

FINAL TRANSCRIPT

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SPSS - Q2 2008 SPSS Earnings Conference Call

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CORPORATE PARTICIPANTS

Jack Noonan

SPSS - Chairman and CEO

Raymond Panza

SPSS - EVP and CFO

Douglas Dow

SPSS - SVP-Corporate Development

CONFERENCE CALL PARTICIPANTS

Steve Ashley

Robert W. Baird & Company, Inc. - Analyst

Nick Pajwani

Roth Capital Partners - Analyst

Nabil Elsheshai

Pacific Crest Securities - Analyst

Frank Sparacino

First Analysis Securities - Analyst

Ross MacMillan

Jefferies & Company - Analyst

PRESENTATION

Operator

Good day, everyone, and welcome to the SPSS 2008 Second Quarter Earnings Conference Call. With the exception of historical information the matters discussed on this conference call include forward-looking statements that involve risks and uncertainties including but not limited to market conditions, competition, and other risks indicated in the company's filings with the Securities and Exchange Commission.

A full Safe Harbor statement is available in the SPSS 2008 second quarter earnings press release posted at www.SPSS.com.

At this time I would like to introduce Mr. Jack Noonan, Chairman, President and Chief Executive Officer; Mr. Raymond Panza, Executive Vice President and Chief Financial Officer; and Mr. Douglas Dow, Senior Vice President of Corporate Development. Please go ahead, gentlemen.

Jack Noonan - *SPSS - Chairman and CEO*

Thanks and good afternoon and thank you for joining us to discuss our 2008 second quarter performance. I will give some opening remarks and then Ray Panza, our CFO, will comment on our financial results and provide guidance for the third quarter. We will end with a Q&A session.

As you have now seen in our press release issued earlier today, we achieved both top and bottom line growth in the second quarter, even with a strong headwind of a challenging economic environment. It remains clear that our broad range of product offerings, diverse customer base and global market presence give us key advantages in a weaker economic market.

During the second quarter, new license revenue growth was primarily driven by our Data Mining and Data Capture Technologies. We saw gains in the US where license revenue was up 9%, and in the UK, with a 28% growth, net of currency.

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Our services revenues also showed solid growth from a steadily increasing number of consulting and training engagements.

Our sales in northern Europe were hampered, in part, by the lack of sales capacity. In response, we are relocating our Netherlands inside sales office to a more centrally located city. The ramp up of this office is scheduled to be completed by the end of the third quarter.

With that, I will now turn the call over to Ray Panza for his comments on our second quarter financial results, as well as our outlook for the third quarter of 2008. Ray?

Raymond Panza - SPSS - EVP and CFO

Thanks, Jack. Earlier today, we issued the 2008 second quarter earnings press release, including unaudited financial statements for the quarter and six-month period ended June 30, 2008. It is to those financial statements that I will direct my comments.

As we stated during the last earnings call in April, we anticipated a weak and uncertain global economic environment during the second quarter. While those economic and market challenges exceeded our expectations, we can report that the financial results were generally within our expectations. In this difficult global economy especially outside of the US, all factors considered SPSS delivered revenue and earnings for the second quarter and six-month period within our guidance, and remains on target to deliver previously expected 2008 full year results.

License sales in the US for the 2008 second quarter were up 9% over the prior year. However, with the exception of the UK and Germany, net total license sales in Europe and the Pac Rim were below expectations. Expenses grew as expected, including previously announced investments in marketing.

As a result of total revenues below planned expenses at near plan, operating margin in the quarter declined compared to the 2007 second quarter. Overall the results for the quarter benefited from continued financial discipline, previous cost management initiatives that better prepared us for the current global economic situation; a lower effective income tax rate, and favorable currency exchange rates.

Specifically for the 2008 second quarter, SPSS reported total revenue of \$75.7 million for a 10% increase over the prior year's second quarter revenue of \$68.9 million. At \$75.7 million, the 2008 second quarter represents the third highest revenue for any single quarter in the history of the Company, exceeded only by the quarter results reported for 4Q 2007, and an unusually strong first quarter of 2008.

Furthermore the 2008 second quarter revenue represents the 19th consecutive quarter of year-over-year quarter revenue increase. This revenue improvement in the quarter benefiting from a weak US currency includes higher total revenue for all major geographies -- the Americas up 6%, Europe up 14% and the Pac Rim up 8%.

Excluding FX effects total revenue for the quarter was up 3% and Europe total revenue ex FX was up 3%, driven by a 12% increase in the UK and a 17% increase in Germany. In northern Europe, primarily the Netherlands and Scandinavia regions, declined by 7%. Excluding FX, total revenues in the Pac Rim were down 6%.

License revenue for the 2008 second quarter was \$34.8 million, up 8%. This increase was driven by a license revenue of \$15.9 million in the US or a 9% increase over the same prior year quarter. Absent the benefits of favorable currency exchange rates, total license revenue for the quarter was near flat compared to the prior year as a 28% ex FX increase in UK, and strong results in central Europe, mainly Germany, up 43% were offset by a 30% ex FX decline with revenue -- license revenue down approximately \$1.8 million in northern Europe and a 15% ex FX license decline in the Pac Rim.

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In addition to the difficult economy, our northern Europe operations were further impacted by challenges in recruiting and retaining a skilled workforce. Due to our remote location in Holland and increasing demand for experienced software sales personnel, our sales capacity in northern Europe was below plan and the results are reflected in the overall sales performance.

In response to these issues, we have opened and are in the process of staffing a new more centrally located sales office in Holland. Ramping up this facility is expected to be completed by the end of the third quarter.

Overall, for the 2008 quarter, license revenue for our tools products were up 5% over the same prior period while sales of our Solutions Technologies -- including a seven-figure, \$1.3 million transaction - were up 27% over the same prior year period.

Maintenance revenue for the quarter was up 9%, somewhat higher than expected, while Service revenue was up \$1.6 million or 26% following a strong 2008 first quarter license revenue. Total operating expenses for the 2008 second quarter were \$64.8 million, 10% higher than the prior year's second quarter.

Similar to the 2008 first quarter, this level of expense is sequentially consistent with the higher investments in marketing initiated late last year. Also similar to the 2008 first quarter, this spending level compares against a lower level of spending in the 2007 same quarter period.

While the 2008 second quarter operating expenses do not include any special charges for cost management initiatives there is, as expected and discussed at the last earnings call, approximately \$600,000 of higher non-recurring marketing investments, as well as approximately \$700,000 in severance charges for senior management positions that have or soon will be replaced. The run rate for the expense line sales, marketing and services is sequentially in line and consistent with the revenue growth and mix. This line also includes approximately \$2 million of higher expense due to FX.

Regarding R&D expense, as a result of rationalization of our development facilities, a program completed last year, Research & Development expenses are down more than \$1 million from the same period last year. These lower expenses were realized through productivity improvement, allowing an increase in headcount while reducing costs and improving operating measures.

For the 2008 second quarter operating income was \$10.9 million, a 7% increase over the 2007 second quarter's \$10.2 million. Operating income as a percent of revenue was 14% in the 2008 quarter, compared to 15% in the 2007 second quarter. Excluding the FX effect, operating expense in the 2008 second quarter were up 7% over the same 2007 quarter. Excluding non-recurring items previously discussed, the increase in run rate would be reduced further.

In the 2008 second quarter, SPSS realized net other income of \$698,000 compared to net other income of \$1.2 million for the 2007 quarter. As expected, this decline was largely due to significantly lower interest investment rates. The average investment rate during the quarter was approximately 2.6% or about half the average 5.3% earned in the same prior year period.

As a result of ongoing tax planning initiatives, the Company was able to realize the benefits of previously unrecognized tax attributes. Specifically, net operating loss carry forward and lower annual effective income tax rate to 36%, which resulted in a 32.5% effective income tax rate for the quarter.

On a related note, I'm pleased to report that, in July, the IRS is completed its greater audit of the prior years 2000 to -- through 2004. Such that those tax years are now closed. As the Company previously provided for it, IRS audit issues, completion of that audit did not and will not results in any additional charges. We would expect that the service will in due course began its customary review of 2005 and other open tax years.

Diluted earnings per share for the 2008 quarter ended June 30 was \$0.41. up \$0.14 from the \$0.36 reported in the same 2007 quarter. The lower number of diluted shares mainly reflecting shares repurchased during the 2007 fourth quarter and 2008 first quarter contributed approximately \$0.02 of the increase in EPS over the prior year period.

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There were no shares repurchased during the 2008 second quarter. The Company continues to have authorization to purchase up to 539,000 shares and will continue to evaluate any decision to do so, based on market conditions and consideration of available alternative uses of cash.

Turning to the six months ended June 30, 2008, total revenues for the first half of the year were \$153.9 million, for an 11% increase over \$139.1 million in the first half of 2007.

For the 2008 six-month period, 60% of the reported total revenue was generated from outside the Americas. License revenue for the first half of 2008 was \$73.2 million, up 9% from \$67.3 million for the same 2007 six-month period with the US up 11% and the UK ex FX up 17%. However, given the continuing impact of the challenging global economic environment, the balance of other international operations ex FX for the six-month period represented little or negative growth.

Total operating expenses for the 2008 six-month period were \$126.2 million or 11% over the 2007 six-month period. Overall, operating expenses for the first half 2008 remained at 84% of revenue, the same as the first half of 2007 year.

As a result, operating margin, that is operating income as a percent of revenue, was 16% for the 2008 six-month period, the same as for the 2007 six-month period. Operating income for the 2008 six-month period was \$24.8 million, an 11% increase from \$22.3 million in the first half of 2007.

Other income expense for the 2008 six-month period was a net other income of \$2.8 million, compared with a net other income of \$1.9 million for the same 2007 period. The 2008 improvement is primarily due to lower currency translation expenses, more than offsetting lower investment rate.

As previously stated, the effective income tax rate for the first six months of 2008 is 36%, down from 37% in the prior year. Reported diluted earnings per share for the six months ended June 30, 2008, was \$0.92 or up 23% from the \$0.75 for the same period in 2007. Lower share count added approximately \$0.06 to the six-month 2008 EPS.

Moving onto the balance sheet, at June 30, 2008, the cash balance was \$306 million, relatively unchanged from the \$306.9 million at December 31st, 2007. During the first six months of 2008, the Company expended \$35.2 million for share repurchases including 7.3 million for 2007 shares repurchased paid in 2008.

This spending was near fully funded by cash provided from current year operating activities.

Net accounts receivable at June 30, 2008 were \$47.2 million, resulting in day sales outstanding of 57 days. This is consistent with the 57 days achieved for the first quarter of 2008 and is down from net receivables of \$56.6 million and day sales outstanding of 65 days at December 31st, 2007; and 65 days at the end of the second quarter in 2007. As evidenced by the balance sheet, the Company continues to make management of nonworking capital a priority.

As indicated the only debt is the \$150 million of convertible bonds issued in March of last year. This debt has a maturity date in 2012 and carries a 2.5% annual interest rate payable quarterly.

Turning to the statement of cash flow, net cash flow from operating activities was \$28.8 million for the six months ended June 30, 2008. This is a net -- this is net of \$7.3 million of 2008 payment for shares repurchased in late December, 2007. Net cash flow from operations for the 2008 second quarter was \$14.6 million, compared with \$13.4 million for the 2007 second quarter.

Looking ahead for the 2008 third quarter, we expect revenues to be between \$74 million and \$78 million with reported diluted earnings per share of between \$0.42 and \$0.48. The 2008 third quarter EPS guidance includes an estimated \$0.06 charge for share-based compensation.

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For the full year 2008, we are reiterating revenue guidance of between \$310 million and \$320 million. In addition we are maintaining previous EPS guidance in the range of \$1.90 and \$2.00. This EPS annual guidance includes an estimated full year expense for share-based compensation of \$0.26, of which \$0.14 has already been recognized through the first half of the year.

For the 2008 fiscal year, this guidance assumes an effective income tax rate of 36%. EPS guidance for the quarter and full year does not include any restructuring charges and/or expenses related to other possible cost management initiatives.

With the continuing challenges in the global economy, and expectation of a somewhat strengthening US currency, we have heightened focus on managing expenses and have initiated certain cost action management actions to reduce spending not directly related to revenue generation.

During the second half of the year, our focus will continue to be on delivering long-term shareholder value through financial and operational discipline and for improving productivity measures in every aspect of our business.

At this time I would like to turn the meeting back over to Jack.

Jack Noonan - SPSS - Chairman and CEO

Thanks, Ray. While we are all facing challenging economic times, we remain confident that our leadership position, competitive advantages and financial strength give SPSS the greatest opportunities for success in the growing, predictive analytics market.

In a recently released report on Data Mining Products by the respected industry analyst firm Gartner Inc., SPSS was given a leadership position in its magic quadrant, with the best performance evaluation based on our breadth of vision, integration of capabilities and overall customer satisfaction. Align that positioning with IDC's recent market analysis that confirmed SPSS is the fastest-growing pure play, predictive analytics competitor.

IDC also reported that organizations are most likely to add predictive analytics functionality this year than any other business intelligence capability. And Aberdeen Group cited predictive analytics as having the greatest business impact over the next three to five years.

These may be challenging times, but the future for predictive analytics and SPSS seems bright.

It is now time to open the call up for questions. [Fab]?

Well, we are trying here. Operator?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Steve Ashley from Robert W. Baird.

Steve Ashley - Robert W. Baird & Company, Inc. - Analyst

First, Ray, I would like to thank you for providing all that detail on all the geographies. And then I am going to ask you to actually repeat some of it because I missed getting some of it down.

In terms of total revenue growth, I'm sorry, did you say the Americas was plus 6%, the UK was plus 12?

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Raymond Panza - SPSS - EVP and CFO

Correct on total.

Steve Ashley - Robert W. Baird & Company, Inc. - Analyst

Okay on total. And then what was Netherlands? Minus 7?

Raymond Panza - SPSS - EVP and CFO

Minus 7.

Steve Ashley - Robert W. Baird & Company, Inc. - Analyst

And other Pacific Rim?

Raymond Panza - SPSS - EVP and CFO

6.

Steve Ashley - Robert W. Baird & Company, Inc. - Analyst

6, and then Japan?

Raymond Panza - SPSS - EVP and CFO

Japan is included in the overall Pac Rim, and represented the largest portion of that 6.

Steve Ashley - Robert W. Baird & Company, Inc. - Analyst

Great. Then some more color on this relocating of your sales office and inside call center in The Netherlands. What GOs were impacted by that and is there any way that, guess if the dollar amount of impact that might have had on revenue?

Raymond Panza - SPSS - EVP and CFO

Overall what happened is we were not able to replace some people. It became very competitive for skilled software people and we were in a location that's not on a train line or a major highway. And we realized probably a little bit too late that we didn't have the sales capacity.

We fixed that by opening an office in Utrecht, which is right at the train station and at a major intersection on a highway which is helping our recruiting. We have already opened the office. We've already started to ramp up the people and have a number of people hired.

So we think this is a fixable issue.

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We recognized that our Northern Europe -- which is predominantly The Netherlands, Sweden and Denmark -- was net net down about \$1.8 million.

Steve Ashley - Robert W. Baird & Company, Inc. - Analyst

Then, do you know what license revenue would've been in the period excluding effects?

Raymond Panza - SPSS - EVP and CFO

I'm sorry, Steve?

Steve Ashley - Robert W. Baird & Company, Inc. - Analyst

License revenue year-over-year excluding FX.

Raymond Panza - SPSS - EVP and CFO

License revenue year-over-year excluding FX was about -- as I mentioned, it was about flat.

Steve Ashley - Robert W. Baird & Company, Inc. - Analyst

Thank you.

Raymond Panza - SPSS - EVP and CFO

I should point out that 1.8 I gave you for Holland, that is ex currency. That is after all currency -- that is a real number and that is why it is some material to us is had that 1.8 been realized we would have been having a totally different discussion.

Steve Ashley - Robert W. Baird & Company, Inc. - Analyst

Great. Thank you.

Operator

Nathan Schneiderman from Roth Capital Partners.

Nick Pajwani - Roth Capital Partners - Analyst

Actually, this is Nick for Nate here. A couple of questions on the cost management issues that you were talking about. What are some of the changes that you are making? And could you quantify any cost savings that we should expect from that?

Second, could you talk about your -- should we assume that your 2008 annual operating margin guidance of 20%, are we still on track on that? Thanks.

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Raymond Panza - *SPSS - EVP and CFO*

Good point. Overall we are managing our expenses against our budget. If revenues are expected to be under some strain, we want to pull back on nonrevenue-generating headcount and be a lot more cautious about critical headcount. And we've initiated internally a plan to not do some of the hiring that we would have otherwise done.

Likewise, looking at things like T&E and all of the usual levers that other companies and our customers are likewise going through at this point in time. We think we have proven over the history that we are capable of managing our expenses and we will do that. It's just prudent.

In terms of the 20% we still believe we are on target for the 20%, provided everything stays the way it currently is. If the economy changes dramatically from our expectations or currencies change dramatically from our expectations, that could put the 20% at risk.

But as I mentioned, we are still holding our full year guidance. We think we are on pace to make our revenue and our bottom line from a guidance standpoint.

Nick Pajwani - *Roth Capital Partners - Analyst*

Last question here, housekeeping item. How much -- what is the sales force at? How many reps do you have?

Raymond Panza - *SPSS - EVP and CFO*

Overall we have about 213 quota carrying reps right now.

Nick Pajwani - *Roth Capital Partners - Analyst*

Thank you.

Operator

Nabil Elsheshai from Pacific Crest Securities.

Nabil Elsheshai - *Pacific Crest Securities - Analyst*

A couple of questions. What -- can you give me the growth rate for Clementine in the quarter?

Douglas Dow - *SPSS - SVP-Corporate Development*

Clementine was in excess of the overall Tools category growth rate of 5%. So it was closing in the midteens.

Nabil Elsheshai - *Pacific Crest Securities - Analyst*

And then talk about the deployment solutions and the big deal you had. Is there any sort of trend there? Is there any way you can characterize the deal you had?

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Douglas Dow - SPSS - SVP-Corporate Development

I think what you are seeing, the deal, is that we are starting to see the dimensions in market research, revenue production start to come back. If you look at the revenue characteristics along the Dimensions line, again one of the things we have been seeing in the last two to three quarters is, at the low end, we are doing a lot more transactions, so that there's a range of transactions where we are growing in excess of 50% on the numbers.

Again, a big percent of a relatively small number, but a large number of small transactions. And what we are seeing is an increase in this particular area. A couple of more deals at the high end and one of these was the Nielsen deal that Ray mentioned.

So I think we are -- I think in terms of coming back to a prior pace that we were seeing in '06, we are starting to make some progress there.

Nabil Elsheshai - Pacific Crest Securities - Analyst

Okay. And then any traction or progress on the Predictive Enterprises Services? What are you guys thinking there these days?

Douglas Dow - SPSS - SVP-Corporate Development

What we saw there in the quarter was the number of deals did increase. Some of the characteristics are -- hang on just a second, let me get into my notes here so I can get it to you accurately. The number of deals for the Predictive Enterprises Services increased to 23 in the quarter.

But that's the whole predictive line of which, again, Predictive Enterprise Services is the lion's share. In terms of deal mix -- let's just give you this in comparison.

So that was 23 deals in the quarter as compared to 17 deals in the second quarter of '07 and 11 deals in the first quarter of '08. We saw a pretty decent mix in the various geographies. The US accounted for about six of those but we are looking at deals in Asia, United Kingdom, several deals across Continental Europe and then the dragthrough effect is still running about 2 to 1, Tools to Predictive Enterprise Services.

Nabil Elsheshai - Pacific Crest Securities - Analyst

Okay and what was the revenue breakdown between the two groups? In terms of percent of license?

Raymond Panza - SPSS - EVP and CFO

Percent of license? 84% tools, 16% solutions.

Nabil Elsheshai - Pacific Crest Securities - Analyst

Okay. I will get back in the queue. Thank you.

Operator

Frank Sparacino from First Analysis.

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Frank Sparacino - *First Analysis Securities - Analyst*

Just wanted to go back to the sales accounts fit so I think, Ray, you said it was 213 which is up 10 by my count on the sequential basis.

Raymond Panza - *SPSS - EVP and CFO*

That is correct.

Frank Sparacino - *First Analysis Securities - Analyst*

And so, when you talk about the sales capacity, Ray, I mean, how much turnover was there in Q2? And I guess, also, what precipitated the turn in the sales organization there?

Raymond Panza - *SPSS - EVP and CFO*

There are two things going on here. Overall, we continue to add inside salespeople because it continues to be very successful. We had a problem in Holland, in particular as there's a lot of demand for this kind of talent.

We had not replaced people as quickly as we had thought in Holland. We saw diminishment and capacity which directly correlated to the reduced revenue. The rest of the world was continuing to add.

So we missed it. We fixed it. In Holland we will have taken care of that problem by the end of the third quarter.

Frank Sparacino - *First Analysis Securities - Analyst*

Maybe lastly, guys, I know last quarter there were some changes both in Europe and Asia Pac in terms of management. And maybe this gets into your comment, Ray, about some of the charges in the quarter on severance, but relative to where you thought you are going to be with those changes, how did Q2 shake out? And then exactly the senior management changes -- is it more than what you previously talked about?

Raymond Panza - *SPSS - EVP and CFO*

There was one more administrative senior manager who left the business that wasn't anticipated at the beginning of the quarter. And then there was a senior sales executive who left.

So these were expensive people. Not normally recurring type charges, but nonetheless we are not looking for anything special. These are though 700,000 of a large charge that was more than we would have otherwise anticipated and it is not going to recur when you do your sequential modeling.

Frank Sparacino - *First Analysis Securities - Analyst*

Then, relative to where you thought you were going to be with the changes you've made last quarter, I mean, did those businesses bounce back as you had thought or --?

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Raymond Panza - *SPSS - EVP and CFO*

When you say the businesses - help me out specifically.

Frank Sparacino - *First Analysis Securities - Analyst*

There was turnover in one country in Europe, I can't recall and then I also believe there was a change in Asia Pac as well in terms of one of the countries there, but --?

Raymond Panza - *SPSS - EVP and CFO*

You are talking about Japan specifically. There is a new country manager in Japan. He is getting his sea legs and he's ramped to where we think he out of the at this point.

Japan still did not produce the way we would have expected in the quarter. But on the other hand he is right where he should be at this point. And we are expecting good things in the third quarter.

Frank Sparacino - *First Analysis Securities - Analyst*

Okay. Thanks.

Operator

(Operator Instructions). Ross MacMillan from Jefferies & Company.

Ross MacMillan - *Jefferies & Company - Analyst*

Ray, if you look at Asia Pac ex Japan, did that perform as you expected? I guess most software companies are continuing to see a lot of strength out of ex Japan Asia Pac.

Raymond Panza - *SPSS - EVP and CFO*

No, it didn't. Our two big areas in Asia Pac are Australia and Japan, and neither one of them met our expectations. We are seeing good healthy return from distributors in Asia, but, no, we didn't perform well.

Ross MacMillan - *Jefferies & Company - Analyst*

Okay and then -- (multiple speakers)

Raymond Panza - *SPSS - EVP and CFO*

But just to make clear, across the board inside continues to perform well except for the problems that we had in northern Europe. I want to be real clear. Our insight continues to be solid across the world.

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Ross MacMillan - *Jefferies & Company - Analyst*

Okay.

Raymond Panza - *SPSS - EVP and CFO*

We are having some less than desirable results.

Ross MacMillan - *Jefferies & Company - Analyst*

And then just on the -- just to be clear on the tax rate assumption. I know you've given the full year.

Would it be consistent across Q3 and Q4 broadly? I mean, should we model it on a kind of consistent level for Q3 and Q4?

Raymond Panza - *SPSS - EVP and CFO*

Yes. I have no reason to believe that it shouldn't be 36 in both quarters.

Ross MacMillan - *Jefferies & Company - Analyst*

Perfect. Thanks (multiple speakers).

Raymond Panza - *SPSS - EVP and CFO*

36.

Ross MacMillan - *Jefferies & Company - Analyst*

Thank you.

Operator

Steve Ashley from Robert W. Baird.

Steve Ashley - *Robert W. Baird & Company, Inc. - Analyst*

Just a couple of follow-ups. If we were to take the large seven figure deal out of the Deployment Solutions, would that business have been up and license year-over-year in the period?

Douglas Dow - *SPSS - SVP-Corporate Development*

The short answer is yes.

Steve Ashley - *Robert W. Baird & Company, Inc. - Analyst*

And in terms of -- you said we did 23 predictive apps deals. Do you know how many of those, Doug, were in the United States?

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Douglas Dow - SPSS - SVP-Corporate Development

6.

Steve Ashley - Robert W. Baird & Company, Inc. - Analyst

And Ray, you talked about \$700,000 in and severance and you gave us a little color on that. But you also talked about \$600,000 in higher marketing costs. Can you run through again what that related to?

Raymond Panza - SPSS - EVP and CFO

If you will recall, at the last call I mentioned it would be about \$0.02 of additional charges for certain marketing investments we would make in the second quarter. And a lot of this has to do with some promotion we do, particularly on the International side of the business.

So we knew going into the quarter we were going to make this spend. It was a commitment we'd made that we believe will reap benefits for us that second half of the year. It is nonrecurring. We do it every spring.

So I prewarned, if you will, at the last call that there would be this \$0.02 which approximates about \$600,000. That spend was made. It was incurred. It had an impact on the quarter as expected. It will not occur again in the third or fourth quarter.

Steve Ashley - Robert W. Baird & Company, Inc. - Analyst

Were there any other large or million deals in the period?

Raymond Panza - SPSS - EVP and CFO

There was just the one seven figure deal.

Steve Ashley - Robert W. Baird & Company, Inc. - Analyst

Okay. Thank you.

Operator

(Operator Instructions). Nabil Elsheshai.

Nabil Elsheshai - Pacific Crest Securities - Analyst

Just a quick follow-up on the UK. You had said that it was up 14%. Was that constant currency or was that --?

Raymond Panza - SPSS - EVP and CFO

Overall the UK was up 12% in total revenue, 28% in license revenue and that is ex FX. That's without getting any benefit from the exchange rate. That's a real number.

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Nabil Elsheshai - *Pacific Crest Securities - Analyst*

Okay. I'm sorry the license was 27?

Raymond Panza - *SPSS - EVP and CFO*

28.

Nabil Elsheshai - *Pacific Crest Securities - Analyst*

28. And was there a large deal in there? Is that a driver or what was going on there? And then we've heard from some other companies that the UK is starting to soften and I was wondering what you guys are seeing in terms of pipeline in that area?

Raymond Panza - *SPSS - EVP and CFO*

All I can comment is what we did. We only had the one seven figure deal and that was not in the UK. So the UK continued to perform. In terms of large deals, the largest single deal was a single transaction in the UK for around \$620,000.

The next largest deal in the UK was approximately \$560,000 and then it drops off dramatically.

Nabil Elsheshai - *Pacific Crest Securities - Analyst*

And in terms of -- you haven't seen any change in the macro starting in this quarter and/or in terms of your pipeline?

Jack Noonan - *SPSS - Chairman and CEO*

If we've seen anything, it's a larger spread this quarter from the commit to the upside.

Nabil Elsheshai - *Pacific Crest Securities - Analyst*

Okay. Thank you.

Operator

There are no further questions at this time. I would now like to turn the call back over to Mr. Jack Noonan for closing remarks.

Jack Noonan - *SPSS - Chairman and CEO*

Thanks, everyone, for joining us to discuss our second quarter results. Thanks.

Operator

Thank you for your participation in today's conference. This concludes the presentation. You may now disconnect and have a wonderful day.

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