



Adaptive Planning

Business Volatility & Variables Survey Results

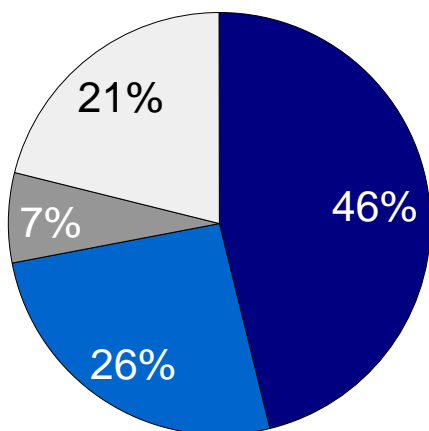


June 2010

Survey Overview

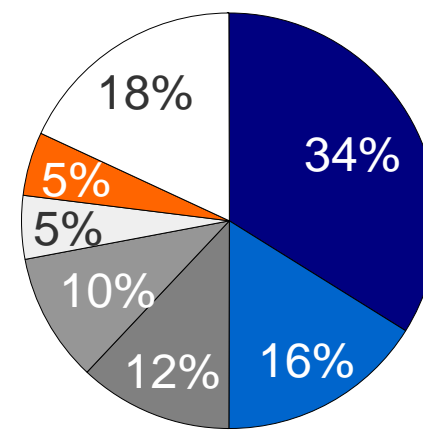
- Business Volatility and Variables Poll is conducted quarterly
 - Current poll – June 2010
 - Prior polls – Mar 2010, Oct 2009, May 2009, Mar 2009, Oct 2008
- Managed by Adaptive Planning and the BPI Network
- Gathers input on key economic indicators
- Solicits feedback on planning processes
- Participants are financial professionals from companies of all sizes in over 20 industries

Number of Employees



■ 1-99 ■ 100-999 ■ 1,000 - 2,499 □ 2,500 or more

Annual Revenues

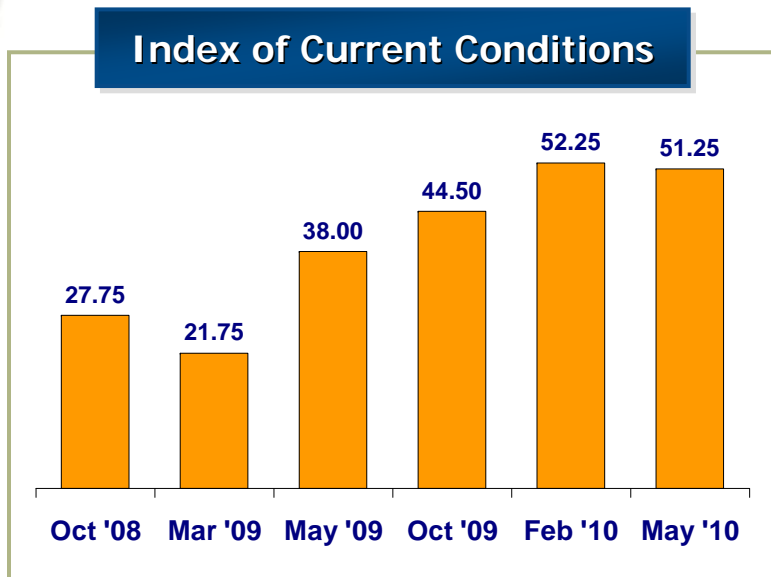


■ < \$10 million ■ \$10 - \$25 million ■ \$26 - \$50 million
■ \$51 - \$200 million □ \$201 - \$500 million ■ \$501 - \$1 billion
□ > \$1 billion

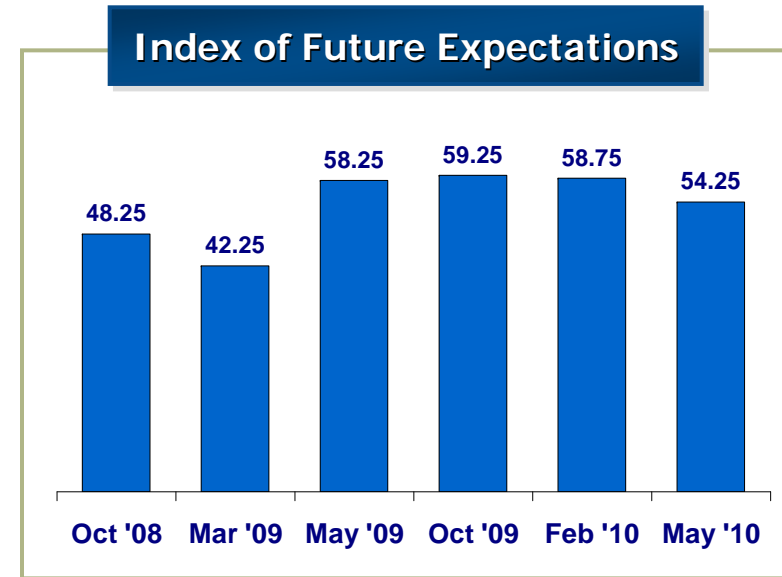
Summary of Q2 2010 Survey Results

- Current economic conditions have stabilized
 - At 51.25, Index of Current Conditions is similar to last quarter's 52.25
 - Second straight quarter that the index shows more positive than negative responses
- But there's growing pessimism for the future
 - Index of Future Expectations drops to 54.25 from 58.75 last quarter
 - 21% expect a worse economy in 6 months – double the percentage from last quarter
- There are continued expectations for a double-dip recession, with 46% expecting a “W-shaped” recovery – similar to last quarter's 51%
- A whopping 80% expect that a meaningful improvement in jobs growth will not occur until 2011
- The company-specific outlook is deteriorating
 - While over half expect their company's revenues to grow over the next 6 months, 24% expect revenues to fall – significantly worse than last quarter's 14%
 - 29% expect staff reductions over the next 6 months – up from 22% last quarter
- The financial picture is becoming increasingly uncertain
 - A full 60% report high or very high levels of uncertainty – the highest since Q1 2009

Current Conditions & Future Expectations



*Current conditions vs. 6 months ago.
0 = Much Worse; 100 = Much Better*



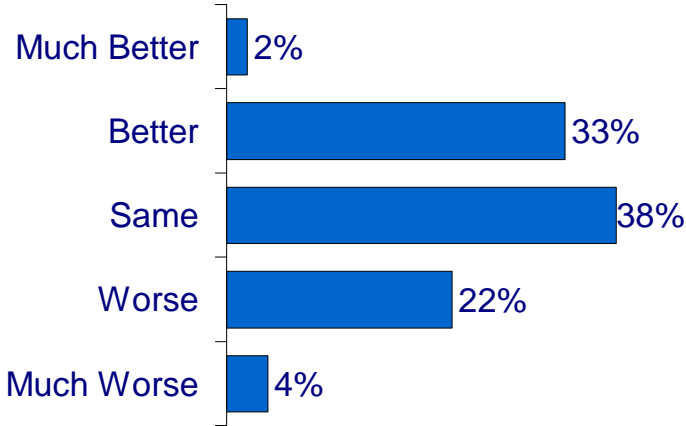
*Current conditions vs. expectations for next 6 months
0 = Much Worse; 100 = Much Better*

- Overall sentiment has stabilized – more positive than negative for two consecutive quarters
- Expectations for the future have decreased slightly compared with recent quarters' results

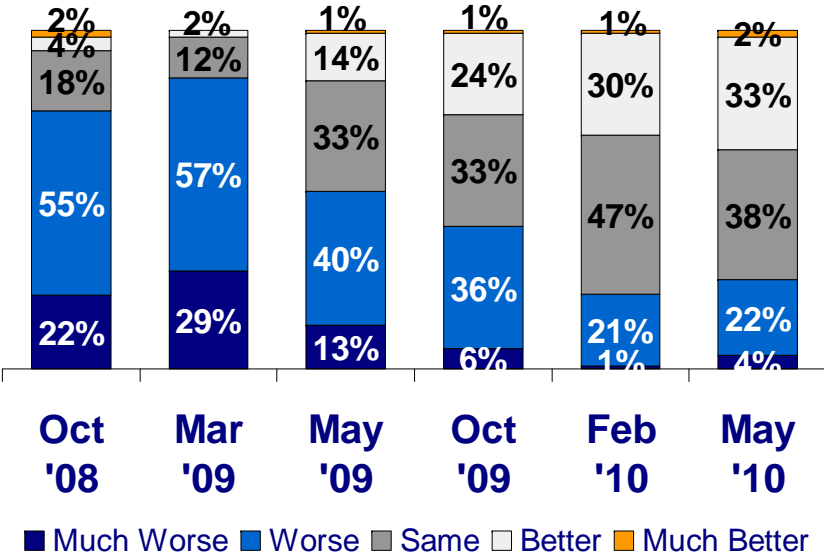
Current Economic Conditions Have Stabilized

Current Conditions

How would you describe the current economic conditions in your industry vs. 6 months ago?



Responses Over Time

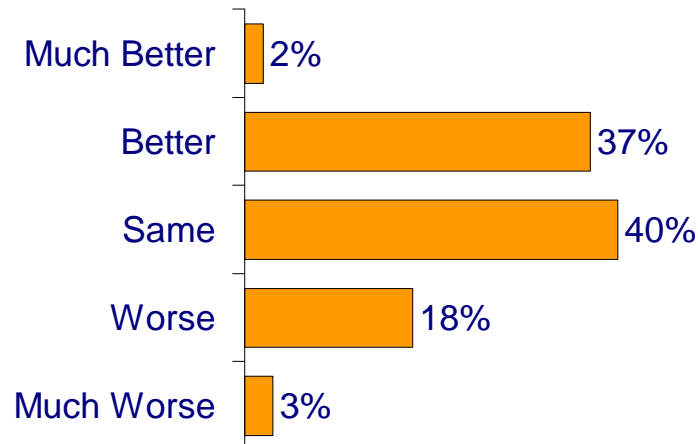


- Most (38%) see current conditions as the same as 6 months ago
- The number reporting better conditions (35%) is the highest since the survey began
- However, the number reporting worse conditions (26%) increased over last quarter, reversing three consecutive quarterly improvements in this measure
- Small companies (<\$10M) are facing tougher times than midsized/large companies (>\$10M)
 - 25% of small companies see conditions as better, vs. 39% of midsized large
 - 31% of small companies see conditions as worse, vs. 21% of midsized/large

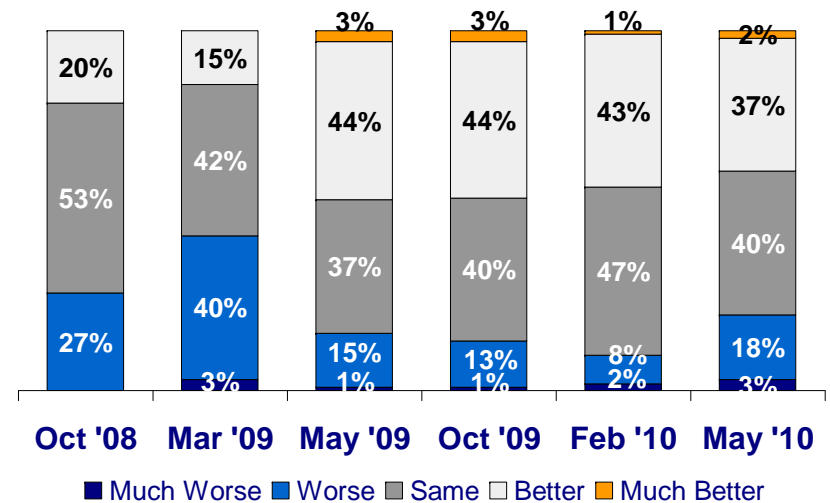
But There's Growing Pessimism for the Future

Future Expectations

Compared to today, how do you expect conditions in your industry will be in 6 months?



Responses Over Time

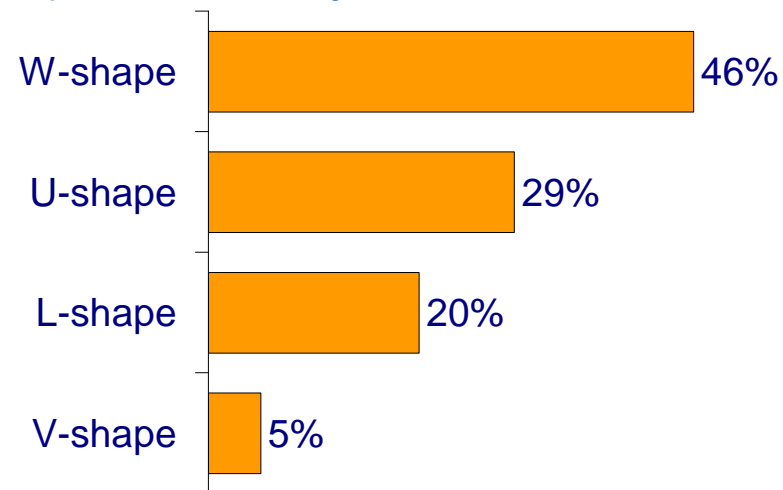


- 21% expect that 6 months from now the economy will be in worse condition
- That's more than double the percentage from last quarter's survey (10%), and is the highest "negative" reading since March 2009 (a much higher 43%)
- That said, in absolute terms, over three-quarters (79%) expect conditions will be the same (40%) or better (39%)
- Small companies (<\$10M) are less optimistic than midsize/large companies (>\$10M)
 - 30% of small companies expect conditions to improve, vs. 46% of midsize/large companies

There are Continued Expectations for a Double-Dip Recession...

Shape of Recovery

What letter do you believe will describe the shape of the recovery?

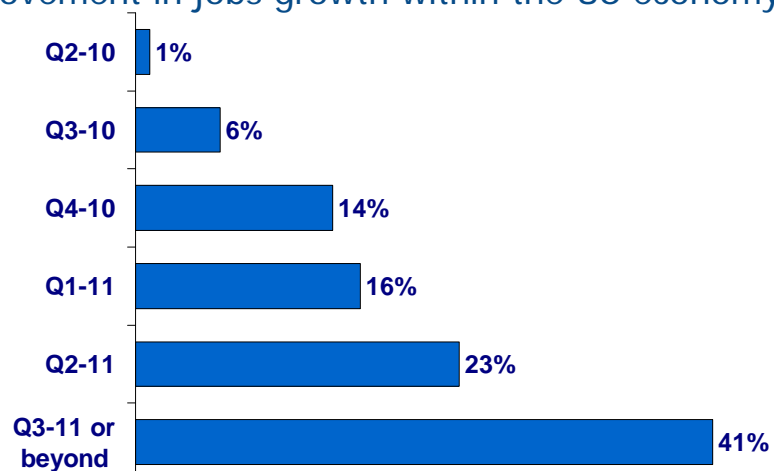


- 46% expect a “W-shaped” recovery, similar to last quarter’s 51%
- Expectations are similar across company sizes

...and for a Jobless Recovery

Jobless Recovery

When do you expect a meaningful and sustained improvement in jobs growth within the US economy?

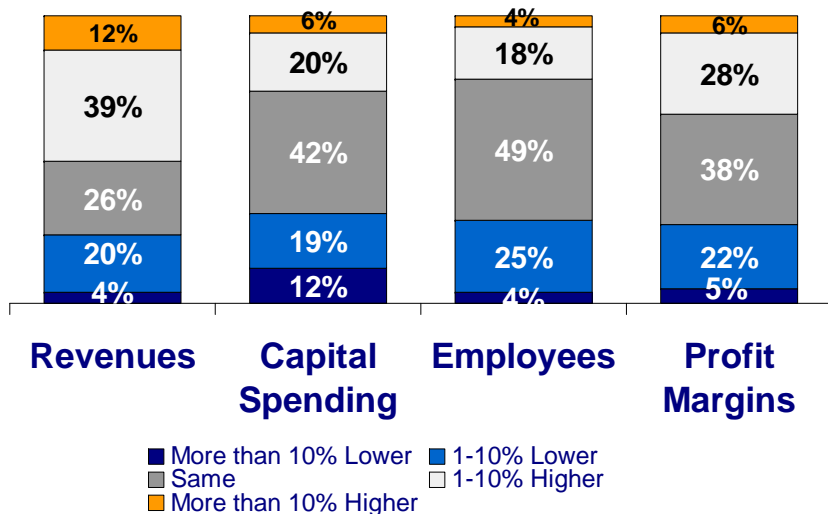


- A whopping 80% expect a meaningful and sustained improvement in jobs growth to be in 2011 or beyond, with 41% believing it will be at the end of that range – in the second half of 2011 or beyond
- The timing has been pushed out compared to data from last quarter, when a much lower 66% expected it would be in 2011, and just 25% believed it would be as late as the second half of 2011 or beyond
- Results are similar across company sizes

There is Less Optimism in Projections for Respondents' Own Companies

Growth Expectations

What do you expect for your company in 6 months versus now?

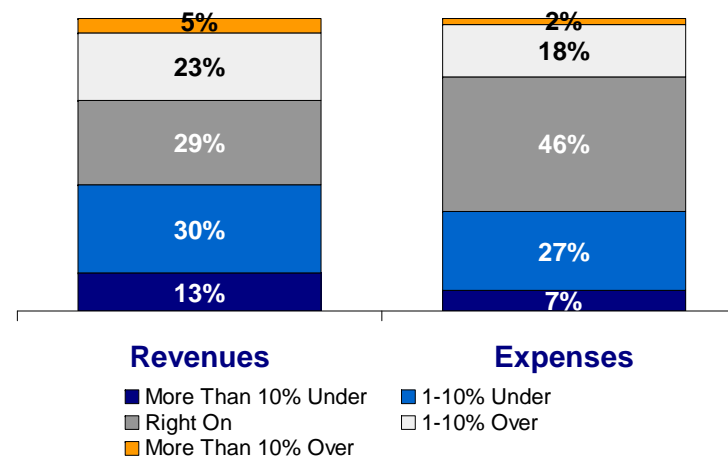


- While over half (51%) expect revenues to grow over the next 6 months, 24% expect revenues to fall – significantly worse than 14% from last quarter
- In terms of employees, while 71% expect no changes (49%) or additions to staff (22%), 29% expect to have fewer staff – a deterioration from last quarter's 22%
- Expectations for employee reductions are higher among larger companies (>\$200M):
 - 44% of companies >\$200M expected decreases in employees, while 23% of companies <\$200M expect decreases

And Companies are Still Missing Their Plans

Actual Performance

How did last quarter's actual results compare to plan?



- 43% of companies came in under their revenue plan – an improvement over 49% from last quarter
- Somewhat offset by 34% coming in under their expense plan (vs. 36% last quarter)
- Results are similar across company sizes

What are Financial Professionals Most Concerned About Over the Next 6 Months?

Future Concerns

Over the next 6 months, which three of the following are of the greatest concern to you?

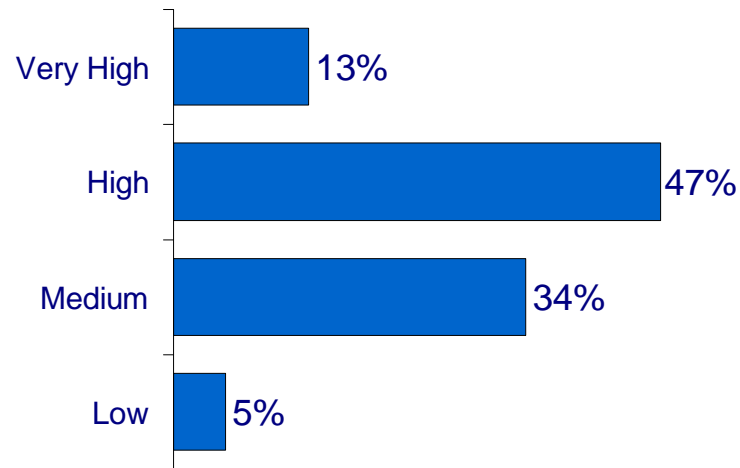


- The top 3 are consistent with prior surveys
- Financial instability in Europe is a new concern

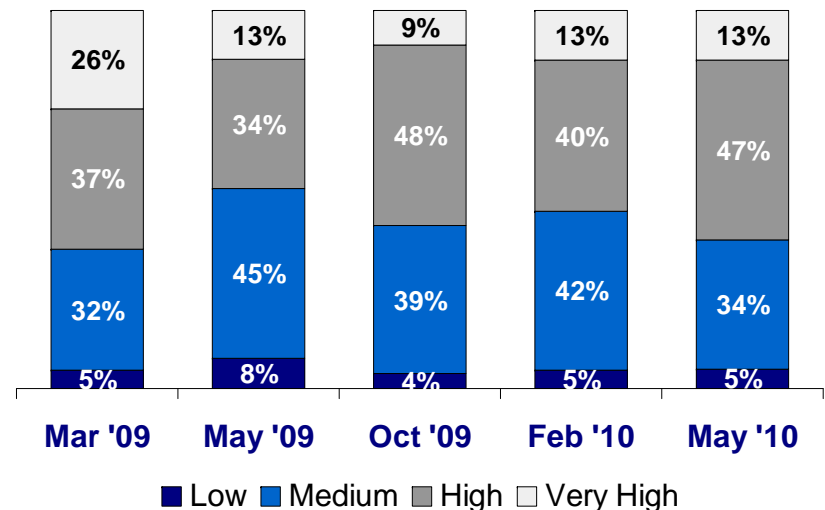
The Financial Picture is Becoming Increasingly Uncertain

Degree of Uncertainty

How would you characterize the current level of economic uncertainty facing your business?



Responses Over Time

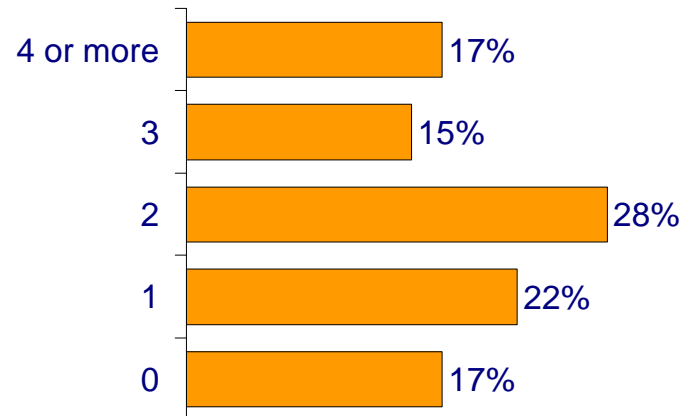


- A full 60% of companies reported high or very high levels of uncertainty
- That result is up from 53% last quarter, and is nearly at the level of the highest uncertainty we've seen – 63% in March of 2009
- Results are similar across company sizes

Economic Uncertainty is Driving More Frequent Scenario Planning

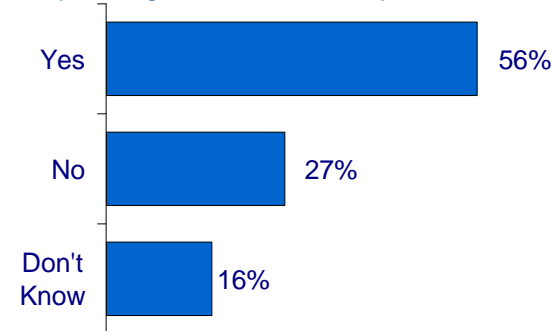
Frequent Re-planning

How many times did your company re-plan, re-forecast, or create what-if scenarios last quarter?



More "What-Ifs" in Future

Do you expect that the uncertain economic environment will cause you to re-plan, re-forecast, and perform what-if scenario analyses more frequently in the next quarter?

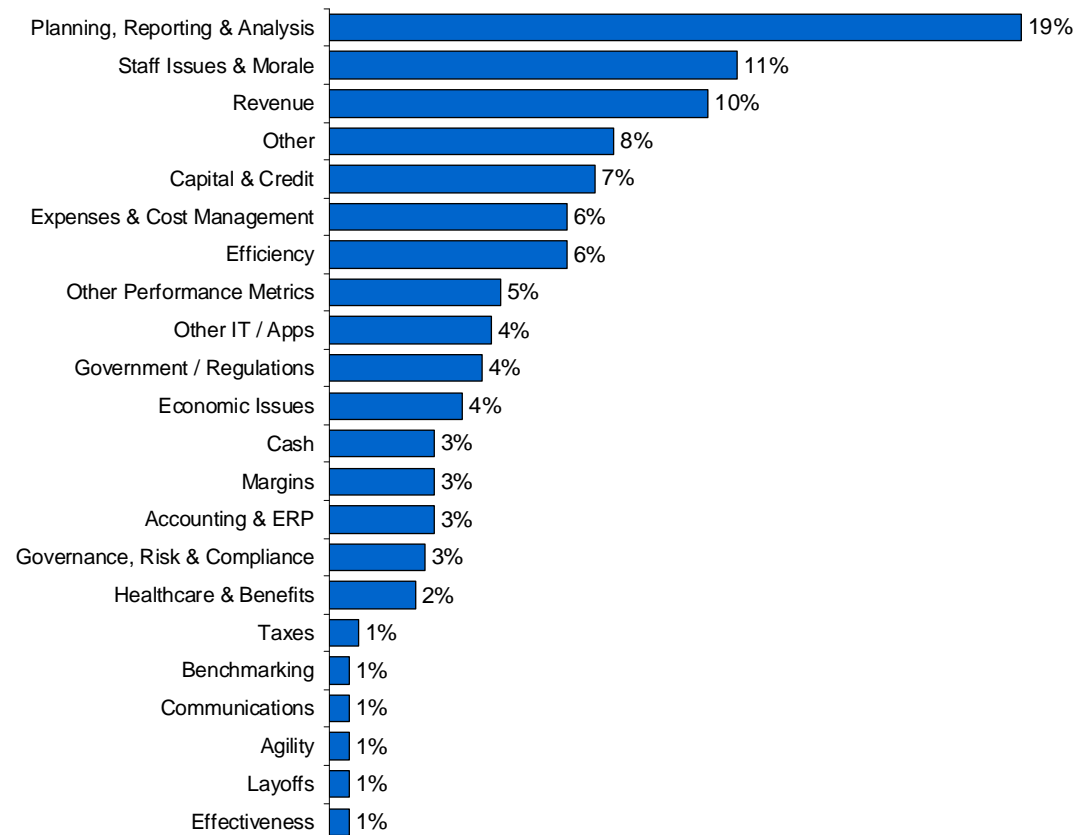


- 32% re-planned 3+ times during the last quarter (versus 29% in the last survey)
- This is over 2 times the rate in Q4 2008, and has been consistently high throughout the economic downturn
- Larger companies re-plan more frequently – 44% of companies >\$500M re-planned 3+ times
- Well over half (56%) expect to increase the frequency of re-planning, re-forecasting and what-if analysis next quarter

Planning, Reporting & Analysis Are #1 Problem for Finance

Top Pains & Challenges

What are the top 3 challenges or pains that you would most like to address within your finance organization?



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Adaptive Planning

Adaptive Planning is the leader in on-demand budgeting, forecasting, and reporting solutions that streamline financial management, improve collaboration, and drive better business decisions in companies of all sizes. By offering affordable annual subscriptions and rapid implementations, and by eliminating the need for new hardware or IT support, Adaptive Planning makes it easy to move beyond spreadsheet-based processes without the cost and complexity associated with traditional business intelligence (BI) and business performance management (BPM) applications. Available both on-demand and on-premise, Adaptive Planning allows finance leaders and management teams to make better-informed decisions, execute with agility and discipline, and ultimately improve competitiveness.

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