SS&C Technologies Holdings Inc
Form 10-Q
August 09, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2013

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-34675

SS&C TECHNOLOGIES HOLDINGS, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**71-0987913**
(State or other jurisdiction of	**(I.R.S. Employer**
incorporation or organization)	**Identification No.)**

80 Lamberton Road

Windsor, CT 06095

(Address of principal executive offices, including zip code)

860-298-4500

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

There were 81,501,253 shares of the registrant s common stock outstanding as of August 7, 2013.

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SS&C TECHNOLOGIES HOLDINGS, INC.

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This Quarterly Report on Form 10-Q may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words believes , anticipates , plans , expects , estimates , projects , forecasts , may and should and similar expressions are intended to identify forward-looking stateme important factors discussed under the caption Risk Factors in the Company s Annual Report on Form 10-K for the year ended December 31, 2012, filed with the Securities and Exchange Commission on March 1, 2013, among others, could cause actual results to differ materially from those indicated by forward-looking statements made herein and presented elsewhere by management from time to time. The Company does not undertake an obligation to update its forward-looking statements to reflect future events or circumstances.

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Part I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

SS&C TECHNOLOGIES HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except per share data)

(unaudited)

	June 30, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash	$ 60,586	$ 86,160
Accounts receivable, net of allowance for doubtful accounts of $2,865 and $2,359, respectively	97,372	91,690
Prepaid expenses and other current assets	24,504	11,548
Prepaid income taxes	21,738	9,651
Deferred income taxes	5,681	5,408
Restricted cash	2,460	2,460
Total current assets	212,341	206,917
Property, plant and equipment:		
Land	2,655	2,655
Building and improvements	29,687	28,557
Equipment, furniture, and fixtures	61,591	58,046
	93,933	89,258
Less accumulated depreciation	(40,230)	(34,219)
Net property, plant and equipment	53,703	55,039
Deferred income taxes	1,100	1,459
Goodwill	1,526,428	1,559,607
Intangible and other assets, net of accumulated amortization of $294,300 and $255,449, respectively	489,045	539,883
Total assets	$ 2,282,617	$ 2,362,905
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current portion of long-term debt (Note 4)	$ 20,196	$ 22,248
Accounts payable	8,542	10,528
Income taxes payable		1,314
Accrued employee compensation and benefits	22,931	39,812
Other accrued expenses	32,543	22,650
Deferred maintenance and other revenue	59,655	63,700
Total current liabilities	143,867	160,252
Long-term debt, net of current portion (Note 4)	890,618	989,890
Other long-term liabilities	17,421	17,102
Deferred income taxes	115,139	120,158

Total liabilities	1,167,045	1,287,402
Commitments and contingencies (Note 5)		
Stockholders equity (Note 2):		
Common stock:		
Class A non-voting common stock, $0.01 par value per share, 5,000 shares authorized; 2,704 and 1,429 shares issued and outstanding, respectively, of which 0 and 13 are unvested, respectively	27	14
Common stock, $0.01 par value per share, 100,000 shares authorized; 79,236 shares and 78,141 shares issued, respectively, and 78,748 shares and 77,653 shares outstanding, respectively	792	781
Additional paid-in capital	887,162	853,455
Accumulated other comprehensive income	10,308	51,518
Retained earnings	223,102	175,554
	1,121,391	1,081,322
Less: cost of common stock in treasury, 488 shares	(5,819)	(5,819)
Total stockholders equity	1,115,572	1,075,503
Total liabilities and stockholders equity	$ 2,282,617	$ 2,362,905

The accompanying notes are an integral part of these condensed consolidated financial statements.

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SS&C TECHNOLOGIES HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands, except per share data)

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Revenues:				
Software-enabled services	$ 138,047	$ 84,889	$ 273,786	$ 149,464
Software licenses	6,626	5,768	12,696	9,578
Maintenance	25,410	22,976	51,425	42,474
Professional services	7,374	7,217	12,768	13,009
Total revenues	177,457	120,850	350,675	214,525
Cost of revenues:				
Software-enabled services	80,245	47,063	160,972	79,975
Software licenses	1,348	1,543	2,622	2,845
Maintenance	10,283	9,789	20,803	18,455
Professional services	4,885	4,705	9,805	8,677
Total cost of revenues	96,761	63,100	194,202	109,952
Gross profit	80,696	57,750	156,473	104,573
Operating expenses:				
Selling and marketing	10,563	8,286	20,027	15,658
Research and development	13,639	10,646	27,441	19,285
General and administrative	11,202	8,271	21,717	12,859
Transaction costs		9,421		13,574
Total operating expenses	35,404	36,624	69,185	61,376
Operating income	45,292	21,126	87,288	43,197
Interest expense, net	(11,784)	(4,485)	(24,289)	(5,034)
Other income (expense), net	2,370	(18,543)	2,516	(14,417)
Loss on extinguishment of debt		(4,355)		(4,355)
Income (loss) before income taxes	35,878	(6,257)	65,515	19,391
Provision (benefit) for income taxes	9,759	(497)	17,967	7,268
Net income (loss)	$ 26,119	$ (5,760)	$ 47,548	$ 12,123
Basic earnings per share	$ 0.32	$ (0.07)	$ 0.59	$ 0.16
Basic weighted average number of common shares outstanding	81,186	78,098	80,268	77,908
Diluted earnings per share	$ 0.31	$ (0.07)	$ 0.56	$ 0.15
Diluted weighted average number of common and common equivalent shares outstanding	85,280	78,098	84,550	82,491
Net income (loss)	$ 26,119	$ (5,760)	$ 47,548	$ 12,123

Other comprehensive (loss) income:				
Foreign currency exchange translation adjustment	(13,830)	(3,328)	(41,210)	3,470
Total comprehensive (loss) income	(13,830)	(3,328)	(41,210)	3,470
Comprehensive income (loss)	$ 12,289	$ (9,088)	$ 6,338	$ 15,593

The accompanying notes are an integral part of these condensed consolidated financial statements.

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SS&C TECHNOLOGIES HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Cash flow from operating activities:		
Net income	$ 47,548	$ 12,123
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	49,742	25,885
Amortization and write-offs of loan origination costs	2,988	6,445
Income tax benefit related to exercise of stock options	(4,941)	(1,592)
Deferred income taxes	(4,474)	(2,157)
Stock-based compensation expense	4,035	2,412
Provision for doubtful accounts	314	272
Loss on sale or disposition of property and equipment	322	1
Changes in operating assets and liabilities, excluding effects from acquisitions:		
Accounts receivable	(6,418)	(8,286)
Prepaid expenses and other assets	(4,712)	6,237
Income taxes prepaid and payable	5,600	(8,208)
Accounts payable	(2,248)	(464)
Accrued expenses	(14,245)	1,643
Deferred maintenance and other revenue	(3,506)	1,362
Net cash provided by operating activities	70,005	35,673
Cash flow from investing activities:		
Additions to property and equipment	(7,724)	(4,817)
Proceeds from sale of property and equipment	55	
Cash paid for business acquisitions, net of cash acquired		(957,539)
Additions to capitalized software	(428)	(322)
Other		87
Net cash used in investing activities	(8,097)	(962,591)
Cash flow from financing activities:		
Cash received from debt borrowings, net of loan origination costs		1,304,980
Repayments of debt	(102,000)	(290,000)
Income tax benefit related to exercise of stock options	4,941	1,592
Payment of contingent consideration		(1,800)
Proceeds from exercise of stock options	14,086	7,468
Other	(1,917)	
Net cash (used in) provided by financing activities	(84,890)	1,022,240
Effect of exchange rate changes on cash	(2,592)	(1,168)
Net (decrease) increase in cash	(25,574)	94,154
Cash, beginning of period	86,160	40,318
Cash, end of period	$ 60,586	$ 134,472

Supplemental disclosure of non-cash activities:				
Excess tax benefit related to stock option exercises	$	12,956	$	

The accompanying notes are an integral part of these condensed consolidated financial statements.

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SS&C TECHNOLOGIES HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SS&C Technologies Holdings, Inc., or Holdings, is our top-level holding company. SS&C Technologies, Inc., or SS&C, is our primary operating company and a wholly-owned subsidiary of SS&C Technologies Holdings, Inc. The Company means SS&C Technologies Holdings, Inc. and its consolidated subsidiaries, including SS&C.

1. Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). These accounting principles were applied on a basis consistent with those of the audited consolidated financial statements contained in the Company s Annual Report on Form 10-K for the year ended December 31, 2012, filed with the Securities and Exchange Commission (the SEC) on March 1, 2013 (the 2012 Form 10-K). In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments, except as noted elsewhere in the notes to the condensed consolidated financial statements) necessary for a fair statement of its financial position as of June 30, 2013, the results of its operations for the three and six months ended June 30, 2013 and 2012 and its cash flows for the six months ended June 30, 2013 and 2012. These statements do not include all of the information and footnotes required by GAAP for annual financial statements. The financial statements contained herein should be read in conjunction with the audited consolidated financial statements and footnotes as of and for the year ended December 31, 2012, which were included in the 2012 Form 10-K. The December 31, 2012 consolidated balance sheet data were derived from audited financial statements but do not include all disclosures required by GAAP for annual financial statements. The results of operations for the three and six months ended June 30, 2013 are not necessarily indicative of the expected results for any subsequent quarters or the full year.

Recent Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2013-02, Comprehensive Income (Topic 220) Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income, which amends the accounting guidance for the presentation of comprehensive income to improve the reporting of reclassifications out of accumulated other comprehensive income. The amendments do not change the current requirements for reporting net income or other comprehensive income, but do require an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under GAAP that provide additional detail about these amounts. For public companies, these amendments are effective prospectively for reporting periods beginning after December 15, 2012. The new guidance affects disclosures only and will have no impact on the Company s results of operations or financial position.

In July 2012, the FASB issued ASU No. 2012-02, Intangibles Goodwill and Other (Topic 350) Testing Indefinite-Lived Intangible Assets for Impairment (ASU 2012-02), to simplify how entities, both public and nonpublic, test indefinite-lived intangible assets for impairment. ASU 2012-02 is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The adoption of this standard in the first quarter of 2013 did not have a material impact on the Company s financial position, results of operations or cash flows.

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2. Equity and Stock-based Compensation

For stock options and restricted stock, the total amount of stock-based compensation expense recognized in the Company s Condensed Consolidated Statements of Comprehensive Income was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Statements of Comprehensive Income Classification				
Cost of software-enabled services	$ 719	$ 279	$ 1,470	$ 559
Cost of maintenance	67	56	138	114
Cost of professional services	84	48	171	122
Total cost of revenues	870	383	1,779	795
Selling and marketing	302	232	606	471
Research and development	236	119	466	239
General and administrative	521	449	1,184	907
Total operating expenses	1,059	800	2,256	1,617
Total stock-based compensation expense	$ 1,929	$ 1,183	$ 4,035	$ 2,412

A summary of stock option activity as of and for the six months ended June 30, 2013 is as follows:

	Shares of Common Stock Underlying Options
Outstanding at January 1, 2013	13,411,130
Granted	105,500
Cancelled/forfeited	(209,369)
Exercised	(2,369,430)
Outstanding at June 30, 2013	10,937,831

During the six months ended June 30, 2013, the Company recorded $19.2 million of income tax benefits related to the exercise of stock options. Of this amount, $3.6 million was recorded to goodwill and $15.6 million was recorded to additional paid-in capital on the Company s Condensed Consolidated Balance Sheets. The Company realized $6.2 million of cash savings through June 30, 2013 related to these benefits, of which a proportional amount relating to the additional paid in capital was recognized as cash inflows from financing activities while the remainder was recognized as cash inflows from operations on its Condensed Consolidated Statements of Cash Flows.

3. Basic and Diluted Earnings per Share

Earnings per share (EPS) is calculated in accordance with the relevant standards. Basic EPS includes no dilution and is computed by dividing income available to the Company s common stockholders by the weighted average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income by the weighted average number of common and common equivalent shares outstanding during the period. Common equivalent shares consist of stock options and restricted stock using the treasury stock method. Common equivalent shares are excluded from the computation of diluted earnings per share if the effect of including such common equivalent shares is anti-dilutive because their exercise prices together with other assumed proceeds exceed the average fair value of common stock for the period. The Company has two classes of common stock, each with identical participating rights to earnings and liquidation preferences, therefore the calculation of EPS as described above is identical to the calculation under the two-class method.

The following table sets forth the weighted average common shares used in the computation of basic and diluted EPS (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Weighted average common shares outstanding	81,186	78,098	80,268	77,908
Weighted average common stock equivalents options and restricted shares	4,094		4,282	4,583
Weighted average common and common equivalent shares outstanding	85,280	78,098	84,550	82,491

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Options to purchase 6,813 and 4,918,933 shares were outstanding for the three months ended June 30, 2013 and 2012, respectively, and options to purchase 57,584 and 229,964 shares were outstanding for the six months ended June 30, 2013 and 2012, respectively, but were not included in the computation of diluted earnings per share because the effect of including the options would be anti-dilutive. No common stock equivalents were included in the diluted EPS calculation for the three months ended June 30, 2012 due to the Company s reported net loss for the quarter.

4. Debt

At June 30, 2013 and December 31, 2012, debt consisted of the following (in thousands):

	June 30, 2013	December 31, 2012
Credit facility, weighted-average interest rate of 3.34% and 4.42%, respectively	$ 919,000	$ 1,021,000
Unamortized original issue discount	(8,186)	(8,862)
	910,814	1,012,138
Short-term borrowings and current portion of long-term debt	(20,196)	(22,248)
Long-term debt	$ 890,618	$ 989,890

Capitalized financing costs of $1.3 million and $0.4 million were amortized to interest expense in the three months ended June 30, 2013 and 2012, respectively. Capitalized financing costs of $2.3 million and $0.5 million were amortized to interest expense in the six months ended June 30, 2013 and 2012, respectively. Additionally, the Company amortized to interest expense $0.3 million and $0.7 million of the original issue discount in the three and six months ended June 30, 2013, respectively. During the three and six months ended June 30, 2012, the Company amortized to interest expense $0.1 million of the original issue discount and incurred expenses of $4.4 million in losses on extinguishment of debt associated with the repayment of the prior senior credit facility. The unamortized balance of capitalized financing costs is included in intangible and other assets in the Company s Condensed Consolidated Balance Sheet.

The estimated fair value of the Company s credit facility, which is a Level 2 liability, was $916.0 million and $1,030.0 million at June 30, 2013 and December 31, 2012, respectively. These fair values were computed based on comparable quoted market prices.

In June 2013, the Company completed a repricing of its $620.2 million term B-1 loans and $64.2 million term B-2 loans, which replaced them with new term B-1 loans and term B-2 loans at the same outstanding principal balance of $684.4 million, but at a different interest rate. The applicable interest rates have been reduced to either LIBOR plus 2.75% or the base rate plus 1.75%, and the LIBOR floor has been reduced from 1.00% to 0.75%, subject to a step-down at any time that the consolidated net senior secured leverage ratio is less than 2.75 times, to 2.50% in the case of the LIBOR margin, and 1.50% in the case of the base rate margin. The maturity date of the new loans remains June 8, 2019, and no changes were made to the financial covenants or scheduled amortization.

The repricing of the debt was evaluated in accordance with FASB Accounting Standards Codification 470-50, Debt Modifications and Extinguishments, for modification and extinguishment accounting. The Company accounted for the repricing as a debt modification with respect to amounts that remained in the syndicate and a debt extinguishment with respect to the amounts that exited the syndicate.

5. Commitments and Contingencies

As described below, the Company s subsidiary, GlobeOp, is a defendant in pending litigation relating to several clients for which GlobeOp performed services.

Fairfield Greenwich-Related Actions

In April 2009, GlobeOp was named as a defendant in a putative class action (the Anwar Action), filed by Pasha S. Anwar in the United States District Court for the Southern District of New York against multiple defendants relating to Greenwich Sentry L.P. and Greenwich Sentry Partners L.P., (the FG Funds), and the alleged losses sustained by the FG Funds investors as a result of Bernard Madoff s Ponzi scheme. The complaint alleges breach of fiduciary duties by GlobeOp and negligence in the performance of its duties and seeks to recover as damages the net losses sustained by investors in the putative class, together with applicable interest, costs, and attorneys fees. GlobeOp served as administrator for the Greenwich Sentry fund from October 2003 through August 2006 and for the Greenwich Sentry Partners fund from May 2006 through August 2006, during which time the approximate net asset value of the Greenwich Sentry Fund was $135 million and the Greenwich Sentry Partners Fund was $6 million. In February 2013, the U.S. District Court for the Southern District of New York granted the plaintiffs motion for class certification of a class consisting of all net loss investors in the litigated funds (excluding investors from a number of enumerated foreign countries). GlobeOp has petitioned the Court of Appeals to permit an interlocutory appeal of the class certification order.

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GlobeOp was also named as one of five defendants in two derivative actions (the Derivative Actions) that were initially filed in New York State Supreme Court in February 2009. Following initial motion practice, the court ordered the plaintiffs to arbitrate the claims asserted against GlobeOp. A litigation trustee on behalf of the bankrupt FG Funds subsequently substituted in as the plaintiff in these actions, which relate to the same losses alleged in the Anwar Action. The litigation trustee is seeking unspecified compensatory and punitive damages, together with applicable interest, costs, and attorneys fees, as well as contribution and indemnification from GlobeOp for the FG Funds settlement with the Irving Picard, trustee for the liquidation of Bernard L. Madoff Investment Securities, LLC. GlobeOp maintains that the prior orders compelling arbitration apply to the litigation trustee. The litigation trustee has not yet commenced arbitration proceedings.

In June 2013, all of the parties to the Anwar Action and the Derivative Actions, as well as certain insurers who have agreed to provide GlobeOp with coverage for these claims, entered into a binding memorandum of understanding to resolve all disputes and claims between and among the parties. GlobeOp s insurers have agreed to fund the entirety of the contemplated settlement payments. The prospective settlements remain subject to final documentation, approval by the courts in which the Anwar Action and the Derivative Actions are pending, and various other conditions.

Millennium Actions

Several actions, which we refer to as the Millennium Actions, have been filed in various jurisdictions against GlobeOp alleging claims and damages with respect to a valuation agent services agreement performed by GlobeOp for the Millennium Funds. These actions include (i) a class action in the U.S. District Court for the Southern District of New York on behalf of investors in the Millennium Funds filed in May 2012 asserting claims of $844 million (the alleged aggregate value of assets under management by the Millennium Funds at the funds peak valuation); (ii) an arbitration proceeding in the United Kingdom on behalf of the Millennium Funds investment manager, which commenced with a request for arbitration in July 2011, seeking an indemnity of $26.5 million for sums paid by way of settlement to the Millennium Funds in a separate arbitration to which GlobeOp was not a party, as well as an indemnity for any losses that may be incurred by the investment manager in the U.S. class action; and (iii) a claim in the same arbitration proceeding by the Millennium Global Emerging Credit Master Fund Ltd against GlobeOp for damages alleged to be in excess of $160 million. These actions allege that GlobeOp breached its contractual obligations and/or negligently breached a duty of care in the performance of services for the funds and that, *inter alia*, GlobeOp should have discovered and reported a fraudulent scheme perpetrated by the portfolio manager employed by the investment manager. The putative class action pending in the Southern District of New York also asserts claims against SS&C identical to the claims against GlobeOp in that action. In the arbitration, GlobeOp has asserted counterclaims against both the investment managers and the Millennium Emerging Credit Mast Fund Ltd. for indemnity, including in respect of the U.S. class action.

A hearing on the merits of the claims asserted in the UK arbitration began in London in July 2013.

GlobeOp has secured insurance coverage that provides reimbursement of various litigation costs up to pre-determined limits. In 2012 and 2013, GlobeOp was reimbursed for litigation costs under the applicable insurance policy.

The Company cannot predict the outcome of these matters, but the Company believes that it has strong defenses to the Millennium Actions and is vigorously contesting these matters. The amount of any potential loss, if any at all, cannot be reasonably estimated at this time.

In addition to the foregoing legal proceedings, from time to time, the Company is subject to other legal proceedings and claims that arise in the normal course of its business. In the opinion of the Company s management, the Company is not involved in any other such litigation or proceedings with third parties that management believes would have a material adverse effect on the Company or its business.

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6. Goodwill

The change in carrying value of goodwill as of and for the six months ended June 30, 2013 is as follows (in thousands):

Balance at December 31, 2012	$ 1,559,607
Adjustments to prior acquisitions	117
Income tax benefit on rollover options exercised	(3,557)
Effect of foreign currency translation	(29,739)
Balance at June 30, 2013	$ 1,526,428

7. Product and Geographic Sales Information

The Company operates in one reportable segment. The Company attributes net sales to an individual country based upon location of the client. The Company manages its business primarily on a geographic basis. The Company operates in the following geographic locations: the United States, Canada, Americas excluding the United States and Canada, Europe and Asia Pacific and Japan. The European region includes European countries as well as the Middle East and Africa.

Revenues by geography were (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
United States	$ 114,844	$ 82,088	$ 226,214	$ 148,115
Canada	16,241	14,626	32,002	28,475
Americas excluding United States and Canada	4,876	2,037	8,909	4,225
Europe	36,325	18,976	73,792	28,045
Asia Pacific and Japan	5,171	3,123	9,758	5,665
	$ 177,457	$ 120,850	$ 350,675	$ 214,525

Revenues by product group were (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Portfolio management/accounting	$ 159,553	$ 102,723	$ 315,014	$ 177,902
Trading/treasury operations	8,397	9,253	16,518	18,683
Financial modeling	2,028	2,292	4,166	4,367