

## ServiceSource hits \$100M by selling tune-ups

**BY PATRICK HOGE**

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In tough times, people take their old cars to garages instead of buying new ones. Similarly, these days sales of new technology products may be hurting, but companies are buying more service and maintenance.

That is good for San Francisco-based ServiceSource, which sells service and maintenance agreements on behalf of hardware, software and health-care technology companies.

ServiceSource says revenue grew during its first quarter after the company closed out 2008 with revenue up 35 percent, having crossed the \$100 million annual revenue mark for the first time.

The company's headcount grew by 31 percent from fiscal year 2007 to 2008 and is currently just over 800, including about 200 at company headquarters in San Francisco. More hires, though the exact number is not yet clear, are expected by the end of the year.

"We have seen an upswing in business," said Jeff Bizzack, who became ServiceSource's president last month.

The company added 16 clients last year and another seven so far in 2009, bringing its total client list to 45. It recently opened a new office with between 10 and 15 employees in Singapore to go after Asia-Pacific business, Bizzack said. The company also has offices in Nashville, Denver and Dublin, Ireland.

The trend of increased demand for services is not limited to ServiceSource's clients alone. A survey of a half-dozen publicly traded technology companies shows that quarter over quarter earnings were down for products, but up for product support, according to ServiceSource. Oracle, for example, which is not a ServiceSource client but is considered an industry bellweather, was up 11 percent last quarter for product support, while software license sales were down 6 percent.

Among ServiceSource customers, Blue Coat saw its product sales drop 15

percent last quarter, but services rise 8 percent; Aruba Networks products sank 11 percent, while services were up 3 percent; and Sun product sales dropped 10 percent, while services rose 5 percent.

According to ServiceSource, more enterprise customers are choosing to renew unexpired service contracts than had done previously, and customers are spending more on such contracts and extending them for longer periods.

Mary Jane Shutte, vice president of corporate sales at Riverbed Technology in San Francisco, said she had been pleased with ServiceSource since hiring the company in February 2008 to power renewals on its maintenance agreements, which typically last one year.

Riverbed, which sells an appliance that speeds Internet traffic, saw renewals increase substantially, she said.

"It's been a very good experience. I'm pretty happy with it," Shutte said.

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