



Software Industry
CONFERENCE



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:

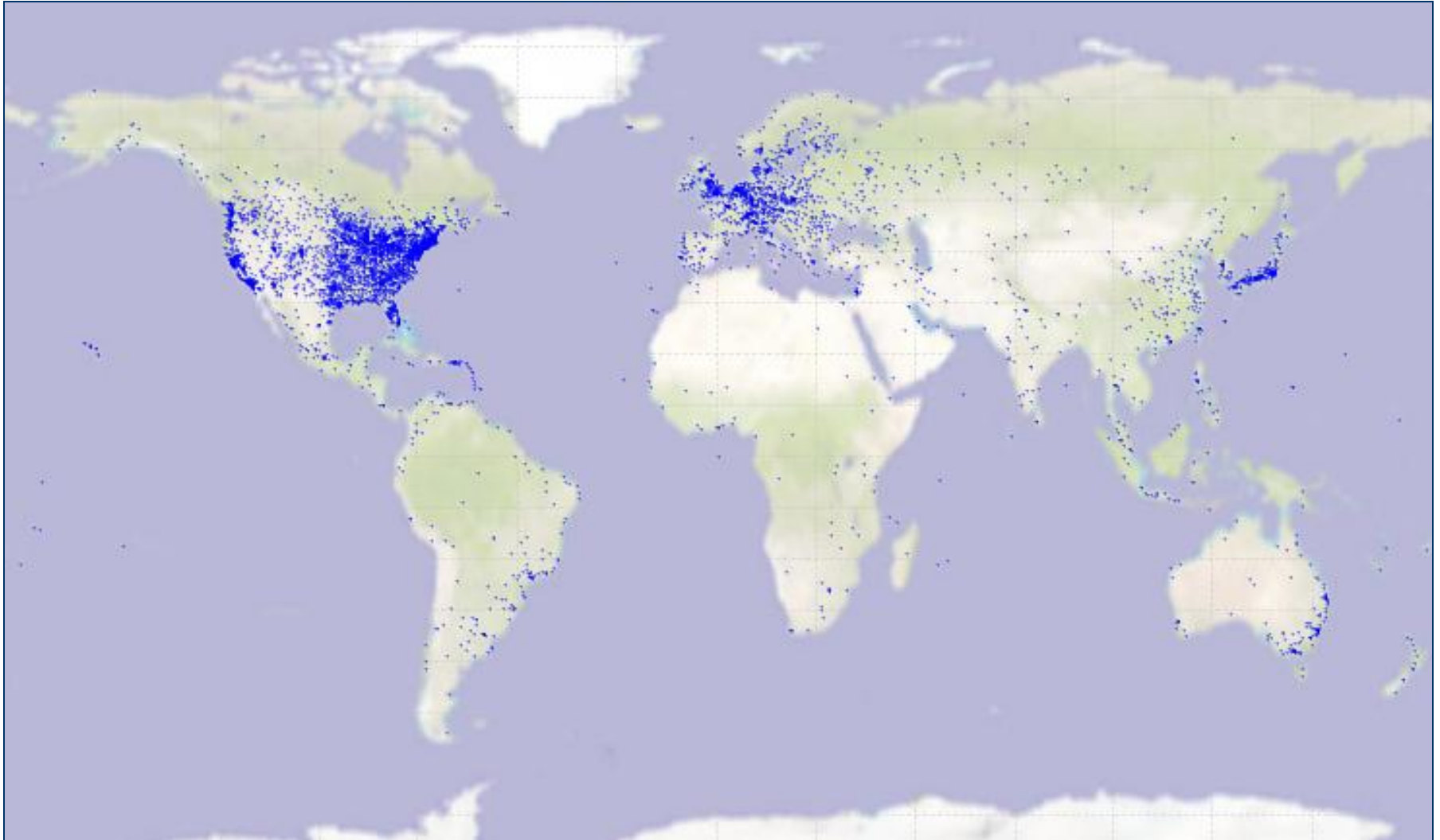
SIC Web site

www.sic.org

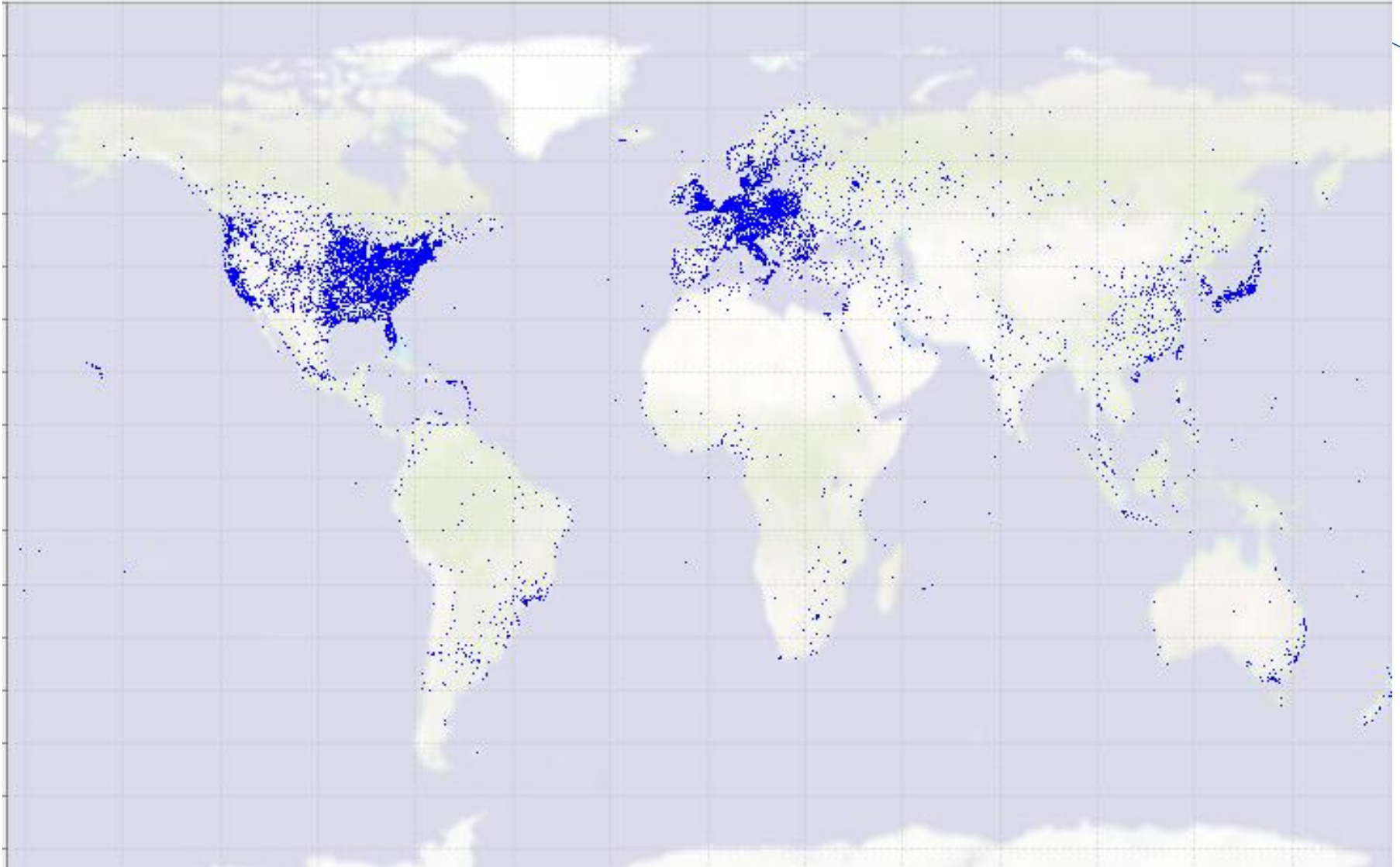
Digital River Developer Resource

www.developer-resource.com

Globalization – 24 hours of sales during 2008



Globalization – 24 hours of sales during 2009



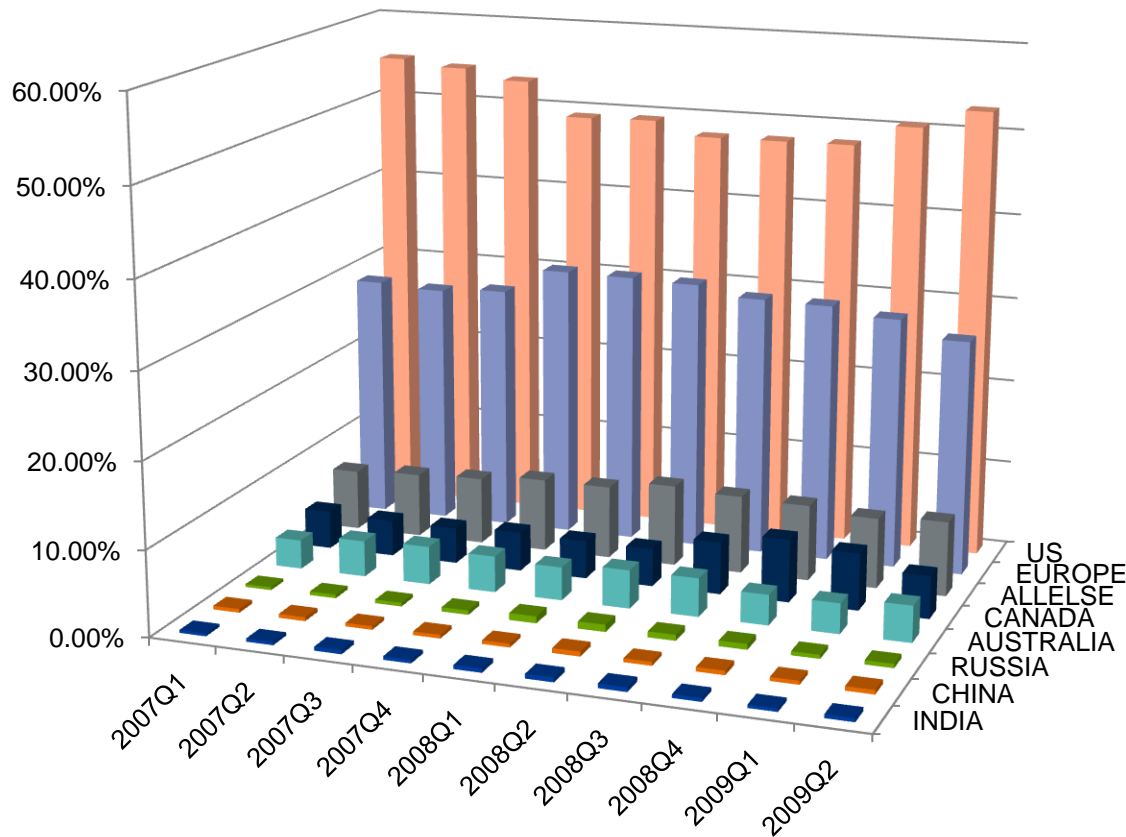
Globalization

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



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

Customer Country



Key trends

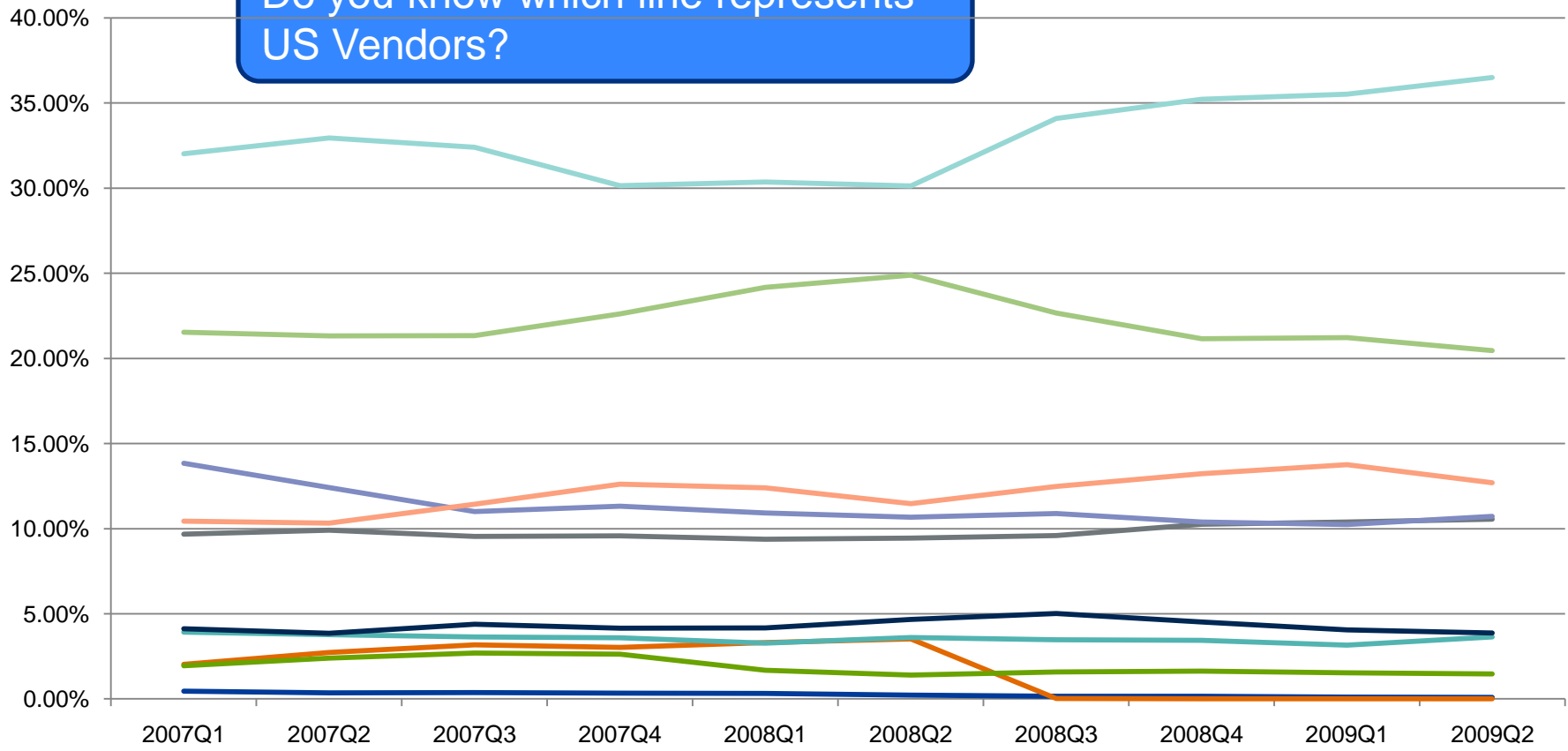
> Dependence on US consumers continues hold steady

> Continued trend towards EU maintains as well

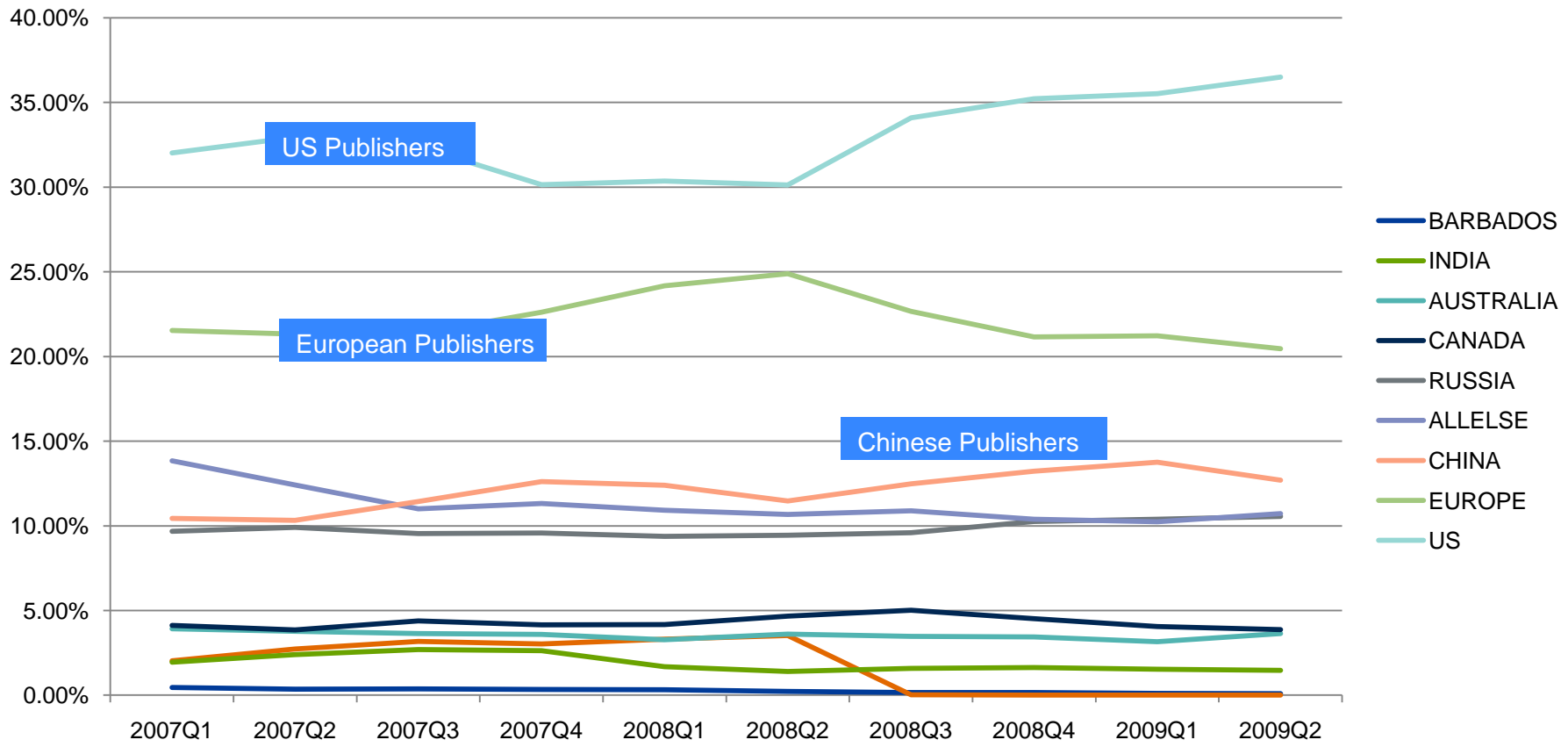
> Increases in Canadian and All Else sales continues

Digital River Vendor sales mix by *vendor* location

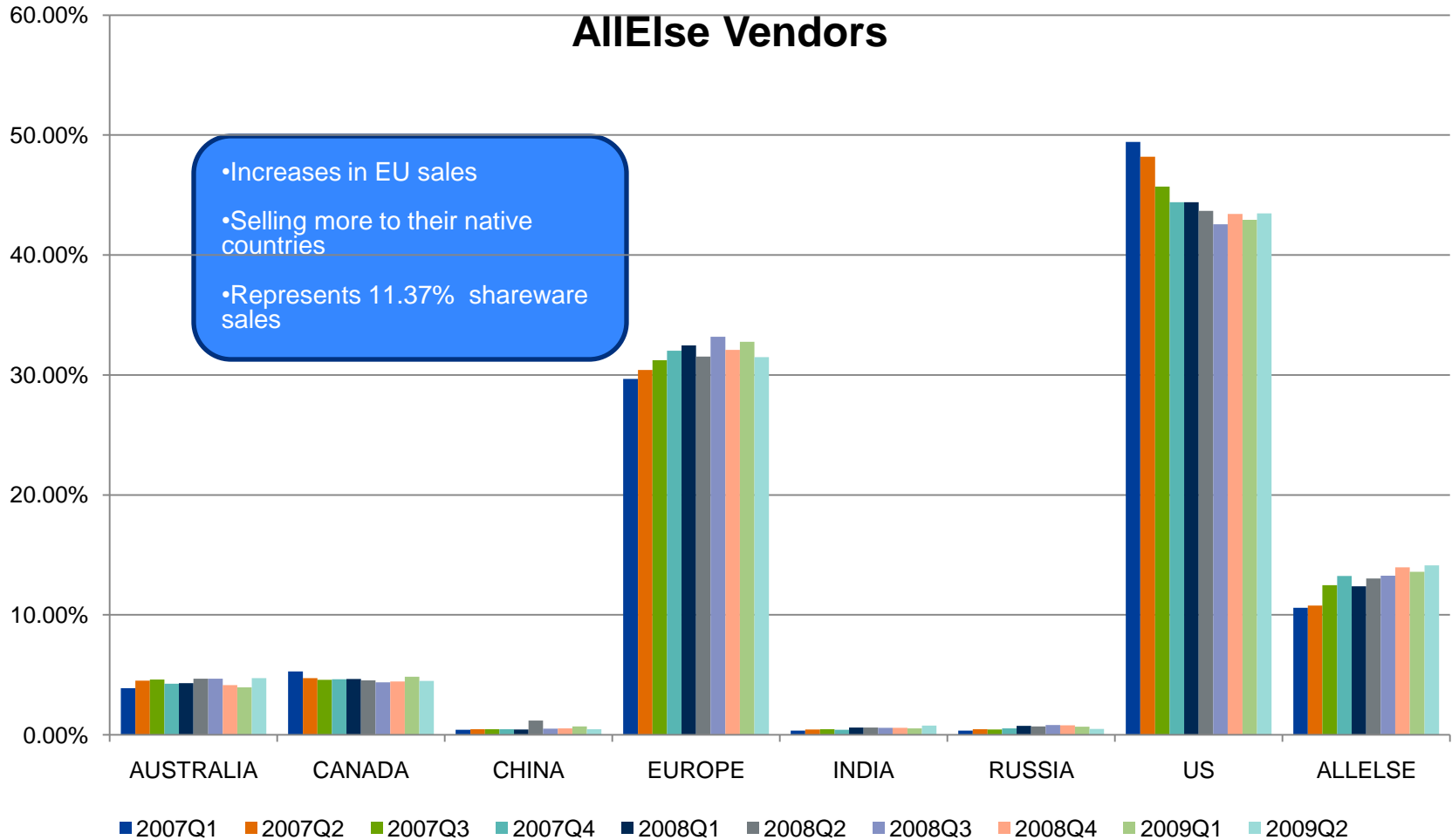
Do you know which line represents US Vendors?



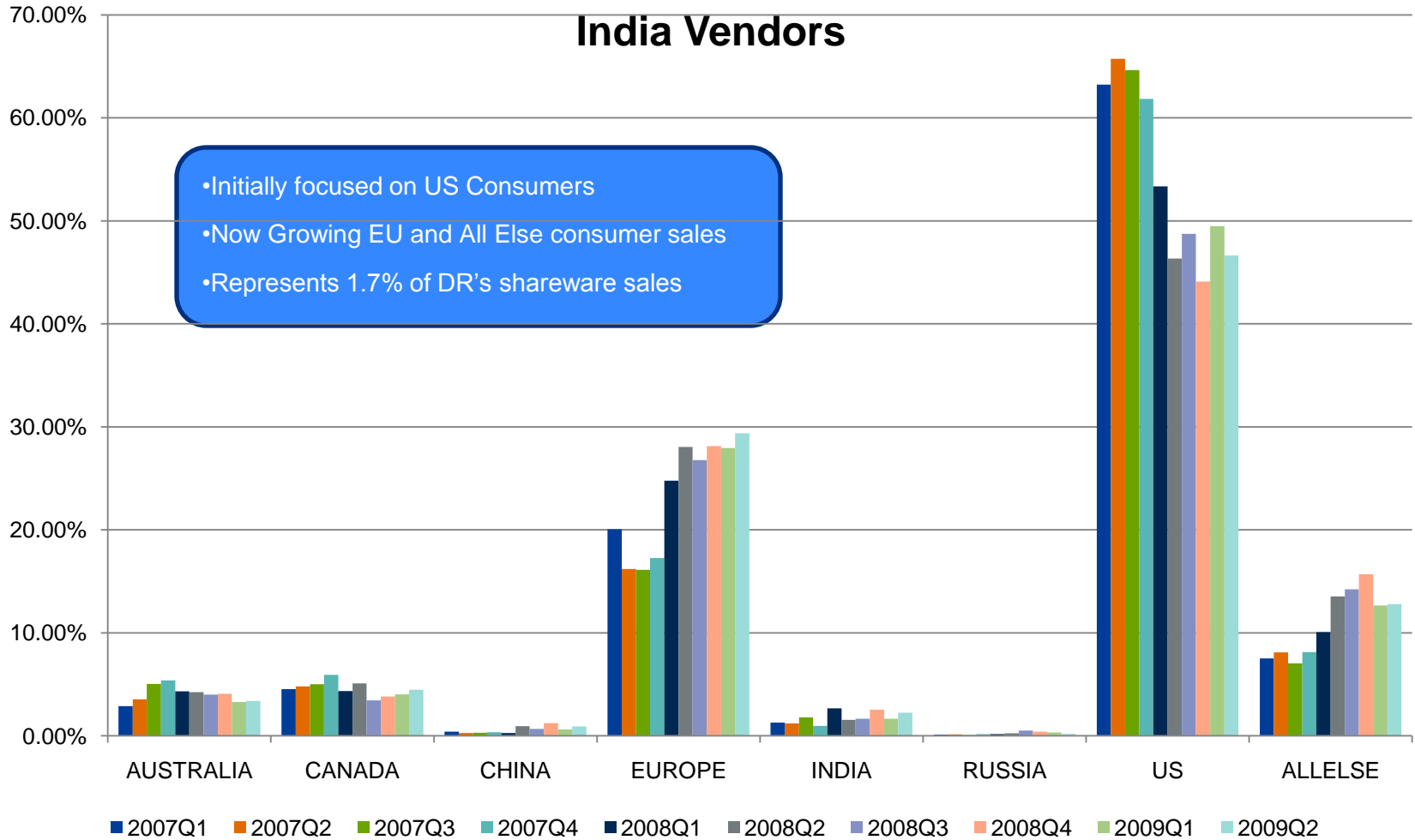
Digital River Vendor sales mix by *vendor* location



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



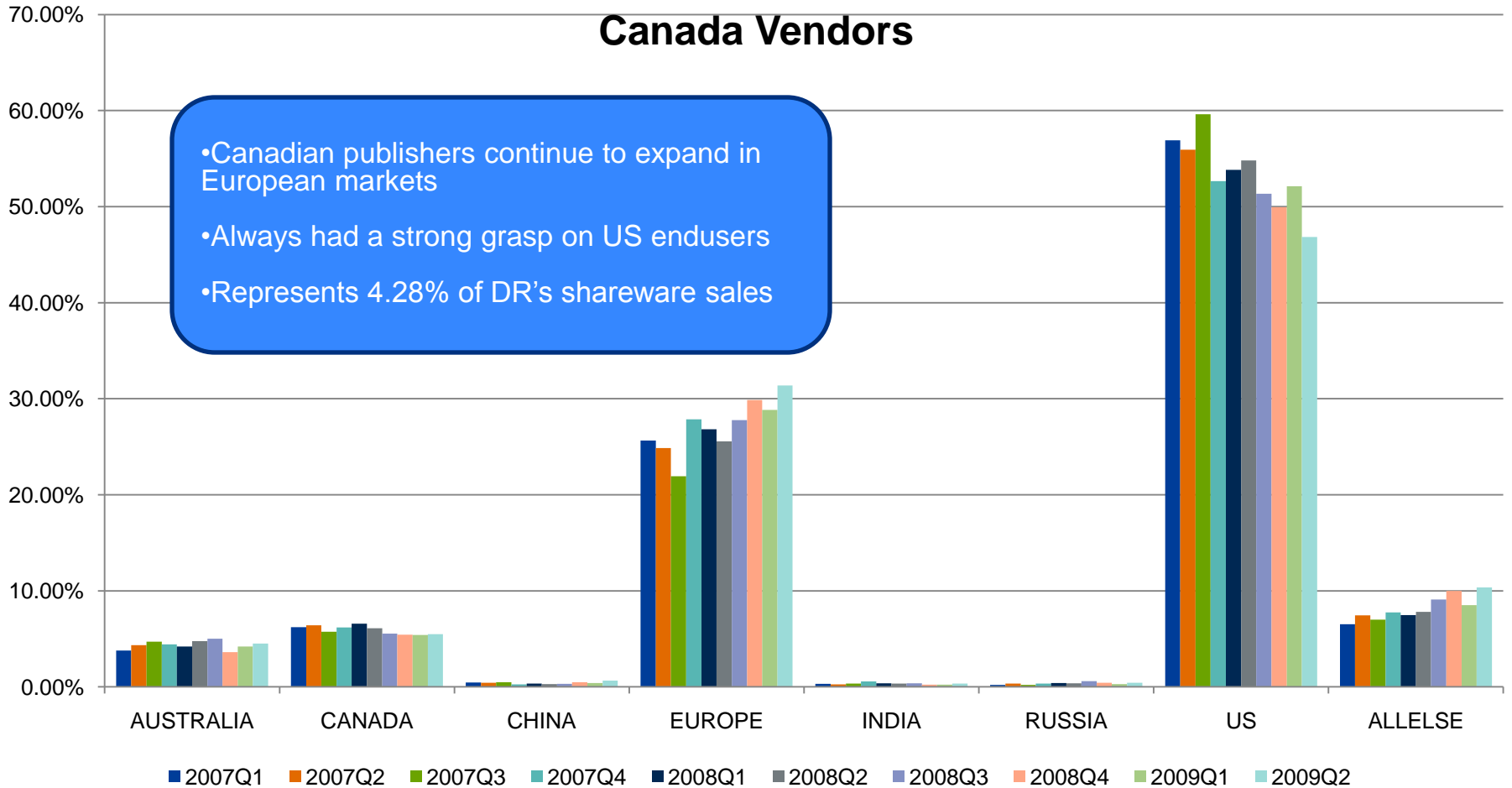
Who are Indian publishers selling to?



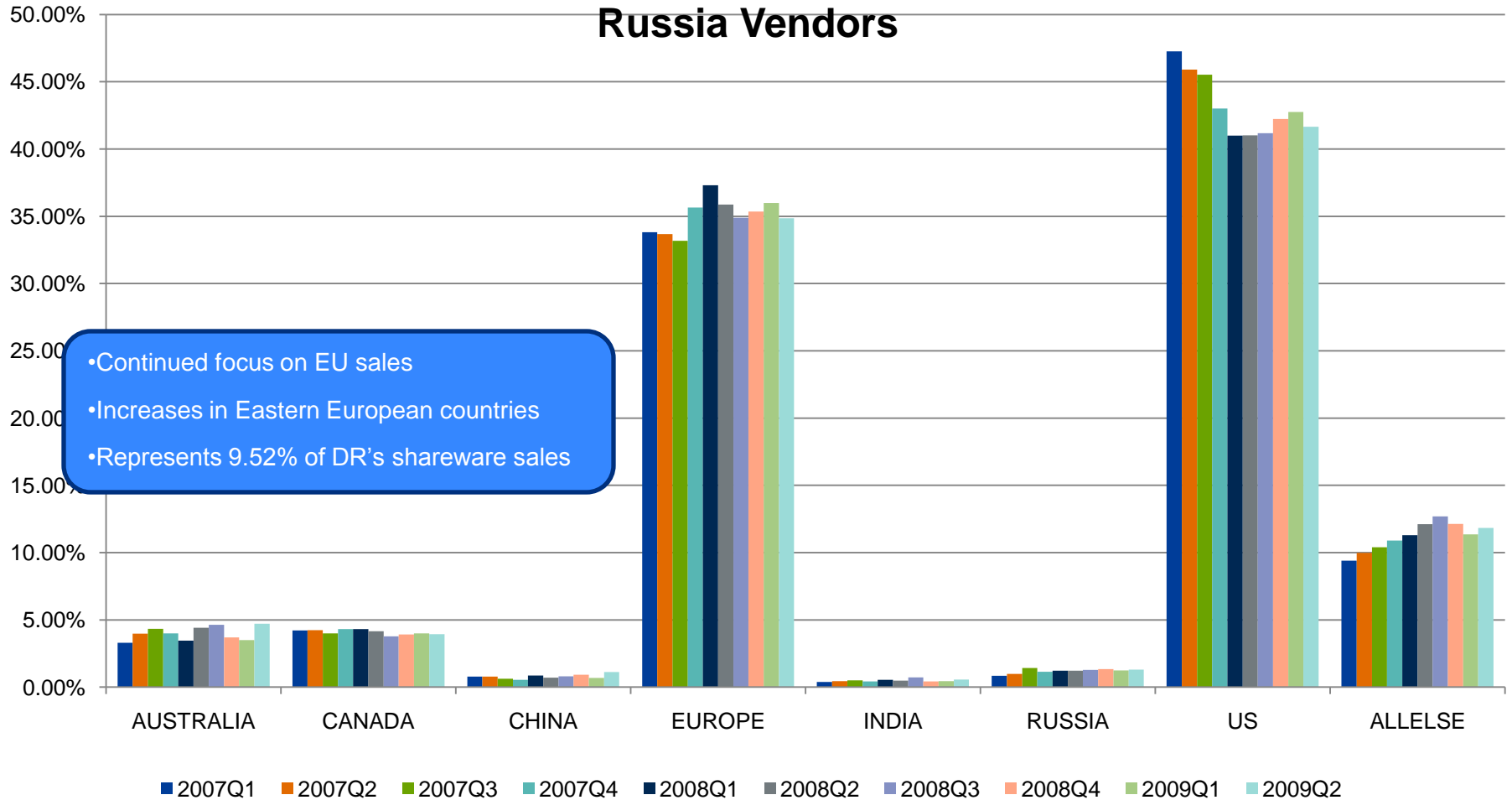
Who are Canadian publishers selling to?

Canada Vendors

- Canadian publishers continue to expand in European markets
- Always had a strong grasp on US endusers
- Represents 4.28% of DR's shareware sales



Who are Russian publishers selling to?

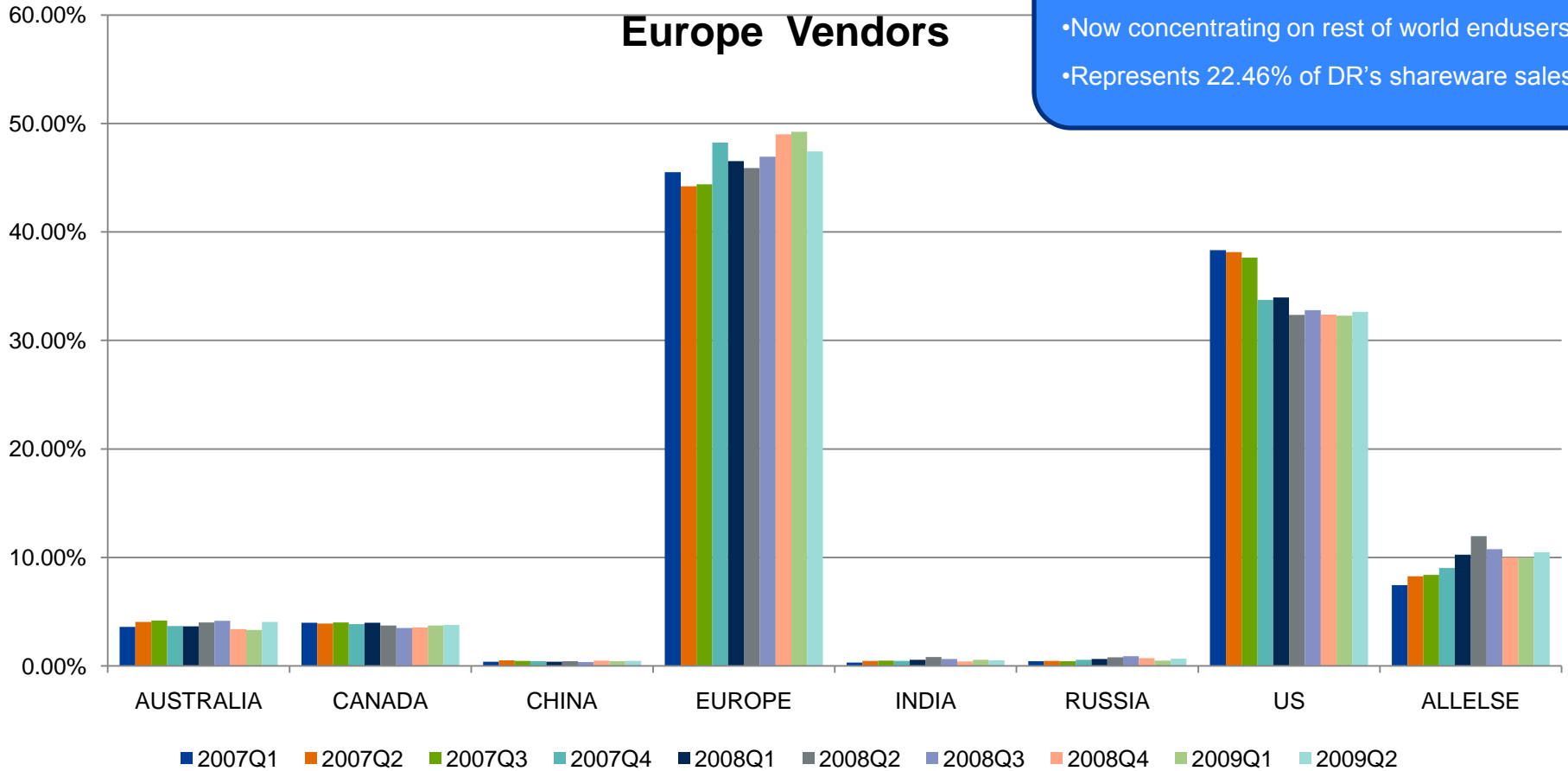


Who are Chinese publishers selling to?



Who are European publishers selling to?

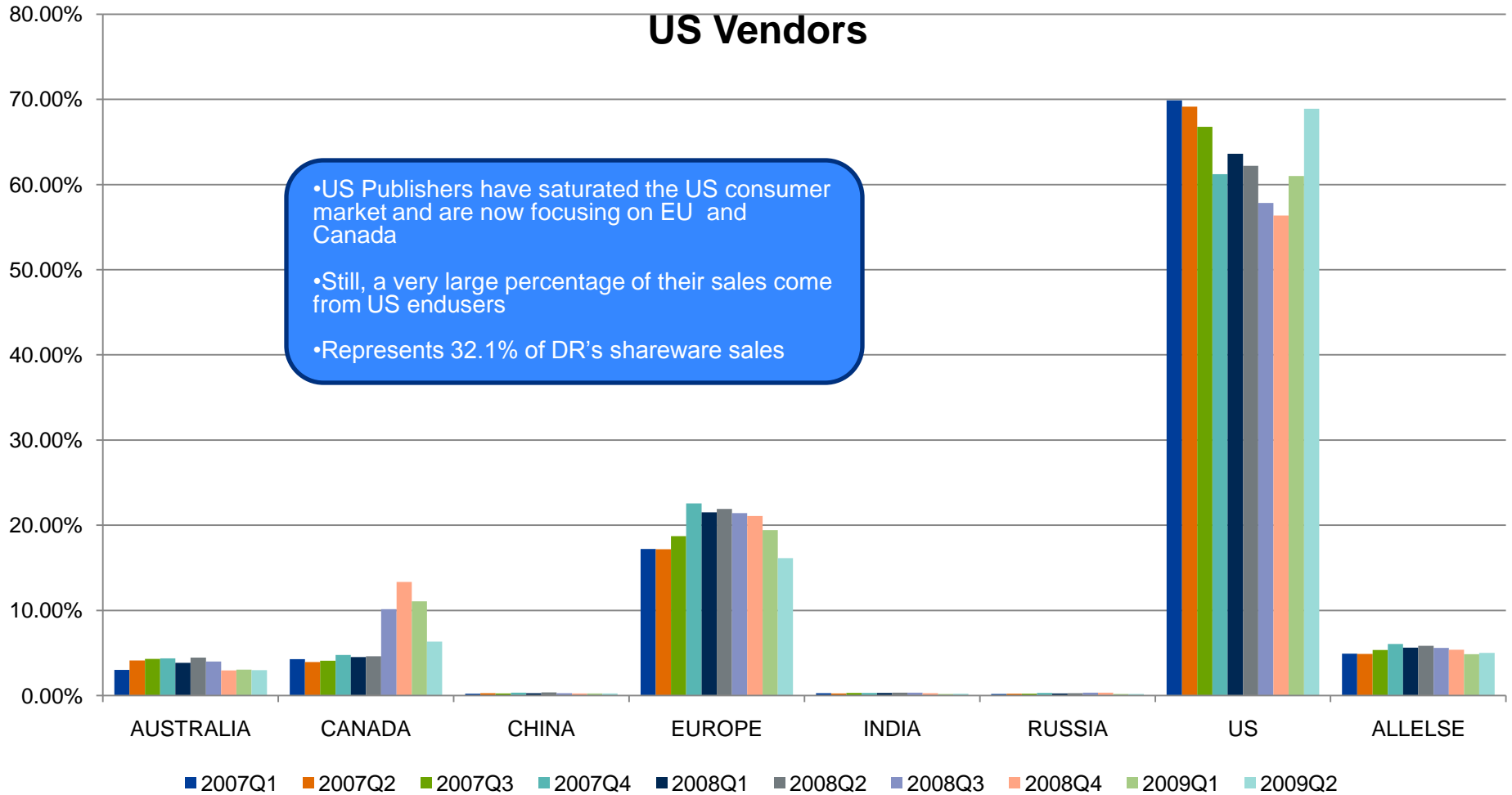
- Have always focused on EU consumers utilizing our share-it and SWReg platforms
- Now concentrating on rest of world endusers
- Represents 22.46% of DR's shareware sales



Who are US publishers selling to?

US Vendors

- US Publishers have saturated the US consumer market and are now focusing on EU and Canada
- Still, a very large percentage of their sales come from US endusers
- Represents 32.1% of DR's shareware sales



What does it all mean?

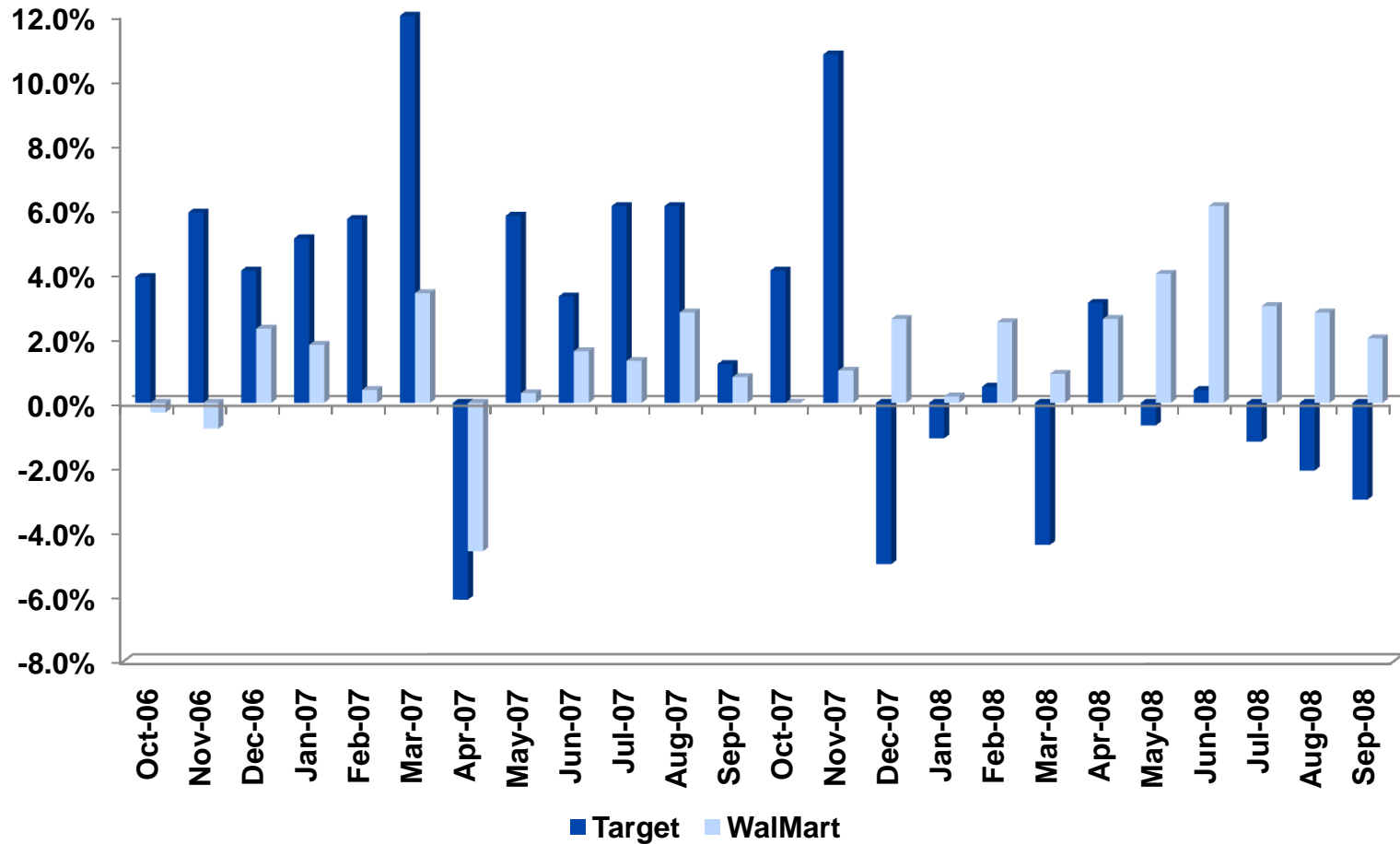
- > Our clients are focusing on the markets they know best
- > All mature geographical developers are still very focused on the largest software market (US) and Europe
- > All Else “rest of world” publishers are now making significant contribution to overall global software sales
- > India has now entered into the global market

Real Facts in Unreal Market Conditions

Turning the recession into an opportunity

Consumer Shopping Behaviors

Monthly same store sales



Shopping Behaviors

Effects of the Current Economic Climate* on Shopping Behavior of US Adult Consumers, 2008 (% of respondents)

Shopping closer to home

64%

Combining shopping trips

59%

Cutting back on non-essential/luxury items

51%

Making fewer major purchases (ie \$100+)

40%

Stocking up more

36%

Researching more products prior to shopping

25%

Buying more online

13%

None of these

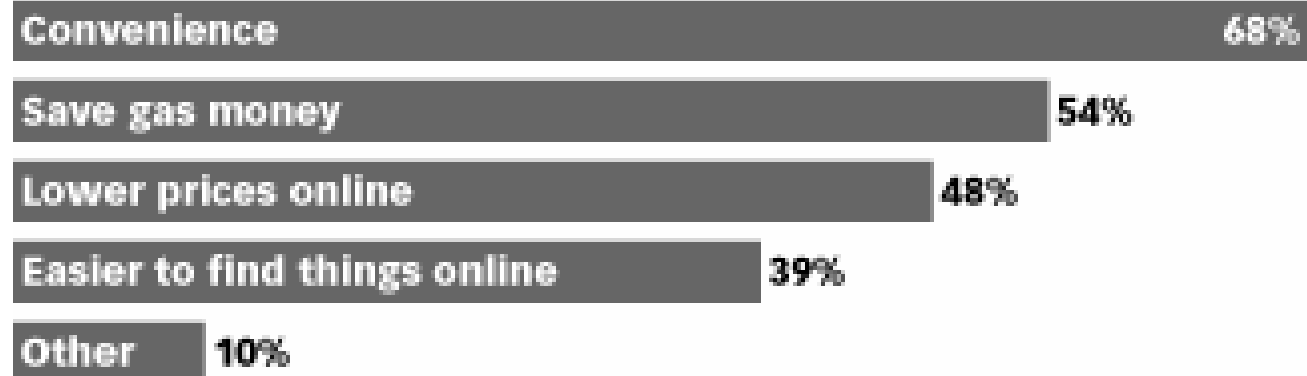
9%

*Note: n=3,000 ages 18+; *eg housing market and gas prices*

Source: Vertis Communications, "Customer Focus: Decade of Data" as cited in press release, January 14, 2008

Online Shopping Behaviors

Factors that Would Increase Online Spending by US Online Buyers Who Are Planning to Increase Online Purchases this Year, 2008 (% of respondents)



Note: ages 18+

Source: Piper Jaffray & Co., "1Q08 eCommerce and Consumer Sentiment Survey" as cited in press release, April 3, 2008

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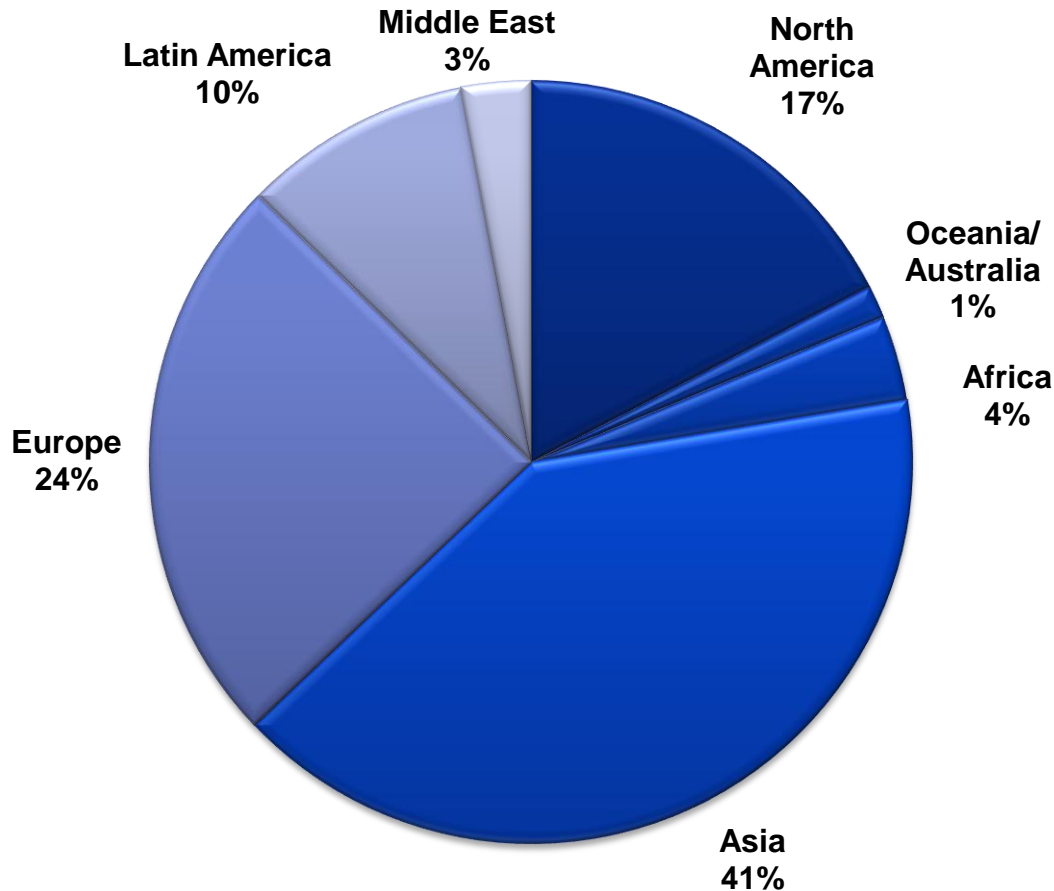
www.eMarketer.com

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

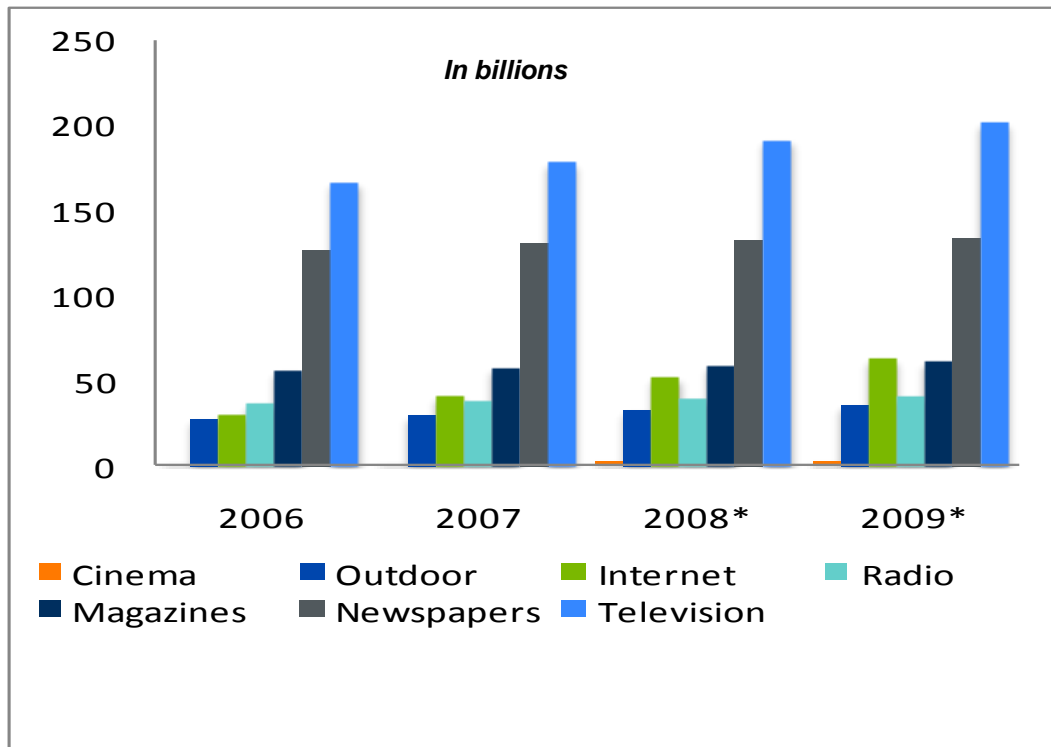
Emerging trends



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

Emerging trends



Digital River forecast of Internet advertising:

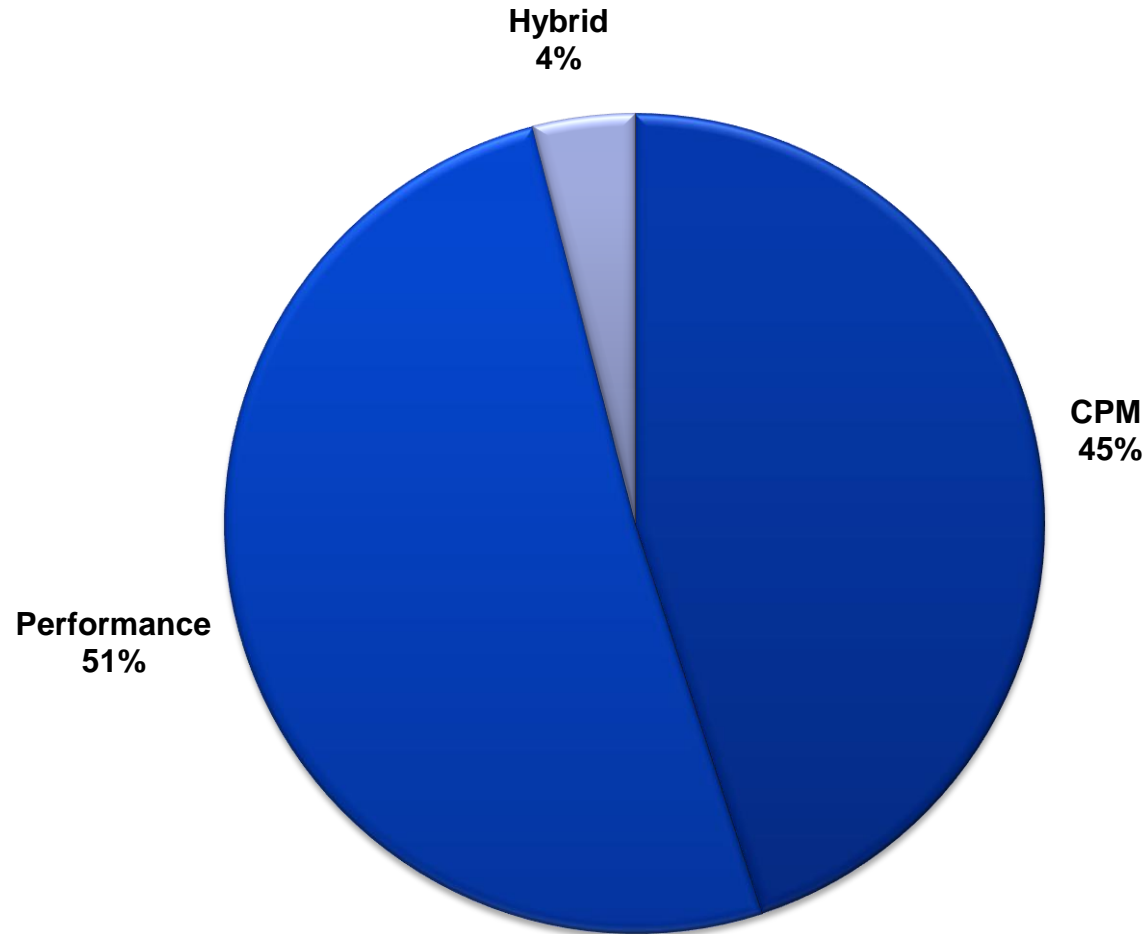
- > Spending to reach \$51.8 billion in 2008
- > Share grows from 4.7% in 2005 to 10.2% in 2008
- > Bigger than radio in 2007
- > Bigger than magazines in 2009

Global advertising spending by media



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

Emerging trends – online ad spending



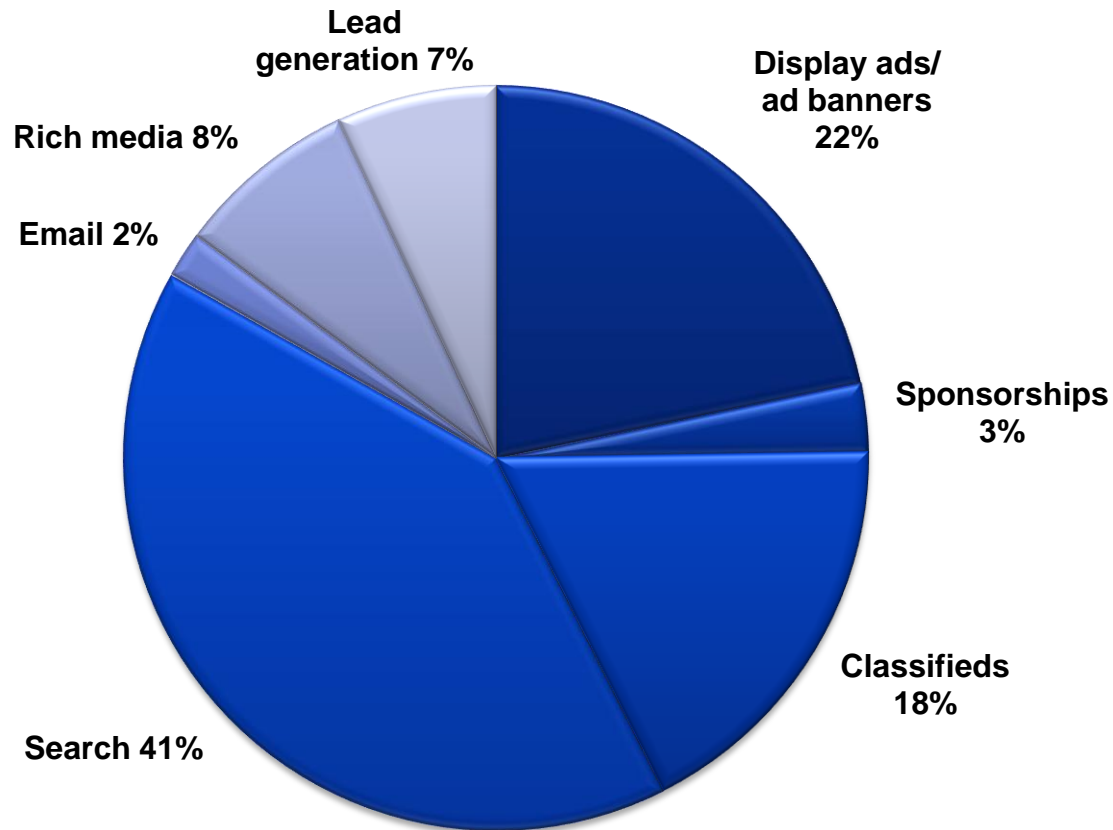
By advertising type

Advantages of online media

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



Emerging trends – online shopping

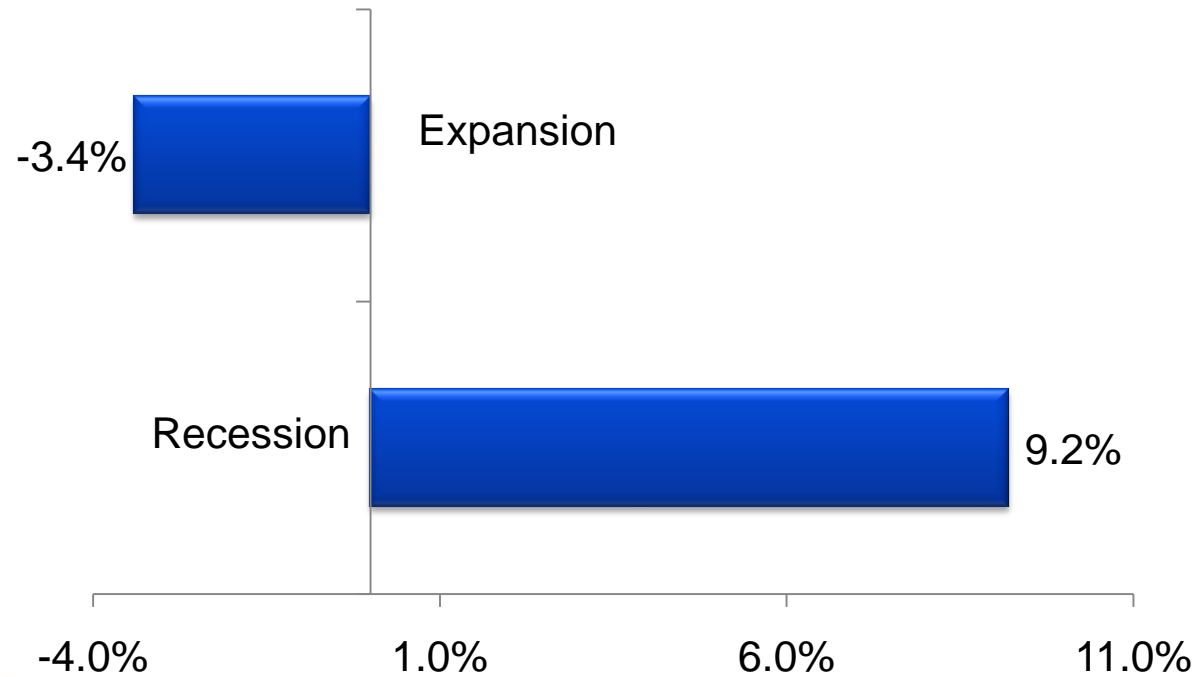


U.S. market

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

Advertising during a recession

Gap between successful leaders and less successful peers

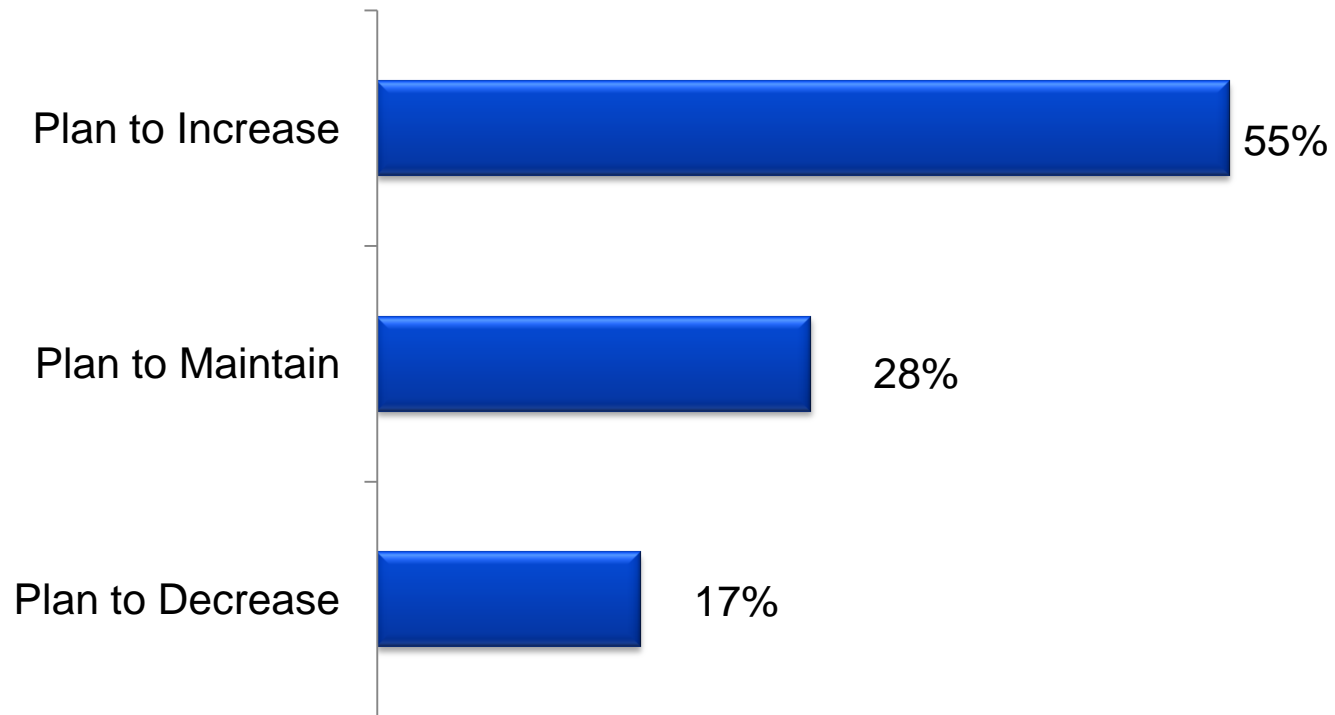


Comparison of advertising as a percent of sales for companies that remained in the top quartile vs. those that did not.

Source: McKinsey&Company, June 2002

Search engine marketing

12 month expected change in search spending



Questions?

Thank you

Mark Iverson, group vice president, DR globalDirect