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Securities registered pursuant to Section 12(b) of the Act: None

Title Of Each Class
Common Stock, \$0.001 par value

Name Of Each Exchange On Which Registered
Nasdaq Global Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Yes No

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 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a 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

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As of June 30, 2010, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was \$144,975,842 based on the closing sale price as reported on The Nasdaq Global Market.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at February 28, 2011
Common Stock, \$0.001 par value	45,997,535

DOCUMENTS INCORPORATED BY REFERENCE

The information called for by Part III is incorporated by reference to specified portions of the registrant's definitive Proxy Statement for its 2011 Annual Meeting of Stockholders, which is expected to be filed with the Securities and Exchange Commission not later than 120 days after the registrant's fiscal year ended December 31, 2010.

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**Annual Report on Form 10-K
for the fiscal year ended December 31, 2010**

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Some of the statements in this Annual Report on Form 10-K under Business, Risk Factors, Management's Discussion and Analysis of Financial Condition and Results of Operations, and elsewhere constitute forward-looking statements within the meaning of Section 21E of the Securities and Exchange Act of 1934, as amended. Forward-looking statements include statements regarding Actuate's expectations, beliefs or strategies regarding the future. These statements involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or achievement to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, those listed under Risk Factors and elsewhere in this Annual Report on Form 10-K. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of such statements. We are under no duty to update any of the forward-looking statements contained in this Report on Form 10-K after the date hereof or to conform such statements to actual results. Readers are cautioned not to place undue reliance on forward-looking statements and should carefully review the Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations section herein and the risk factors described in other documents Actuate files from time to time with the Securities and Exchange Commission, including current reports on Form 8-K and quarterly reports on Form 10-Q filed by Actuate during 2010.

PART I**ITEM 1. BUSINESS**

Actuate Corporation (We, Actuate or the Company) was incorporated in November 1993 in the State of California and reincorporated in the State of Delaware in July 1998. Actuate provides software and services to develop and deploy custom Business Intelligence and information applications. These applications deliver rich interactive content that improves customer satisfaction/loyalty and corporate performance. Applications built on Actuate's open source-based platform provide all stakeholders inside and outside the firewall, including employees, customers, partners and citizens, with content that they can easily understand, access and manipulate to maximize revenue, cut costs, improve customer satisfaction, streamline operations, create competitive advantage and make better decisions. Actuate's goal is to ensure that all end users can seamlessly incorporate decision-making information into their day-to-day activities, opening up completely new avenues for improving corporate performance.

Actuate's telephone number is 650-645-3000. Actuate maintains Web sites at www.actuate.com, www.birt-exchange.org and www.birt-exchange.com. The information posted on our Web sites is not incorporated into this Annual Report.

Actuate Executive Officers

Actuate's executive officers as of February 4, 2011 are as follows:

Name	Offices
Nicolas C. Nierenberg	Chairman of the Board and Chief Architect
Peter I. Cittadini	Director, President and Chief Executive Officer
Daniel A. Gaudreau	

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Mark A. Coggins
N. Nobby Akiha
Thomas E. McKeever

Senior Vice President, Operations and
Chief Financial Officer
Senior Vice President, Engineering
Senior Vice President, Marketing
Senior Vice President, General Counsel, Chief Compliance
Officer, Secretary and Corporate Development

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Nicolas C. Nierenberg, 54, has been Chairman of the Board of Directors since he co-founded Actuate in November 1993 and became Actuate's Chief Architect in August 2000. Mr. Nierenberg was also Chief Executive Officer of Actuate from November 1993 until August 2000 and President from November 1993 until October 1998. Prior to founding Actuate, from April 1993 to November 1993, Mr. Nierenberg worked as a consultant for Accel Partners, a venture capital firm, evaluating investment opportunities in the enterprise software market. Mr. Nierenberg co-founded Unify Corporation, which develops and markets relational database development tools. Mr. Nierenberg held a number of positions at Unify including, Chairman of the Board of Directors, Chief Executive Officer, President, Vice President, Engineering and Chief Technical Officer. Mr. Nierenberg is currently a director for privately held companies AwarePoint Corporation, Apatana, Inc., Photoleap, Inc. and is a member of the Board of Trustees for The Burnham Institute, a non-profit organization.

Peter I. Cittadini, 55, has been Chief Executive Officer of Actuate since August 2000 and has been the President of Actuate since October 1998. Mr. Cittadini was Actuate's Chief Operating Officer from October 1998 until August 2000 and served as Actuate's Executive Vice President from January 1995 to October 1998. From 1992 to 1995, Mr. Cittadini held a number of positions at Interleaf, Inc., an enterprise software publishing company, including Senior Vice President of Worldwide Operations responsible for worldwide sales, marketing, customer support and services. From 1985 to 1991, Mr. Cittadini held a number of positions at Oracle Corporation, including Vice President, Northeast Division.

Daniel A. Gaudreau, 63, has been Senior Vice President, Operations and Chief Financial Officer since January 1999 and served as Vice President, Finance and Administration and Chief Financial Officer from February 1997 to January 1999. From January 1994 to February 1997, Mr. Gaudreau served as Vice President, Finance and Chief Financial Officer of Plantronics, Inc., a publicly traded telephone headset manufacturing company, where he was responsible for all financial and administrative operations. From January 1990 to January 1994, Mr. Gaudreau was Vice President, Finance and Chief Financial Officer at Ready Systems, an operating systems software company. Mr. Gaudreau spent two years at Apple Computer as the Controller of Fremont Manufacturing Operations, prior to which he spent 18 years at General Electric where he held various financial management positions.

Mark A. Coggins, 53, has been Senior Vice President, Engineering since October 2003. From May 2001 to April 2003, Mr. Coggins was Vice President, Engineering at Verisign, a publicly traded security software company. From January 1999 to April 2001, Mr. Coggins was Vice President, Products at ShortCycles, a CRM software company. Mr. Coggins has held positions in engineering and marketing management at Netscape Communications, Interactive Development Environments and Hewlett Packard.

N. Nobby Akiha, 53, has been Senior Vice President, Marketing since June 2006 and served as Vice President of Marketing from August 2000. From August 1994 to July 2000, Mr. Akiha was Vice President, Marketing and Business Development at Inference Corporation. From October 1993 to July 1994, Mr. Akiha was a Senior Consultant at Regis McKenna, Inc. Prior to that, Mr. Akiha was Director of Marketing Communications at Interactive Development Environments and a Group Product Manager at Oracle Corporation.

Thomas E. McKeever, 43, has been Senior Vice President, General Counsel, Chief Compliance Officer, Secretary and Corporate Development since January 2009 and served as General Counsel, Vice President Corporate Development and Secretary since May 2006. Mr. McKeever was formerly with Sun Microsystems, Inc., was an associate in several law firms in the San Francisco Bay Area and served as a law clerk to the Honorable Lawrence T. Lydick of the United States District Court for the Central District of California (Orange County).

Industry Background

The acceptance and our dependence on the Internet and the proliferation of mobile and tablet devices have fundamentally changed the way that consumers and organizations communicate, obtain information, purchase

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goods and transact business. Through widespread usage of the Internet and the emergence of customized, visually rich applications for the Internet and mobile devices, users have developed a heightened set of expectations for self service access of relevant, timely and dynamic information to increase their effectiveness both at home and at work.

In parallel to higher end-user expectations for business applications, organizations strive to maximize corporate performance. A common strategy for improving performance has been to better leverage the information captured by applications that have been implemented to manage business areas such as sales, marketing, service, finance, manufacturing, distribution and human resources. Organizations have been seeking to use data to make informed decisions regarding both day-to-day operations and to formulate high-level strategy. These efforts have been largely unsuccessful due to the hard-to-use nature of traditional Business Intelligence (BI) tools used to access and analyze this data. Because such tools demand that users invest time and effort in learning new interfaces and acquiring new skills, the size of the power-user population within the organization that is trained to analyze data and share the results of that analysis has been limited. As a consequence, use of decision-making information throughout the organization involves the use of several BI tools and disjointed data discovery methods.

The key to wide use of business information is to eliminate traditional obstacles by providing decision-making information through intuitive interfaces that deliver the power that consumers expect in their personal realm within a context of business processes that satisfy new user expectations for accessibility and relevance. In order to achieve maximum efficiency within the organization, end user adoption of decision-making information needs to be customized by delivering information through end user configurable dashboards, mobile applications and in-memory analytics and enabling users to switch between these methods within a singular, seamless user experience that needs minimal assistance from the IT department. With such a model each individual has visibility into their own performance, can be held accountable for their own results and can maximize collaboration with others. Such custom Business Intelligence and information applications also need to be scalable and robust enough to extend the usage of information outside the firewall to customers and partners, be deployed on the latest cloud or hybrid cloud environments and be readily deployed on the most popular mobile and tablet devices.

Custom BI and information applications built using Actuate have the added advantage of being based on BIRT; an Eclipse open source project that was founded and continues to be co-led by Actuate. BIRT has grown in popularity to become the premier development environment for presenting data to users from multiple, disparate data sources in compelling visualizations and has been downloaded more than 10 million times by a global developer base of over 1 million. Familiarity with BIRT within Actuate 's target market is an added advantage to ensure that developer resources are plentiful in deploying custom BI and information applications and that BIRT is chosen as a customizable, community-driven foundation to keep up with the evolving user experience demanded by such applications. Actuate is widely recognized as the leader in open source Business Intelligence.

ActuateOne Business Intelligence, Analytics and Reporting: Actuate offers ActuateOne to develop and deploy BIRT-based custom Business Intelligence and information applications that deliver rich, interactive content to support cloud, on premises or mobile deployments.

ActuateOne fulfills the vision that Actuate has had since the inception of BIRT: to redefine the BI category by moving away from a set of disparate tools to a suite of integrated capabilities within a single environment. ActuateOne provides a single common architecture for development and deployment, utilizing one design, one server and one seamless unified end-user experience that meets the dynamically changing needs of information consumers. ActuateOne can seamlessly integrate into any enterprise IT infrastructure and consists of a highly scalable, reliable server and a robust development environment for building applications of any scale. Actuate 's powerful development and deployment architecture allows developers to harness content from virtually any data source and present it in almost any format required by users.

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ActuateOne assures that 100% of users inside and outside the firewall can gain value from all enterprise information assets. A variety of intuitive, personalized and easy to use BI and information applications present data, dashboards and analysis integrated from all relevant sources, including databases, real-time data feeds and print stream data. Flexible deployment options can support all projects, no matter how small or large.

Actuate offers a complete suite of BI, analytics and reporting products within the integrated ActuateOne suite that provide 64-bit, in-memory analytics, user configurable dashboards, ad-hoc and interactive web content, brochure-quality reporting, and spreadsheet analysis. These capabilities are delivered using a single BIRT-based design and Actuate's BIRT iServer to assure integrated single, continuous, yet personalized BI and information application experience that maximizes user adoption.

ActuateOne provides a platform upon which Global 9000 organizations (companies with annual revenues greater than \$1 billion) and packaged application software vendors develop and deploy mission-critical BI and information applications that deliver rich interactive content. Such applications retrieve business information from databases as well as print streams and deliver it as interactive web pages, spreadsheets, mobile content and analytic cubes to customers, partners and employees around the globe. Our products and services are used by our customers to develop and deploy applications across a range of business functions including financial management, sales management, account management, and customer self-service.

In 2010 Actuate deployed BIRT onDemand, Actuate's Platform as a Service Solution (PaaS) for BI, analytics and reporting. BIRT onDemand supports all current versions of BIRT and comes with an intuitive user interface that delivers key features of ActuateOne including end user configurable dashboards, in-memory analytics, ad-hoc and interactive reports. BIRT onDemand provides a unique, plug-and-play platform for BIRT-based cloud and mobile BI applications based upon an end user subscription model.

Performance Management: BIRT Performance Scorecard products engage the entire organization in improving performance from Metrics Management, which provides management visibility into key measures of performance, to Root Cause Analysis, which enables user to make informed decisions to take action to address the problem at its origin.

BIRT Performance Scorecard (formerly Actuate Performancesoft Views) has been designed specifically to address real-life Performance Management situations. With a simple-to-use web interface, users across the enterprise can access relevant Performance Management information to help them make the right decisions. Actuate BIRT Performance Scorecard greatly simplifies the dissemination and analysis of Performance Management information by offering users interactive, intuitive reports that drill directly from any measure in their scorecard to the operational detail that explains that measure's status.

The combination of Actuate's Performance Management application with ActuateOne provides capabilities for distributing accountability throughout the enterprise. Our customers are now able to quickly build and deploy rich, intuitive and easy to use Performance Management solutions that offer managers at all levels the ability to drill-through from executive level information to real-time operational details, resulting in heightened management effectiveness and breakthrough corporate performance throughout the enterprise.

BIRT Spreadsheet: Actuate's BIRT Spreadsheet products are Excel®-based and deliver Excel-like reporting, formatting and calculation functionality within Java applications. Actuate BIRT Spreadsheet products can also leverage all the Actuate deployment options embedded in applications or deployed in workgroups or enterprise-wide.

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Xenos Enterprise Server Platform: In February, 2010, Xenos became a division of Actuate. Xenos technology transforms enterprise information into intelligent content by providing high-performance solutions that optimize Enterprise Content Management (ECM) investments. Xenos solutions, based on the scalable Xenos Enterprise Server , load, transform and present high volumes of data and documents of numerous

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formats across multiple channels. The result is superior storage, real-time access, personalization, online presentation, PDF accessibility, printing and delivery for high-volume transactional output (HVTO).

The Xenos Enterprise Server platform addresses the HVTO business challenges facing today's enterprise. It provides robust, flexible and highly scalable solutions that optimize an organization's information supply chain by integrating enterprise systems and data. Xenos Enterprise Server delivers intelligent content where, when and how it is needed. This product set has provided leading, high performance solutions for over thirty years with deployments at some of the largest organizations worldwide. Xenos adds powerful transformation services to ActuateOne which not only add documents and print streams as direct BIRT data sources, but also brings parsing and workflow technologies into the fold for tackling traditionally difficult enterprise information transformation problems such as access to mainframe and legacy data.

Strategy

Our goal is to be the leader in delivering custom BI and information applications by increasing the richness, interactivity and effectiveness of enterprise information, for everyone, everywhere. Actuate delivers ActuateOne for both customer and employee-facing applications deployed on premises, for mobile devices or on the cloud. ActuateOne boasts unmatched scalability, high-performance, reliability and security. Its proven capabilities and highly collaborative development architecture are backed by the world's largest open source business application developer community, grounded in BIRT, the Eclipse Foundation's only top level Business Intelligence and reporting project. Key elements of our strategy include:

Expand Market Leadership Position through Strategic Relationships. We believe that we have established a leading position in the market for ActuateOne and BIRT. To accelerate the adoption of the Actuate portfolio of products, we have established strategic relationships with leading software application vendors, systems integrators, consulting firms, specialized Performance Management consultants and development partners. We intend to further develop our existing strategic relationships and enter into new partnerships to expand our market presence and leadership.

Extend Technology Leadership. Since inception, we have focused our research and development efforts on developing core technologies that address the requirements of developing and deploying applications in the areas of Business Intelligence and Performance Management. Our products integrate a number of advanced technologies, including a patented methods of processing a query joining data stored in different sources, providing page level security in a report, LDAP integration, advanced viewing technology incorporating Java, PDF, DHTML, Unicode, XML, AJAX, Flash and Web services, a patented methods of storing and accessing data and semi-structured data, a multi-tier architecture, Web access and delivery technology, EII data access technology, patented spreadsheet technology, patent-pending assistive technology for the visually impaired and intuitive Performance Management interfaces such as Briefing Books. The Company was granted five patents during 2010. We have in the past rapidly incorporated new technology into our product offerings. We believe that we provide a leading open standards based BI platform and we intend to extend this leadership position by continuing to devote significant resources to research and development efforts, and by acquiring and integrating complementary technologies when and if appropriate.

Broaden Distribution Channels. To date, our products have been sold worldwide by our direct sales force and through our software application vendors, original equipment manufacturers (OEMs), resellers, and systems integrators. In addition, we intend to continue to leverage and grow our existing network of OEMs, systems integrators, and resellers and expand our indirect distribution channel worldwide.

Focus on Key Application Areas. Our technology is uniquely suited to meet customer requirements for custom BI and information applications for specific business functions such as financial management, customer self-service, sales management, account management,

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workforce management and Performance Management. We intend to continue to focus on these areas within our sales and marketing functions as well as provide more complete customer solutions through targeted partnering and technology development.

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Leverage Professional Services Capabilities. We have established successful relationships with our customers by serving as an advisor in developing and deploying custom BI and information applications. We are extending our direct Professional Services capabilities to provide an expanded set of services to address areas such as application development strategy, project management, security integration and application design. In addition, we offer similar high-quality Professional Services capabilities through third-party alliances and are currently focused on the development of relationships with global and national systems integrators. By offering our clients a full range of Professional Services on a global basis, we believe that we can broaden market awareness about the advantages of our platform and of BIRT and create opportunities to sell new or additional products to clients.

International Presence. Outside North America, we have established subsidiaries in a number of countries and have reseller relationships throughout Europe, Middle East and Asia/Pacific region. We have localized versions of our products in French, German, Spanish, and Japanese and we also support Chinese, Korean, and right-to-left reporting. We intend to grow our international operations by expanding our indirect distribution channels worldwide and by continuing the localization of our products in selected markets. International sales accounted for 21%, 23%, and 28% of our total revenues in 2010, 2009, and 2008, respectively.

Leverage Open Source. We are building a growing community of developers that have adopted BIRT. We offer a number of value added commercial products and services that build on the open source BIRT project offering to increase the interactivity, security, scalability and reliability of custom BI and information applications and we intend to offer additional commercial products and services including those based on Xenos Enterprise Server technology in the future.

Products and Technology

ActuateOne

ActuateOne is Actuate's flagship product. It is a unified suite of products for rapidly developing and deploying BIRT-based custom Business Intelligence (BI) applications and information applications. Applications built with ActuateOne provide one user experience regardless of task or skill level; are supported by one server for any deployment including cloud and are built with one BIRT design that can access and integrate any data source including high volume print streams. ActuateOne adds rich data visualizations, including interactivity, dashboards, analytics, and deployment options to web and mobile BIRT applications, helping organizations drive revenue through higher customer satisfaction and improved operational performance. The Actuate product line assures that 100% of users, customers, partners and employees can get the information they need to drive prompt, effective action. Whether our customers wish to make better decisions, implement stronger customer relationships or manage to performance goals, Actuate provides a variety of intuitive, personalized and easy-to-use formats that present data integrated from all relevant sources. Our flexible deployment options and world class scalability support various types of projects, no matter how small or large.

ActuateOne extends Eclipse BIRT to deliver rich, highly interactive enterprise and customer-facing information applications. Organizations that want to present structured data as custom BI and information applications using BIRT as a foundation can now use the product line to:

Build any information rich interactive content using BIRT: including Flash-based content, dashboards and dynamic statements for any interface.

Deploy BIRT to satisfy any scope: leveraging Actuate's industry leading performance, scale, reliability and security capabilities.

Develop BIRT content efficiently: using a developer-centric design environment and open APIs to satisfy any content requirement.

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The release of ActuateOne built on the Company's strategy to ensure the low cost, efficient commercial deployment of Rich Information Applications by:

Lowering costs associated with application development, maintenance and deployment by tapping into the skill sets and shared resources of a large and growing community of Eclipse developers.

Increasing developer productivity, by promoting interoperability and standards-based development to allow BIRT to fit seamlessly and effortlessly within any environment.

Meeting continuously evolving user requirements by encouraging participation across the user base from developers to everyday consumers to refine their own information presentation through a variety of interactive and engaging interfaces.

In the case of direct sales to end user customers, our products have been typically priced on a per CPU basis or a per named user basis pricing. Our development products are typically priced on a per named user basis. Indirect sales are usually either fixed price, unlimited usage arrangements, or arrangements where royalties are paid based upon sell through to end-users.

Actuate Products

	Product Description
BIRT iServer	Scalable information server for generating, managing, and securely delivering interactive, highly visual reporting, spreadsheet and analytic content that drives custom BI and information applications. BIRT iServer offers a variety of services that can be added and managed as needs and requirements change. Built in metadata, in-memory analytic content creation and storage, security, high-availability, archiving, administration and integration technologies are some of these services. iServer can be implemented in a variety of ways, providing the level of robustness required in deployment options designed to meet any requirement, including on the cloud, on premises or via Actuate's own Software-as-a-Service (SaaS) platform.
BIRT Designer Pro	Thick client, developer tool for creating BIRT designs, metadata definitions, cube definitions, ad-hoc templates and reports that enables professional application developers and report developers to build dynamic, interactive custom BI and information applications ready for deployment to end users.
BIRT Interactive Viewer	User operated interactive environment that enables personalization and modification of content, empowering even the novice business user with the information they need.
BIRT Data Analyzer	Powerful cross-tab based analysis interface for traversing 64-bit in-memory analytic data from virtually any data source.
BIRT 360	application portal-based interface for easily creating operational and analytic dashboards using BIRT content, content from multiple feeds, BIRT widgets, Google Gadgets and other third-party content.
BIRT Mobile	Native and custom mobile BI options for viewing BIRT content anywhere, anytime, on any device - including iPhone, iPad and BlackBerry.
BIRT Spreadsheet Designer	Spreadsheet based development environment for creating flexible and customizable Excel-based spreadsheet reports.
Actuate e.Report Designer Pro	Actuate's original, comprehensive, object-oriented environment for professional developers to create tightly integrated, highly flexible enterprise reports for any Web-enabled application.

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Actuate Products

Actuate e.Report for iServer

Actuate BIRT Spreadsheet with SmartSheet Security

Product Description

Server option for generating document-centric, high fidelity enterprise reports for employees, customers, and business partners in browser-based Web and PDF formats.

Server option for generating, managing, and distributing critical business information over the Internet in easy-to-use and intuitive desktop spreadsheets. SmartSheet Security dramatically improves the scalability of spreadsheet distribution by caching a superset of users' information and layout within one server-side document.

Performance Management

With over 16 years dedicated to Performance Management, Actuate's highly focused and proven implementation approach guarantees a successful outcome, with a range of solution packages designed to match every state of readiness.

Including integrated BIRT technology, our Performance Management system has endless capabilities both from the perspective of built in features and through value-add functionality made available through the BIRT Exchange Marketplace. New and existing customers can download quick start applications such as Marketing 101, Stimulus Management and Strategy Management, or these same users can extend the capability of their current system by downloading pre-built BIRT applications that extend capabilities in the areas of forecasting, performance portal gadgets, system usage utilities and much more.

Our Performance Management community, BIRT Scorecard Exchange helps in the quest to re-shape and redefine the evolving needs of our users and the products we avail to them. Scorecard Exchange provides numerous outlets for both customers and performance management professionals to engage one another through participation in our forums, blogs and Perform Magazine.

The BIRT Performance Scorecard suite of products helps high-performing organizations drive strategy at all levels, improve decision making, and ensure better operational performance and execution. Capabilities include a BIRT Performance Scorecard based Software-as-a-Service (SaaS) offering called OnPerformance.

The following table sets forth the products that comprise the Actuate Performancesoft Suite.

Actuate Products

BIRT Performance Scorecard

Actuate OnPerformance

Product Description

A Performance Management application made up of three modules: Briefing Books, Performance Views and Performance Strategy Maps. The easy-to-use, web-based solution provides a flexible system to address specific methodologies such as Balanced Scorecard, Malcolm Baldrige, as well as operational Performance Management initiatives.

Actuate OnPerformance is cost effective Software-as-a-Service (SaaS) solution that securely provides relevant Key Performance Indicators (KPIs) to managers who can positively impact performance based on BIRT Performance Scorecard.

Xenos Enterprise Content Management

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The rapid growth in the quantity of digitized information in multiple, inconsistent formats undermine an organization's ability to intelligently use information.

Based on the Xenos Enterprise Server (ES) platform, Actuate's Xenos Group addresses the high volume transaction output (HTVO) business challenges facing today's enterprise. We provide robust, flexible

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and highly scalable solutions that optimize an organization’s information supply chain by integrating enterprise systems and data. The technology can process, extract, transform, repurpose and personalize high volumes of data and documents. The result is superior storage, real-time access, online presentment, PDF accessibility, printing, and delivery of information in numerous formats across multiple channels.

The following table sets forth the products that comprise the Xenos suite of products.

Actuate Products

Xenos Enterprise Server

Product Description

Xenos ES provides both Document and Data Transformation Services that enable enterprises to lower operational costs and complexity and improve customer service. Xenos Document Transformation Services transform and repurpose print stream documents for high-volume batch production printing, document proofing, mailing and online presentment. Xenos Data Transformation Services enable organizations to process enormous volumes of electronic data and information at extremely high transaction speeds. By transforming content from both documents and data, Xenos ES puts it into a structured format that can be re-composed for consolidated statement presentment through an organization’s ECM solution.

Xenos ES is a highly scalable solution that supports the processing, extraction, transformation, repurposing and personalization of structured and unstructured data in both legacy and SOA environments. Results include: lower total cost of ownership; delivery of intelligent content; support of Green IT initiatives; and revenue growth opportunities with new lines of business.

Xenos infoWEB

Xenos infoWEB provides secure report management, distribution and online presentment that optimize the flow of information across the enterprise and beyond. It offers a complete solution, including secure electronic presentment, multichannel report delivery, and document management. The product demonstrates a measurable reduction in storage, printing, mailing and labor costs and improved operational efficiencies. Ease of use, rapid deployment and adoption, reliability and scalability based on your changing demand all contribute to the Xenos infoWEB advantage.

Eclipse Business Intelligence and Reporting Tools Project

In August 2004 Actuate joined the Eclipse Foundation, a community committed to the implementation of a universal platform for tools integration, as strategic developer and board member. Actuate proposed the BIRT project to the Eclipse open-source community for review at the same time. The Eclipse Foundation approved the project in September 2004. Actuate is leading the development of BIRT, which culminated in the industry’s first open Business Intelligence and Reporting platform in June 2005. A version has been released in the June timeframe annually with the seventh major version of BIRT from the Eclipse Foundation planned for June of 2011.

BIRT has been downloaded over 10 million times by a global developer base of over 1 million.

Customers

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Our customers operate in a wide variety of industries, including financial services, government, health care, manufacturing, pharmaceuticals, telecommunications, high technology, utilities, automotive, education, entertainment, travel, retail and others.

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Sales

We sell our software and services worldwide through two primary channels: (i) directly to corporate and government customers through our direct sales force and (ii) through indirect channel partners such as original equipment manufacturers (OEMs), systems integrators, and resellers.

Direct Sales Organization. Our direct sales force focuses most of its sales efforts on Global 9000 companies and public sector organizations. The direct sales process involves the generation of sales leads through Web-based marketing, direct mail, seminars and telemarketing. As part of the direct sales effort, our field sales force typically conducts demonstrations and presentations of our products to developers and managers at customer sites. Our telesales force conducts demonstrations via the Web and sells our products to new and existing customers over the phone. Actuate also has a group focused on qualifying prospective customers over the phone. We maintain sales offices in a number of locations throughout North America, Europe and Asia/Pacific.

OEM Sales Organization. A separate sales force addresses the OEM market. Our OEMs integrate our products for distribution with their applications either directly or in hosted environments. The OEM s end-user customer is licensed to use our products solely in conjunction with the OEM s application.

Systems Integrators. We have a business development group that focuses on establishing and maintaining relationships with systems integrators. Systems integrators typically re-market our products to their customer base as part of a software application being built for a customer. Systems integrators are offered discounts on our products and sell a full use license of the product. Our systems integrators do not typically provide post-sales support.

Resellers. Resellers are typically given the non-exclusive right to market our software in a specific territory and are offered discounts on our products. Resellers typically provide customers with some post-sales support and services.

Marketing

Our marketing organization is focused on generating leads, building market awareness and promoting acceptance of our Company and our products, as well as on developing strategic marketing, technology and other relationships. We have a comprehensive marketing strategy with several key components:

image awareness and credibility building,

direct marketing to both prospective and existing customers,

a strong Web presence,

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comprehensive sales support materials as well as broad-scale marketing programs in conjunction with key partners.

Our corporate marketing strategy includes online advertising, search engine optimization, public relations activities, trade shows and user group meetings. We also engage in programs to work closely with industry analysts and other influential third parties. Our direct marketing activities include extensive Web-based marketing campaigns, participation in selected trade shows and conferences and targeted ongoing email efforts to existing and prospective customers. We also offer seminars, both in-person and over the Web, to educate prospective customers about our Rich Information Applications built with our industry leading platform. Finally, we have invested in building a partner and channel marketing function to conduct cooperative marketing programs with our partners.

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Professional Services

Our Professional Services organization provides high value consulting services to customers developing and deploying Rich Information Applications using our products. These services include application development strategy, project management, security integration and application design. We also actively recruit and train third party consulting firms to provide consulting services for our products. Due to the critical nature of Rich Information Applications built with our industry leading platform, we believe that our Professional Services group and relationships with our consulting partners play a key role in facilitating initial license sales and enabling customers to successfully develop and deploy Actuate-based applications. In addition, we offer, directly and through our network of certified training partners, classes and training programs for our products.

Customer Service

We believe that providing superior customer service is critical to successfully selling and marketing our products. Our maintenance and support contracts are typically for 12 months, and may be renewed annually. Maintenance fees are typically set at either a percentage of the total license fees paid by a customer or a percentage of the list price of the underlying products. Maintenance and support contracts entitle the customer to receive software patches, updates and enhancements, when and if available. Customers purchasing maintenance are able to access Actuate's local support centers located in the United States, Canada, Singapore, Switzerland and the United Kingdom via email and telephone during normal business hours. We supplement our telephone support with Web-based support services, including access to cases, resolutions, online Web forums and a software patch download area. We also offer an extended maintenance plan that gives our customers access to 24x7 support and additional support services. To improve access to our explanatory materials, we provide online documentation with all of our products.

Research and Development

Our research and development organization is divided into groups, typically consisting of product managers, development engineers, quality assurance engineers, technical writers and developer communications personnel. Our development process begins with requirement specification, followed by functional and technical design, and concludes with implementation. Requirements are based on the needs of customers and prospects, as well as competitive, technological and industry factors.

We have development centers located in San Mateo, California, Overland Park, Kansas, Shanghai, China and Toronto, Canada. Research and development expenses were \$24.8 million, \$20.3 million, and \$22 million in fiscal years 2010, 2009, and 2008, respectively. We intend to continue to invest in research and development and related activities to maintain and enhance our product lines. We believe that our future success will depend on our ability to create products that directly address our customers' needs, are of high quality, and leverage the latest technological innovations. These products must also support current and future releases of popular operating systems platforms, development languages, databases, Internet standards, and enterprise software applications. We intend to maintain and improve our current product line and to timely develop or acquire new products. Our ability to achieve future revenue growth will depend in large part on the market acceptance of our current and future products.

Competition

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Our market is intensely competitive and characterized by rapidly changing technology, evolving standards and new product releases by our competitors that are marketed to compete directly with our products. Our competition comes in five principal forms:

Competition from current or future Business Intelligence software vendors such as Information Builders, Qlik Tech, Pentaho, Jaspersoft and MicroStrategy, each of which offers reporting products;

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Competition from other large software vendors such as IBM, Microsoft, Oracle and SAP, to the extent they sell Rich Internet Applications and Performance Management as separate products or include similar functionality with their applications or databases;

Competition from other software vendors and software development tool vendors including providers of open-source software products that may develop scalable Business Intelligence, Performance Management and Rich Information Applications products;

Competition from the IT departments of current or potential customers that may develop scalable Business Intelligence, Performance Management and Rich Information Applications products internally, which may be cheaper and more customized than the Company's products; and

Competition from BIRT. The Company expects that BIRT, which is free, may in the short term cannibalize some smaller sales of its Business Intelligence and Rich Information Applications products.

Most of our current and potential competitors have significantly greater financial, technical, marketing and other resources than we do. These competitors may be able to respond more quickly to new or emerging technologies and changes in customer requirements or devote greater resources to the development, promotion and sales of their products than we may. Also, most current and potential competitors have greater name recognition and the ability to leverage a significant installed customer base. These companies have released and can continue to release competing Rich Information Applications or significantly increase the functionality of their existing reporting software products. We expect additional competition as other established and emerging companies enter the Rich Internet Applications market and new products and technologies are introduced.

Intellectual Property Rights

We rely primarily on a combination of copyright and trademark laws, trade secrets, confidentiality procedures and contractual provisions to protect our proprietary technology. For example, we license our software pursuant to shrink/click-wrap or signed license agreements that impose certain restrictions on licensees' ability to utilize the software. In addition, we take precautions to avoid disclosure of our intellectual property. These precautions include requiring those persons with access to our proprietary information to execute confidentiality agreements with us and by restricting access to our source code. We seek to protect our software, documentation, and other written materials under trade secret patent, copyright and trademark laws, which afford only limited protection. We also have a small number of issued and pending U.S. patents expiring at varying times ranging from 2015 to 2024. The expiration of any such patents would not have a material effect on our business.

Employees

As of December 31, 2010, we had 569 full-time employees, including 165 in sales and marketing, 175 in research and development, 117 in services and support, and 112 in general and administrative functions. None of our employees are represented by a collective bargaining agreement, nor have we experienced a work stoppage.

Website Access to Actuate's Reports

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Our Annual Reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended, are available free of charge through our Web site at www.actuate.com as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission. Information contained on our Web site is not part of or incorporated into this report.

Financial Information about Segments and Geographic Areas

We have one reporting segment (see note 1 to our consolidated financial statements). For the years ended December 31, 2010, 2009 and 2008, refer to our consolidated financial statements for our revenues, profit and total assets and financial information about the geographic areas in which we are engaged in business.

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ITEM 1A. RISK FACTORS

Investors should carefully consider the following risk factors and warnings before making an investment decision. The risks described below are not the only ones facing Actuate. Additional risks that we do not yet know of or that we currently think are immaterial may also impair our business operations. If any of the following risks actually occur, our business, operating results or financial condition could be materially harmed. In such case, the trading price of our common stock could decline and you may lose all or part of your investment. Investors should also refer to the other information set forth in this Report on Form 10-K, including the financial statements and the notes thereto.

THE COMPANY'S OPERATING RESULTS MAY BE VOLATILE AND DIFFICULT TO PREDICT. IF IT FAILS TO MEET ITS ESTIMATES OF FUTURE OPERATING RESULTS OR IT FAILS TO MEET THE EXPECTATIONS OF PUBLIC MARKET ANALYSTS AND INVESTORS, THE MARKET PRICE OF ITS STOCK MAY DECREASE SIGNIFICANTLY.

The susceptibility of the Company's operating results to significant fluctuations makes any prediction, including the Company's estimates of future operating results, difficult. In addition, the Company believes that period-to-period comparisons of its operating results are not necessarily meaningful and investors should not rely on them as indications of the Company's future performance. The Company's operating results have in the past varied, and may in the future vary significantly due to factors such as the following:

Demand for its products;

The size and timing of significant orders for its products;

A slowdown or a decrease in spending on information technology by its current and/or prospective customers;

Competition from products that are directly competitive with its products;

Lost revenue from introduction or market acceptance of open source products that are directly competitive with its products;

The management, performance and expansion of its international operations;

Foreign currency exchange rate fluctuations;