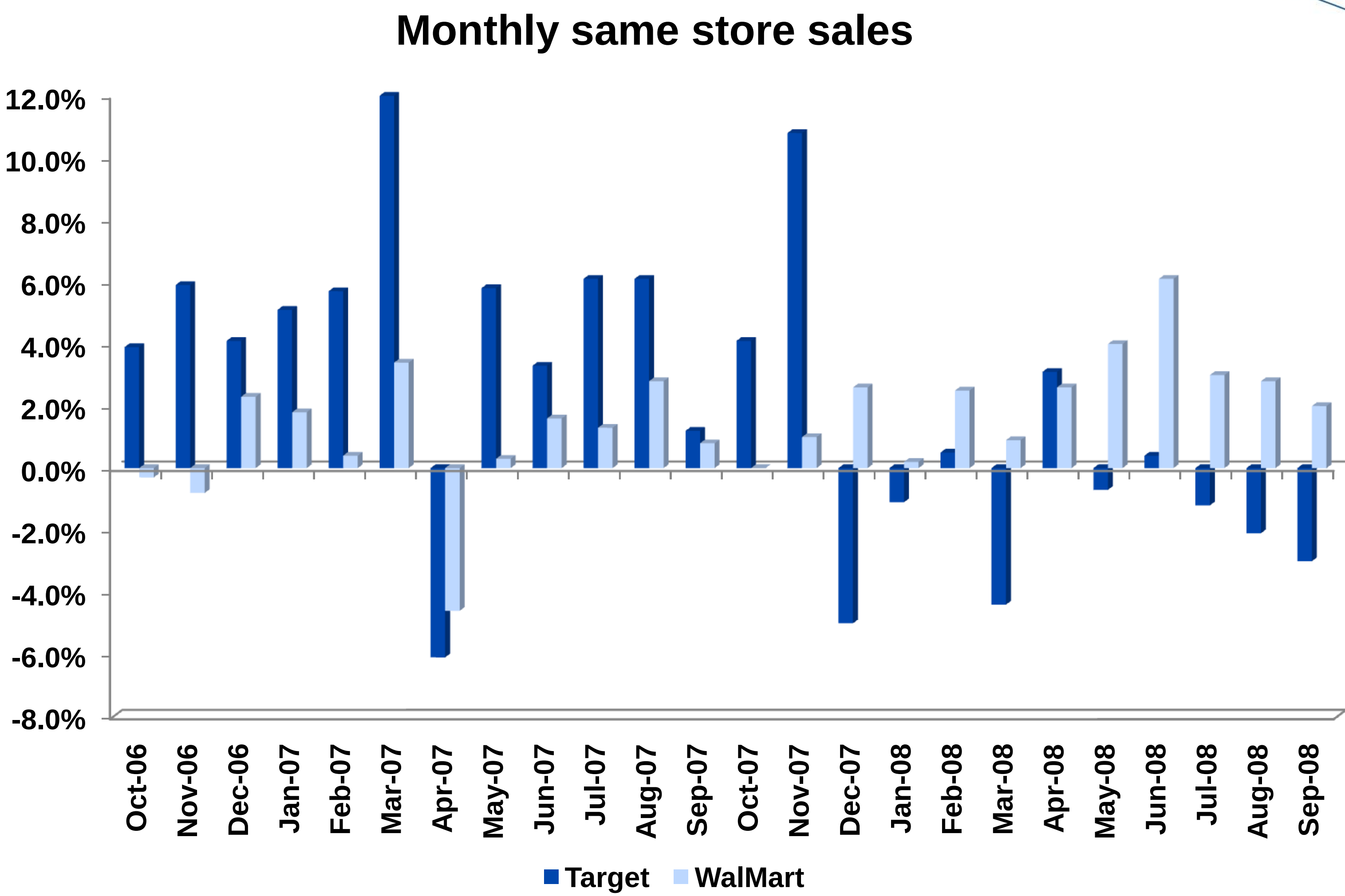
Consumer Shopping Behaviors



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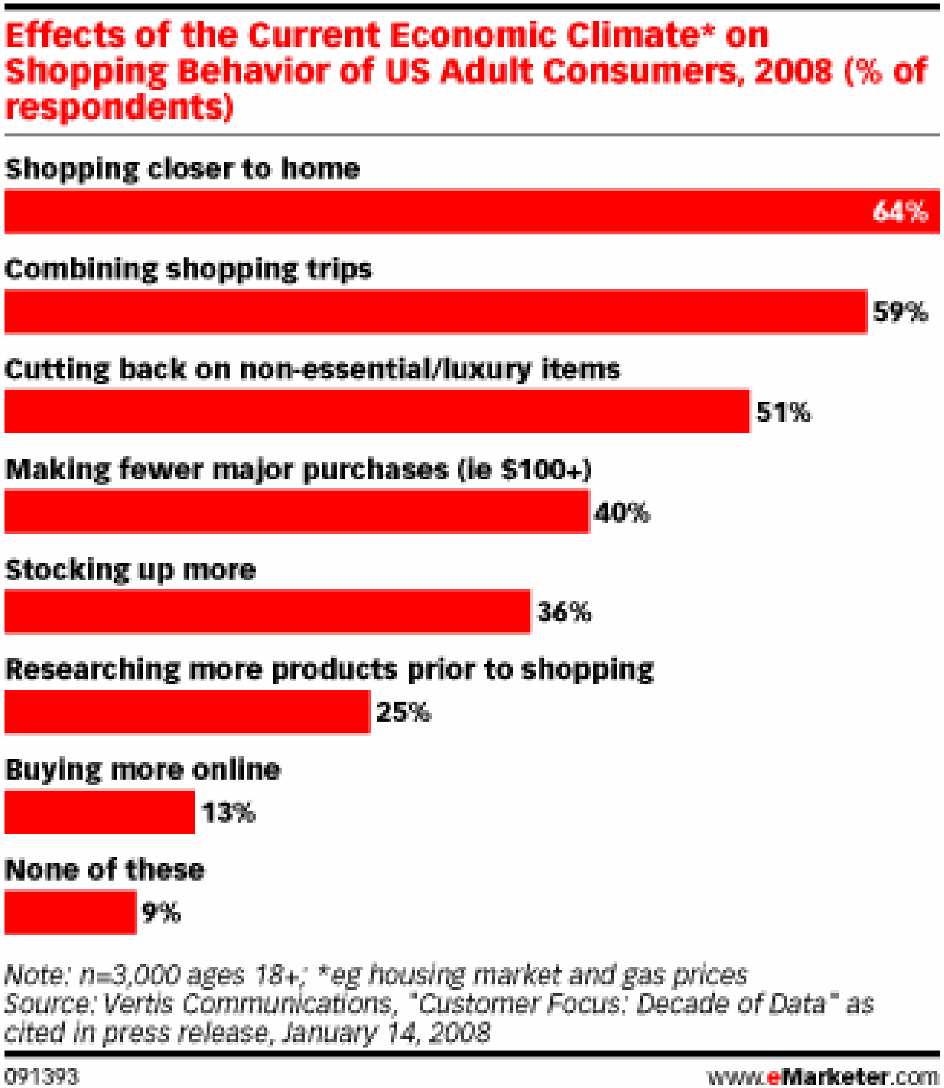
Shopping Behaviors



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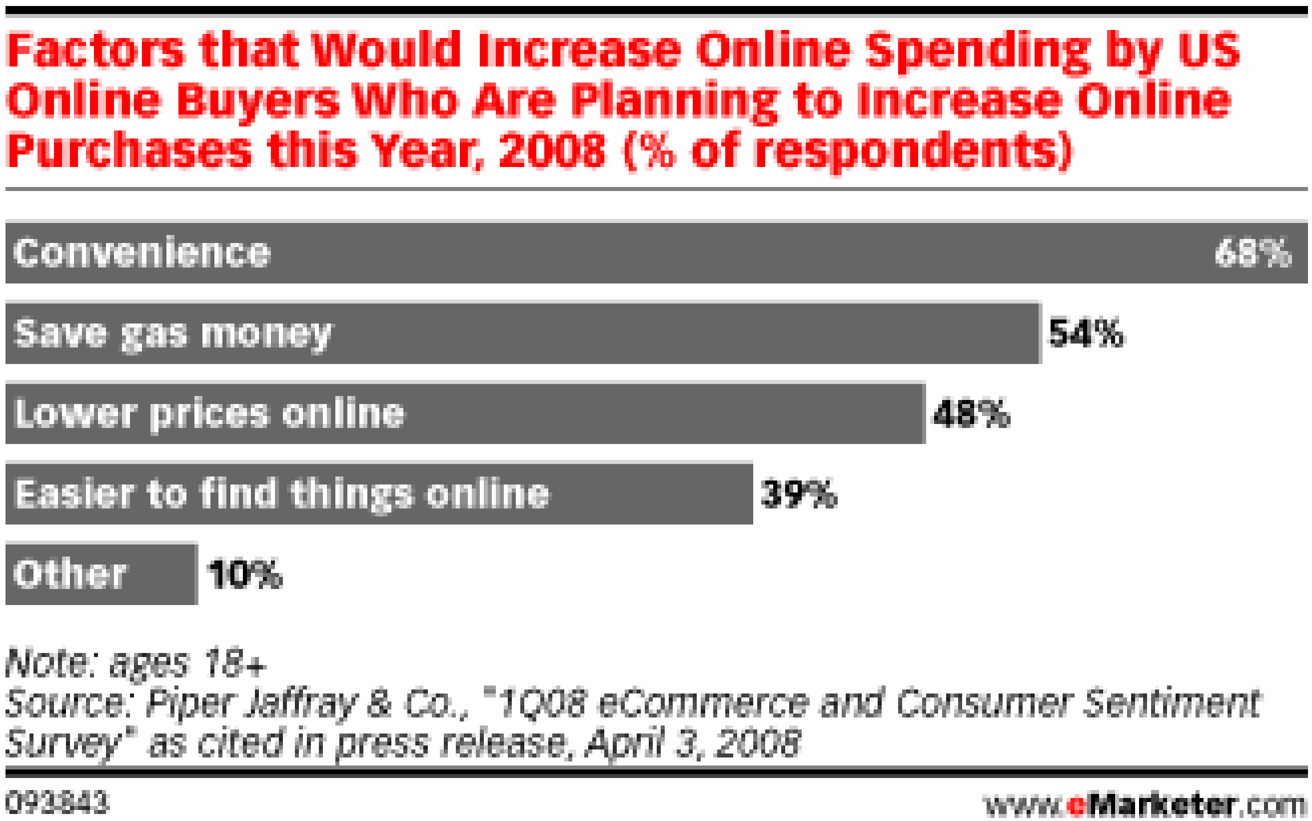
Online Shopping Behaviors



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Who is winning in this economy and who is getting hurt?

Year To Date Sales Trends	Sales
Vendors $85K in Sales or Higher Per Month	17.19%
Vendors $35K-$84K Sales Per Month	-10.92%
Vendors $10K-$34K Sales Per Month	-15.90%
Vendors $9K or Lower Sales Per Month	-38.39%

- The larger vendors are gaining market share
  - More marketing efforts, less product focus
  - View the economy as an opportunity to acquire endusers
  - Focus on cash flow not margin
  - Increasing their marketing spends
- Smaller vendors are not marketing as hard as their competition and are losing market share

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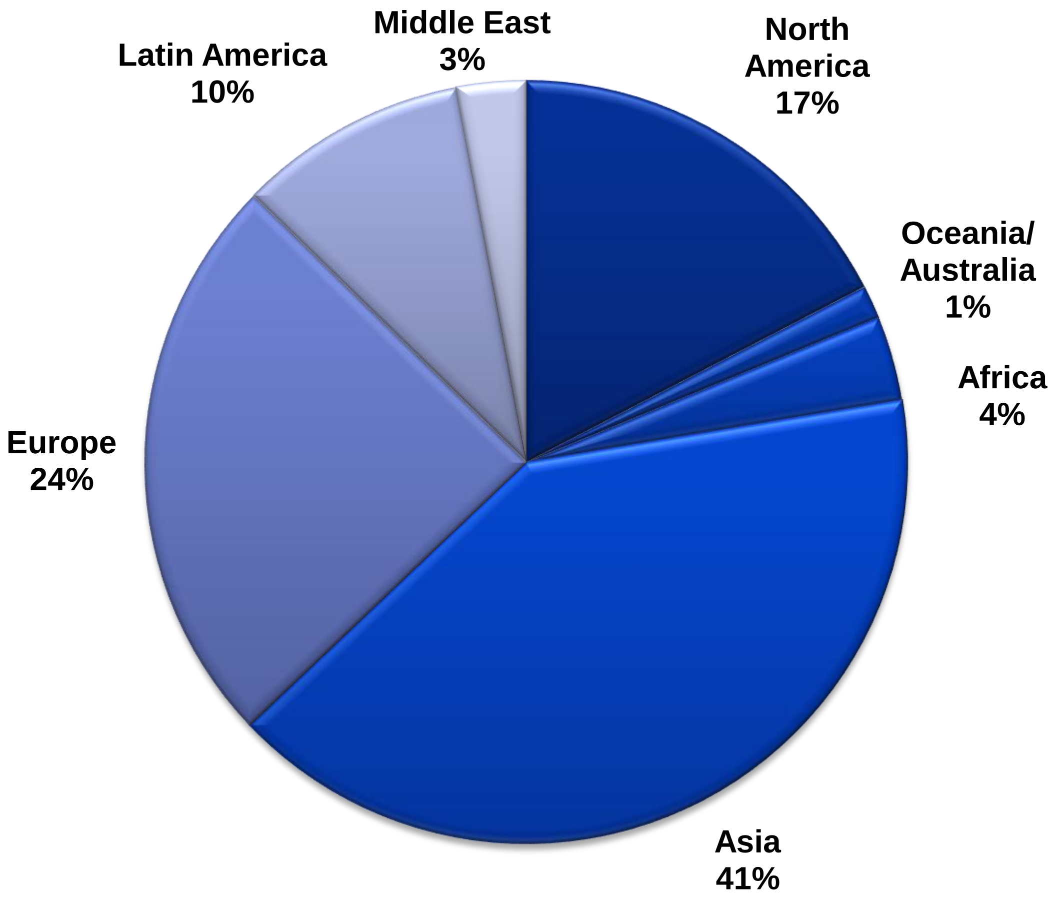
Emerging trends



Worldwide internet users

> Strong internet usage growth continues in Asia

> Strong growth in Latin America, Middle East and Africa from smaller bases

> Slow growth in North America due to high penetration

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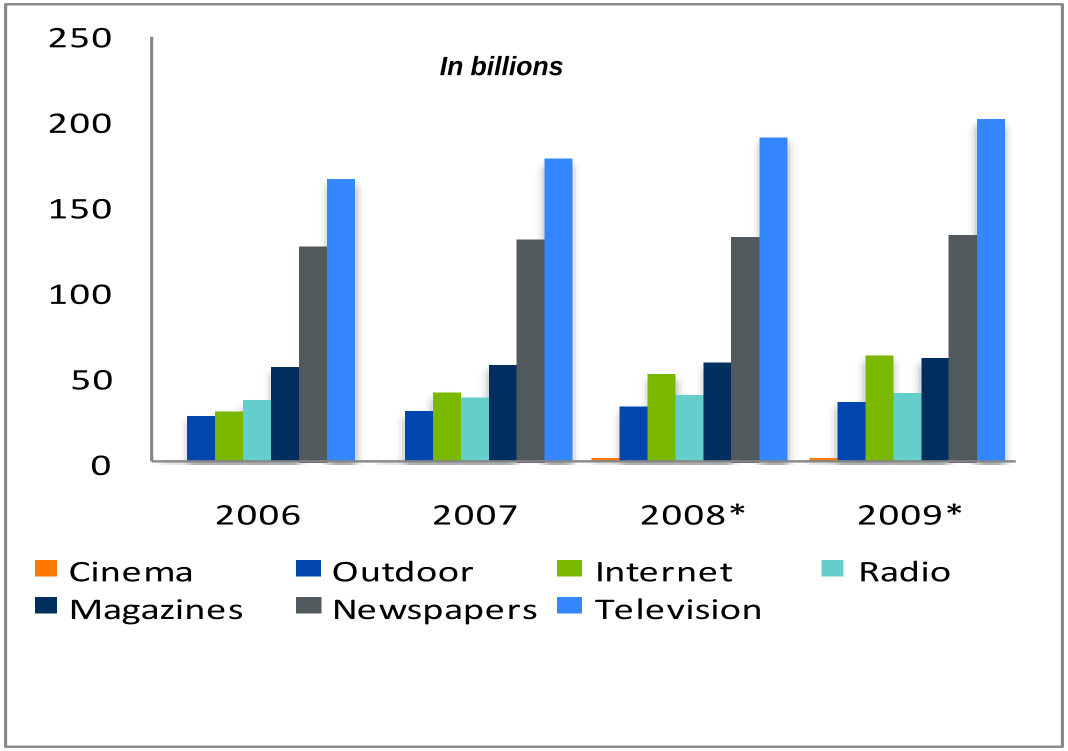
Emerging trends



Digital River forecast of Internet advertising:

- Spending to reach $51.8 billion in 2008
- Share grows from 4.7% in 2005 to 10.2% in 2008
- Bigger than radio in 2007
- Bigger than magazines in 2009

Global advertising spending by media

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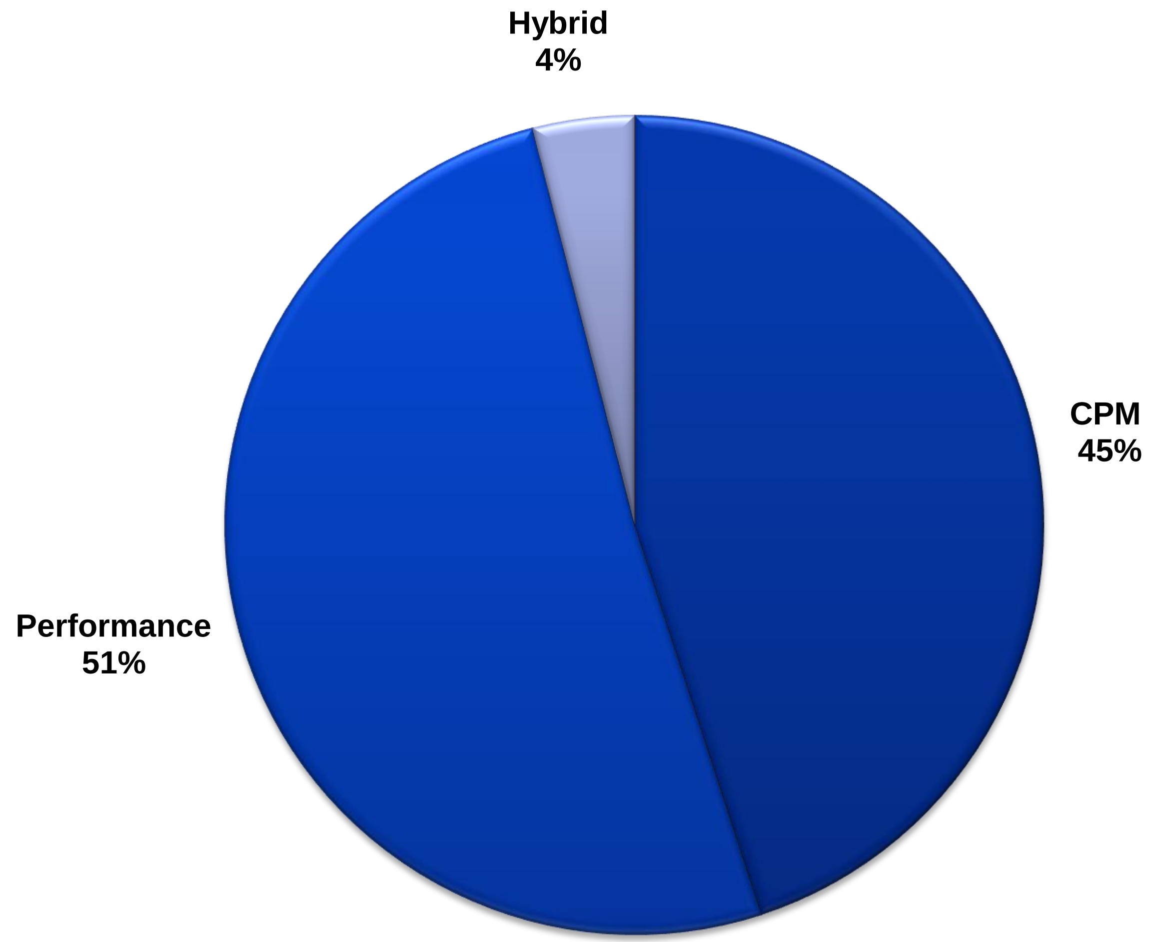
**Digital River forecast for Internet. ZenithOptimedia for other media. Source: ZenithOptimedia.*

Emerging trends – online ad spending



By advertising type

Advantages of online media

- Ability to target on a mass scale
- Ability to optimize through “pay for performance” models

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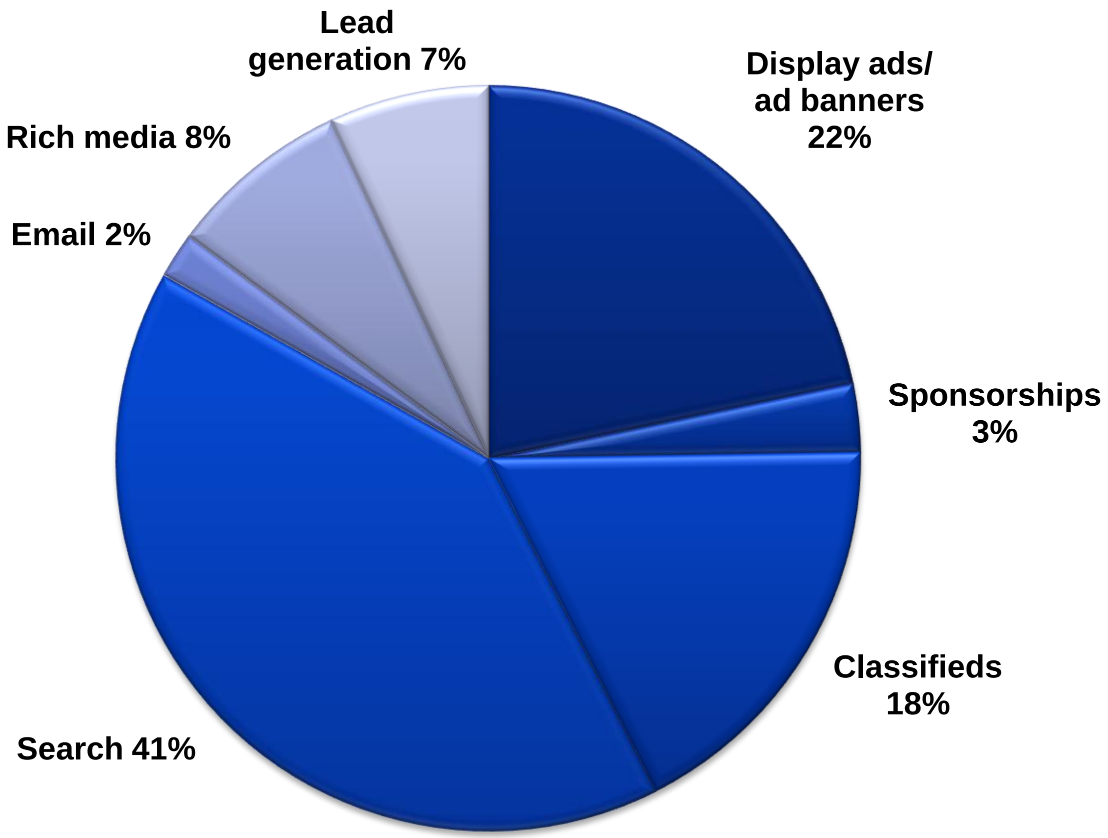
Source: PricewaterhouseCoopers, Interactive Advertising Bureau (IAB).

Emerging trends – online shopping

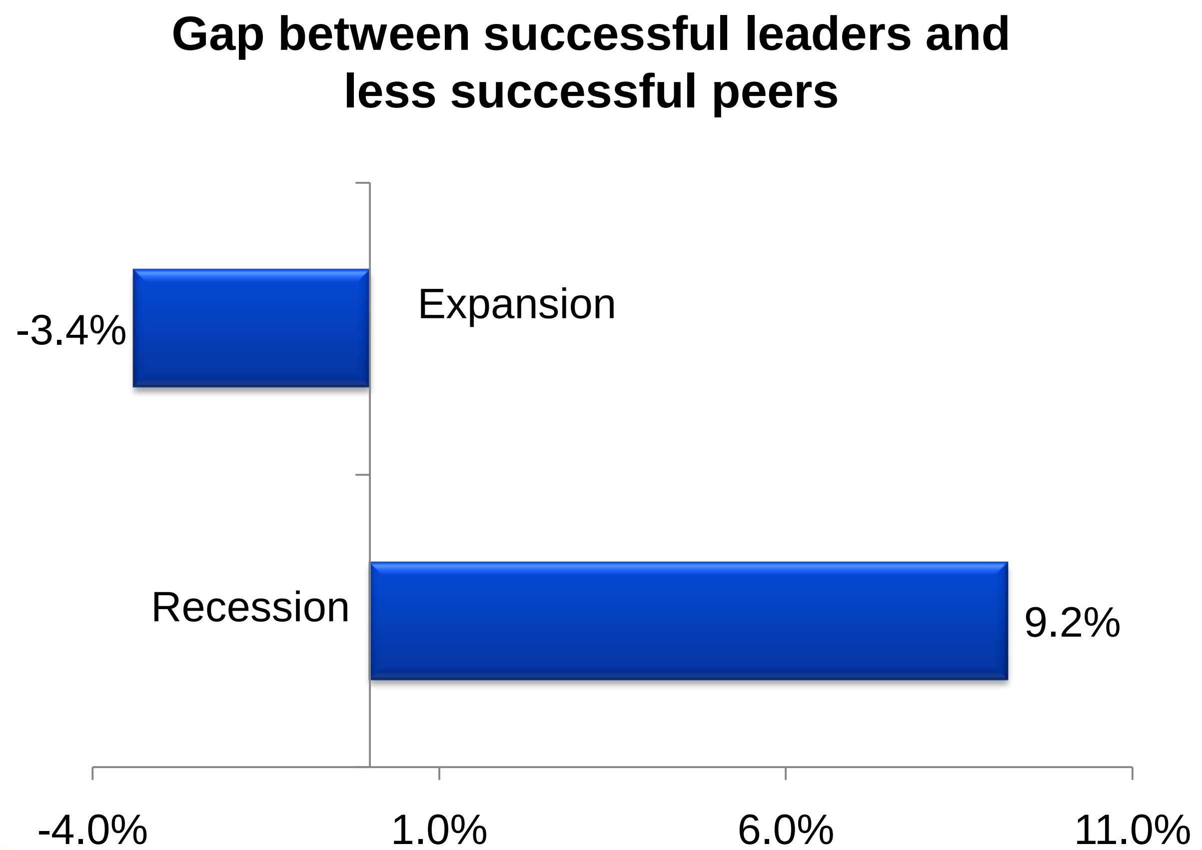


U.S. market

Full year 2007 Internet ad revenues by advertising format increased 25.4% over 2006.

Source: PricewaterhouseCoopers, Interactive Advertising Bureau (IAB), May, 2008.

Advertising during a recession



Comparison of advertising as a percent of sales for companies that remained in the top quartile vs. those that did not.

Source: McKinsey&Company, June 2002

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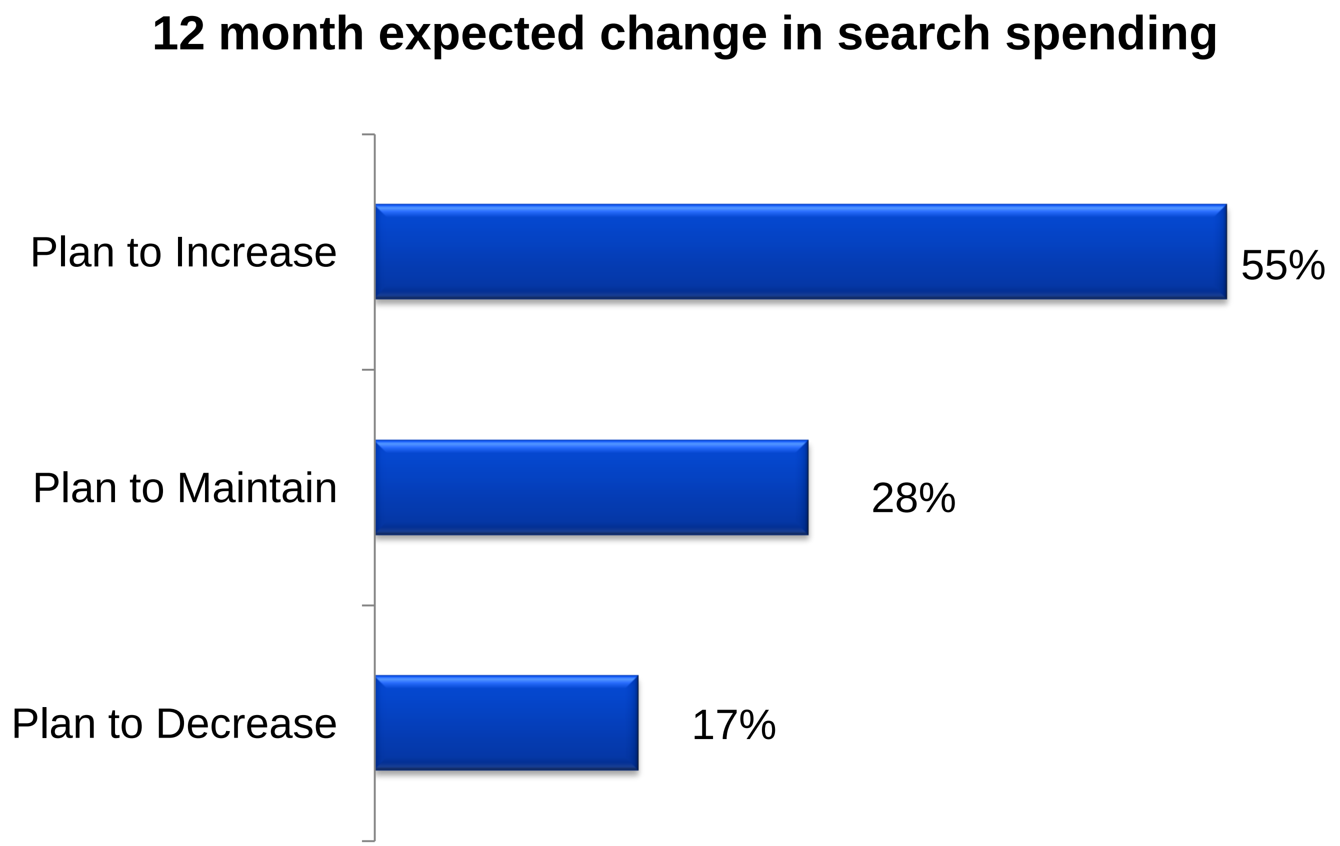
Search engine marketing



JupiterResearch, October 2008. Responses of Top US Search Marketers

Questions?

Thank you

Mark Iverson, group vice president, DR globalDirect