

Enterprise Software

**SaaS/Closed Loop Customer Targeting: Interview With
President and CEO of Marketo**

We had the opportunity to interview Phil Fernandez, the President and CEO of Marketo, and a leading provider of ondemand marketing automation solutions to mid-market organizations and enterprises across industries. Although the company's core strength historically has been selling easy-to-use, quick-to-deploy ondemand lead management solutions to marketing organizations, some recent offerings including Sales Insight and Revenue Cycle Analytics, position Marketo to sell a much broader, more holistic revenue-generation proposition across sales, marketing and other leadership. According to Mr. Fernandez, the company grew 3-4x last year and is on track to deliver between \$15-20 million in revenue in 2010. The company expects to double next year, on the heels of compelling secular trends, key product cycles, and notable competitive differentiation.

- According to Mr. Fernandez, end-to-end marketing and sales processes are notably inefficient across organizations and across verticals, which suggests a significant Greenfield opportunity ahead and some buying urgency as market awareness builds. We estimate less than 5% penetration and a \$1+ billion opportunity just within the salesforce.com installed base alone. ASP on average has been roughly \$40K/year.
- Marketo type solutions represent core components in Closed Loop Customer Targeting system, complementing CRM and SFA systems such as salesforce.com nicely. The seamless integration of marketing automation with SFA could ultimately help organizations ramp sales productivity by ensuring that precious sales resources are focused only on the highest quality, warmest qualified leads while other “colder” opportunities are left to be nurtured until ready. According to Mr. Fernandez, Marketo often replaces email marketing systems, web analytics solutions, and other various kinds of sales tools and sales management tools.
- A few secular trends are acting as key tailwinds to Marketo-type solutions, including 1) rising preference for SaaS; 2) increased requirement for marketing dept measurability and ROI; and 3) rapidly changing relationships between the buyers and sellers, whereby buyers are increasingly taking control of the sales cycle
- According to Mr. Fernandez, Marketo grew 3-4x last year despite the challenging Macro is on track to deliver between \$15-20 million in revenue in 2010. The company expects to double next year on the heels of compelling secular trends, key product cycles, and notable competitive differentiation.
- Marketo has built out a product offering on salesforce.com’s platform as a service offering (Force.com) which suggests tighter integration with salesforce.com vis-à-vis other CRM peers. We believe that salesforce.com, armed with roughly \$2 billion in cash/marketable securities could be well-equipped and well-justified to deepen its marketing automation capabilities given the complementary nature of the value propositions and given the size of the market opportunity. Marketing is the third and weakest leg of salesforce’s CRM suite (along with sales and service).

Interview with President and CEO of Marketo

Mike Huang (MH): Could you please explain the main problem that Marketo solves and why customers should care about what you're up to?

Phil Fernandez (PF): Absolutely. The main problem that Marketo solves is helping our customers increase their revenue. Fundamentally the entire end-to-end marketing and sales process is tremendously inefficient. We think it's potentially the most inefficient single business process. Most companies have squeezed every last ounce out of supply chain and manufacturing with Six Sigma and all those kinds of initiatives, leaving sales and marketing as woefully inefficient. We fundamentally drive better execution and ultimately higher revenue out of that process.

MH: Are you a me-too product or do you have something that's game changing?

PF: We are absolutely not a me-too product. But it is an interesting category. There have been cuts at some of this for many years; marketing automation was thought of as a failed category back in the '90s. But a number of things have really lined up to reinvent this category in a significant way. At Marketo have been leaders at pounding the table and saying, "This isn't about marketing, but it is about revenue." The only reason you do any of this stuff at any point along the marketing and sales cycle is to drive more revenue effectiveness and better top line results. And I think we've been real pioneers at both articulating that and then at delivering products that redefine the category to a revenue category and not a marketing or sales category.

MH: So in terms of the market drivers out there, what would you characterize as the top secular trends that would be driving the need for Marketo?

PF: There are a couple of key ones. It sounds a little bizarre here in 2010 to still be talking about the Internet changing everything. But I think it's just fundamentally where it starts. Over the last several years have seen this transformation in the amount of information that's available to the perspective buyers - and I mean buyers whether they're buying cars or they're buying Pampers or high-end Cisco routers across B2B and B2C, across a range of industries.

There are great websites, great syndicated content and then, of course, more recently social media. This has changed the whole relationship between the buyer and the seller. The buyer's in control; the buyer wants to progress through a buying cycle, educating themselves, consuming information as they go.

And this has in turn changed the job of marketing and sales. Marketing used to think about generating demand, but at this point "generating" demand is not really something that marketing can do very effectively. These days, marketing's job is to facilitate education of the buyer who dictates to marketing on their own schedule.

For example, when a buyer decides to search on Google it happens on the buyer's schedule not on the vendor's schedule. And so as a result there's a need for a new technology platform to catch those leads as they come off of Google, come off of banner ads and other places.

So it's a major trend that's driven by the fact that the buyer's in control, generating the fingerprints of leads on their own schedule.

There's another trend which is equally powerful. For the first time business executives really are demanding that marketing be measurable. I think coming out of the post-Enron, post-Sarbanes-Oxley world, the expectation changed that marketing could no longer be treated as sort of a blackbox. The web and other things are causing it to be possible to measure marketing and now senior executives are demanding that marketing be measured. And so it's really turning into a quantitative science that was never really present up until the last couple of years.

And those two things are really coming together to really create this whole new category of revenue acceleration solutions.

MH: Could you describe your target customer? B2B, B2C, large, small, mid-size?

PF: In some ways it's quite a horizontal solution. One of the reasons that the solution we offer is so horizontal is because marketing is defined in terms of the channels used to interact with customers.

Whether your company is big or small, whether you're B2B or B2C, all the same basic vehicles exist - web, social media, email, you know, sales people picking up the phone, etc. And so as a result our solution fits quite a broad swath.

We define the floor of our market as companies that spend \$1 million or more on marketing. But then we range on up to the world's largest corporations. For example, McKesson is a large customer on the high end and then we see just tremendous traction in the mid-market companies from \$10 million to \$500 million in revenues.

MH: So what are your customers and prospects moving off of? Is it a Legacy marketing automation system or is it something more home grown?

PF: We're playing in a green field market. Among us and our competitors, we have roughly 2000 customers that are using a modern generation lead management system, and we think there are 250,000 or 300,000 buyers that fit the profile I described.

Clearly many organizations have something cobbled together. And central to what we do is email marketing. So Marketo will often replace something like a Vertical Response or an Exact Target. But it's really much more than that. We'll replace, for example, web analytic systems, various kinds of sales tools and sales management tools. We complement the CRM system or the SFA system but there are often a number of other tools and space.

So it's a little bit of a consolidation play across a variety of point solutions and do-it-yourself kinds of environments.

MH: So when you look at the size of the addressable market is it fair to multiply 250,000 organizations with an ASP to get to the size of the market? How do you think about the available market opportunity?

PF: You can assess market size in a number of different ways, but any way you cut it, there's certainly an opportunity to build a big company, or several of them in this space. One way that's kind of a gross estimate but is pretty easy to understand is that effectively every salesforce.com customer is a great target for Marketo. We work with a variety of different CRM systems, but we have gone deep on working with salesforce. If you discount the very small business markets that they serve, it's pretty clear that they have over 75,000 substantial customers worldwide. And every one is a qualified perspective buyer of what we have to offer. And then you can add to that the Siebel legacy installed base as well as Oracle On-Demand CRM customers and Microsoft Dynamics CRM customers. As you look across the penetration that SFA has had, the basic argument is that every one of those SFA buyers is ultimately a target buyer for what we do at Marketo. So that produces hundreds of thousands of targets, and we think that the price yield is more or less the same as the price yield that an SFA product takes out of the customer.

MH: So just to drill into the pricing. If you were to assume that 50 percent of the salesforce.com base was to become Marketo customers, what would be the average price point?

PF: The smallest deals we'll do are \$1,000.00 a month, the largest deal in our case at this point in time is in excess of \$20,000.00 a month. Deal sizes kind of averages out to \$40,000.00 per year in annual recurring subscription revenue. So I think that probably compares quite favorably with the average transaction size at salesforce.com.

MH: So let's talk about your products. What is your core product now? And what should we be looking forward to over the next year or two?

PF: The core product now has three parts to it. Marketo Lead Management is our core platform. It is our customers' lead database of record. The second product is Marketo Sales Insight. Sales Insight is a product that sits in front of the front-line sales person, whether an inside sales person or a field sales or channel rep, and helps them collaborate with marketing and understand how to prioritize their time. This is all about sales effectiveness and revenue growth, and we think that this ultimately comes when you help sales people effectively interact with the people who most want to interact with them.

The third product that we introduced just recently is a family of five products called Marketo Revenue Cycle Analytics. The Revenue Cycle Analytics product family is about measuring the effectiveness of investments in generating revenue: What marketing programs are working? Should I spend more with Google or do more display ads? Should I do more direct mail or go to more trade shows? We answer those questions and then the next piece of functionality that is coming out in the fall is a forecasting tool. There have long been tools to help the sales executive forecast the tail end of the revenue pipeline. Our forecasting tool is all about giving the CMO a seat at the revenue table. I like to say in my own company that if I want to know how revenue is going to perform next month I'll ask my head of Sales. But if I want to know how revenue's going to perform several months out I'll ask my head of Marketing and I'll get an accurate answer. And we think that letting marketing really take a participatory role in revenue forecasting is an exciting category of software.

So that's coming out in the fall, and then we turn our attention to the next act and I think that's ultimately about dynamic offer presentment. Outside of the high-end retailers and financial services, there is a vast abyss where there's almost nothing going on in terms of trying to match the buyer with an offer with the right incentive at the right time. There are large B2B and even some B2C segments that will be addressable by new kinds of dynamic offer presentment systems that we're working on. We're also turning more attention to the full customer lifecycle. And so you'll see a lot of activity from Marketo around growing and driving loyalty and revenue with customers post a transaction.

MH: Interesting. So this all sounds great, but is there an ROI proposition that you could share? Could you talk about kind of time to value and some typical ROI?

PF: Absolutely. We offer a range of ways in which we help customers generate ROI. For example, if the customer is spending any amount of money with Google AdWords, we can generate an almost instant ROI. The key thing with Google AdWords is the minute a customer clicks on the web on a Google ad, Google's made their money. It doesn't matter whether that click, goes off into limbo or if it ultimately ends up turning into a \$100,000.00 deal. Google's made their money.

And one of the things that our product does - it's really just a small feature yet valuable feature - is to enable some follow-up scenarios that sit behind Google AdWords clicks and other kinds of online clicks to interact with customers over time to help reinforce that original click. And most of our customers can pay for their entire Marketo investment just by increasing the yield from their online advertising with Google and with others. And we have customers who have seen 4X improvement in conversion of online advertising yield by using the lead nurturing capabilities of the Marketo platform.

But the real ROI payoff comes if you're ultimately able to make sales people more effective. We are helping marketing deliver to sales a ready supply of real qualified warm leads and then giving sales people the tools they need to choose the best of those leads and to spend their precious sales time interacting with the best buyers.

And when that happens, you have the ability to take a sales team, and increase its productivity by 10, 20, and 25 percent. And given that many companies are spending 40 percent of revenue on sales, if you can take that spend and make it 20 percent or even 10 percent more effective it translates to tremendous ROI opportunities.

MH: So I would imagine with this kind of proposition you're probably seeing a bunch of happy customers. Can you talk a little bit about retention rates and what you've seen in terms of customers either sticking with you or perhaps moving off to a competitor or to nothing?

PF: We just closed our 600th customer, so we're seeing great growth less than 2-1/2 years after we introduced our products. We're growing very rapidly and seeing just a lot of buying activity in this area and this has been a quite sticky application. I can count on one hand the customers that have left through any kind of reason other than the company ceasing to exist because of M&A. Over the past year, we've lost customers because they were bought by IBM, Oracle, CA, BMC, VMware and EMC. When these large companies buy a small company they'll often, obliterate the small company's marketing team. But in terms of retention of customers that are going concerns, it's been virtually 100 percent. In the quarter just ended we've actually had more than 100 percent dollar value retention despite actually losing a customer to Oracle and losing a customer to IBM. I don't mean to their products, but to being acquired by those companies.

So it's a very sticky application. We're doing a really good job of not just putting tools in marketing's hands but also building advocates in sales often through the initial buyer in the Marketing Department. We just hear stories over and over again where when Marketing is able to make sales more effective, and the Sales people start jumping up and down saying, "Marketo rocks."

We do see some switching in this space although I've been a real zealot at focusing our sales team on the green field – this market's only about 2 percent penetrated. So we have no incentives or marketing programs or sales incentives to switch customers from other platforms. We focus on growing the overall market. But that said, we've seen probably 75 customers switch from our largest competitor in the last nine months. So we think that there's kind of a real move to our newer generation platform.

MH: And are these customers switching because of cost reasons or is it primarily because of a usability proposition or is it something else?

PF: I don't think its cost in general although we could often save customers a little bit of cost. When people switch, it's because they can't move as fast and with as much agility with some of the older products as with Marketo. So what happens is all of the sudden the tool or the platform becomes a barrier rather than an enabler to the increasing pace of sales and marketing programs. If you talk to our customers, we excel at delivering a product that's adoptable, useable in a really fast paced agile way that's required in today's environment.

MH: And so in terms of today's environment. So there are obviously some concerns about the overall health of the macro economy. Could you comment on customer willingness to spend versus just 12 months ago?

PF: We've seen 3 to 4X growth from 2009 to 2010 in our GAAP revenue line. With our bookings trends and visibility, we expect to see that degree of growth into the next couple of years. So when you're seeing such rapid growth it's very, very hard to disambiguate internal growth scenarios from headwinds in the economy. What's really clear to me is that this is a category that is moving from exotic to mainstream. If you look at Sales Force automation, and roll the clock back maybe 15 years, SFA took off with Siebel's founding. Back then it wasn't definite that if you had a sales force you would have SFA. Whereas today, any company that has a sales force of any size has an SFA tool. And I think the same thing is happening to the category we're in.

MH: And in terms of your underlying software technology and your secret sauce, what would be very tough for others to replicate?

PF: Well, first this is a remarkably complex little application we have built. If you look at what goes on in the Marketo system, there's a large -- multi-terabyte in some cases -- database of records that's tracking customer behavior. There's a whole web analytics subsystem, there's a whole email subsystem, there's a whole campaign processing subsystem that's running tens of thousands to millions of individual, one-on-one campaigns for our customers every day. There are tools that sit in front of the salesperson integrated in with salesforce.com. There is cloud to onpremise data integration going on to bring data environments together. So it's a quite complex application that will be hard for some small start up to just kind of come in and replicate.

Second, the sort of adoption that we get is not happenstance -- it was indeed designed into the product. Our first employee at Marketo 4 years ago was a very senior user experience architect out of Intuit who worked on QuickBooks and on TurboTax. He focused on bringing a product in front of the end user that can be consumed and used. We see consistently from our customers that they can look at our product for 10 minutes and know how to use it.

And that translates into not just an easy UI, but fundamentally a product that works the way customers expect it to work. And what that translates into is great adoption, great agility and, customer satisfaction.

MH: In terms of your sales model, are you primarily direct? Field sales or inside sales?

PF: We're 80 percent direct and 20 percent indirect. And of the direct part, its 100 percent telephone based, so we don't have anybody in the field. We've sold to some marquee names over the past year or two in this way -- all over the phone. And what we're seeing is that buyers are prepared to buy on the phone, buy over web access and deal in that way. And so we think that there's a new sales model for enterprise software. We closed a \$500,000 transaction in June that was sold on the phone with a company in upstate New York, for example.

Our indirect model is through various kinds of marketing service agencies and channels. Marketers are served by a tremendous number of agencies provide marketing services. And some people want to buy what we offer as a technology that they put their hands on themselves, and some want to buy inclusive of some marketing services from another company, whether that's a large or a regional boutique marketing operation. So we have a conscious strategy to sell an agency version of our product that agencies could then turn around and use it to provide lead services to our customers. And that indirect channel's yielding about 20 percent of our revenue now.

MH: In terms of the competitive landscape and who represents the greatest competitive threat longer-term? Is there anyone that comes to mind outside of the obvious which is Eloqua?

PF: Well I think Marketo represents the greatest competitive threat to other people at this point. But you have to give Eloqua credit as a company that's built some degree of revenue mass. I believe that we are, not just in percentage terms, but in absolute terms, adding more revenue at this point. I'm getting close to claim the top of hill spot in the space.

I think ultimately the threat's going to come from a Google or from some other big guy waking up to the space and deciding that they want to be into it. Now I think that could ultimately result in the right kind of exit for Marketo although we're not looking for that.

But I don't think the threat comes from another start up or another SaaS software company. The threat comes from some kind of giant player in an adjacent market decides they need to move into the space. And given what I said earlier about complexity of the application, my guess is that it happens through acquisition and not organic development. I think that this is a market that is beginning to mature with well-defined players and I think we at Marketo getting pretty close to a leadership role in this space.

MH: In terms of salesforce.com who is a very important partner for you - do you think that they're a partner or do you think that they're a competitor in the space five years from now?

PF: Well, that's a good question. Right now we and our key competitors represent one of the most active and vibrant parts of their whole AppExchange partner ecosystem. And, Salesforce is running a complex strategy of being an application provider and a platform-as-a-service provider, with the obvious tensions. And I think that tension really comes to a focal point in our market because if they go into such a vibrant part of their AppExchange and compete, it sends a really big shot over the bow to lots of other people about how things are going to go down.

And to the extent that there is a vibrant partnership, it's not entirely clear to me that it makes sense for them to come tromping into the space, particularly as different as our application is from theirs at a technical level.

MH: Okay, and then over the next couple of years, what's the biggest challenge for Marketo?

PF: Biggest challenge is to scale up and demonstrate that this is a mainstream market. There have been a lot of people waiting for a lot of years for various kinds of companies in this marketing automation space – now what I call the revenue acceleration space – to achieve escape velocity. So our entire mind and energy is going into showing that this business scales to the next level. And then clearly as a company that's really been founded on innovative products and innovative thought leadership, one of the things that's super challenging is to continue to innovate while you're also scaling up and taking on larger and larger customers and making them successful.

MH: I know you've talked about 3 to 4X growth. Are you able to provide any additional color on how big you guys either in terms of head count or maybe revenue band if you're comfortable?

PF: The Company's 100 employees and a year ago we were at 25. 2010 GAAP revenue will be in the high teens. And we'll have visibility into more than doubling that into the next year.

MH: Okay. And then last question, what do you think Marketo is in 3 years? Are you a public company? Are you part of another platform? Any thoughts or aspirations?

PF:

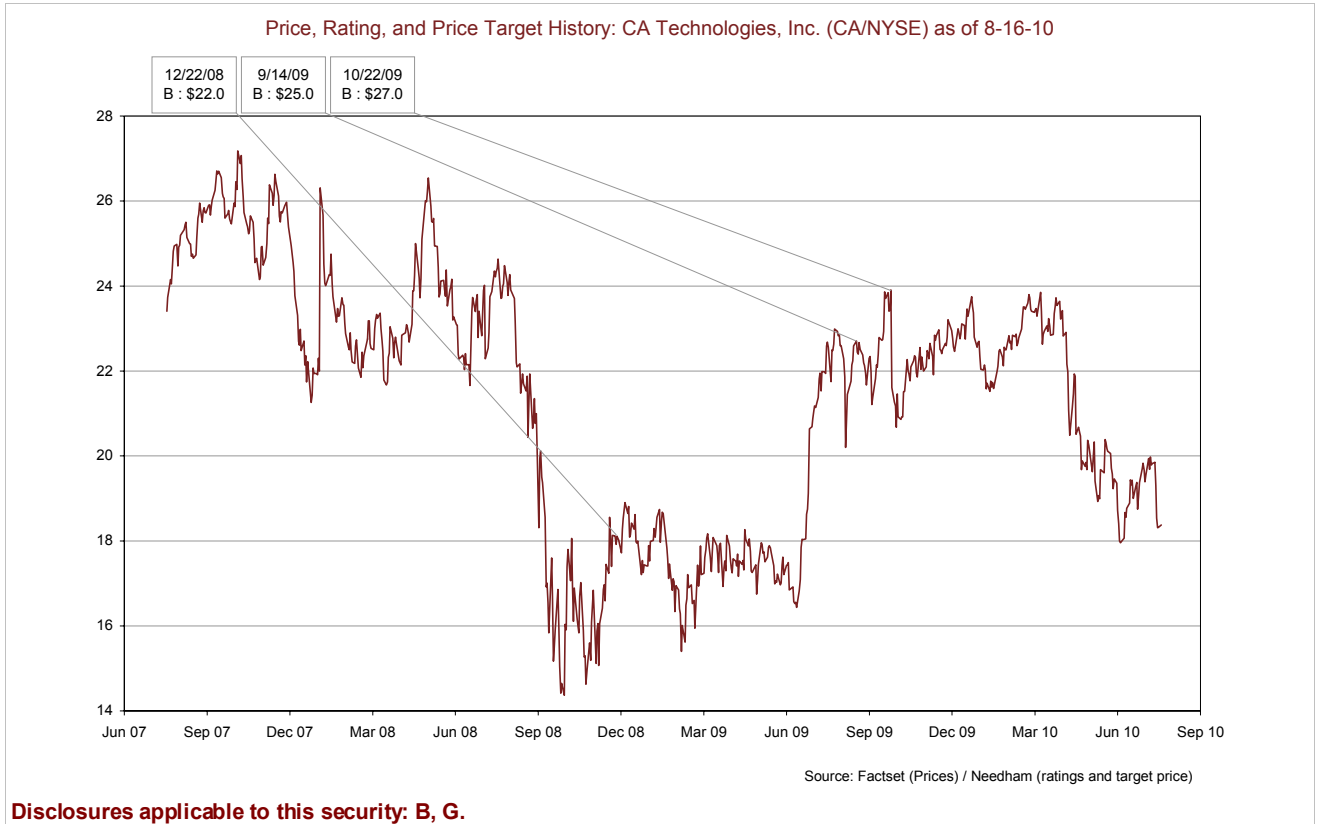
The first answer is that I'm just focused on building a better and bigger company. So we are not aiming towards any specific outcome as opposed to just building a great company. That said I look at Marketo and we are clearly a platform, not just a feature. We are a database of record for our customers. We are a product into which other people are starting to plug their capability in. So I think we're very much a profile of a company that could emerge as a large standalone company. And I think clearly over the next three years, if we continue the growth trajectory we're on, there's a great future for this company.

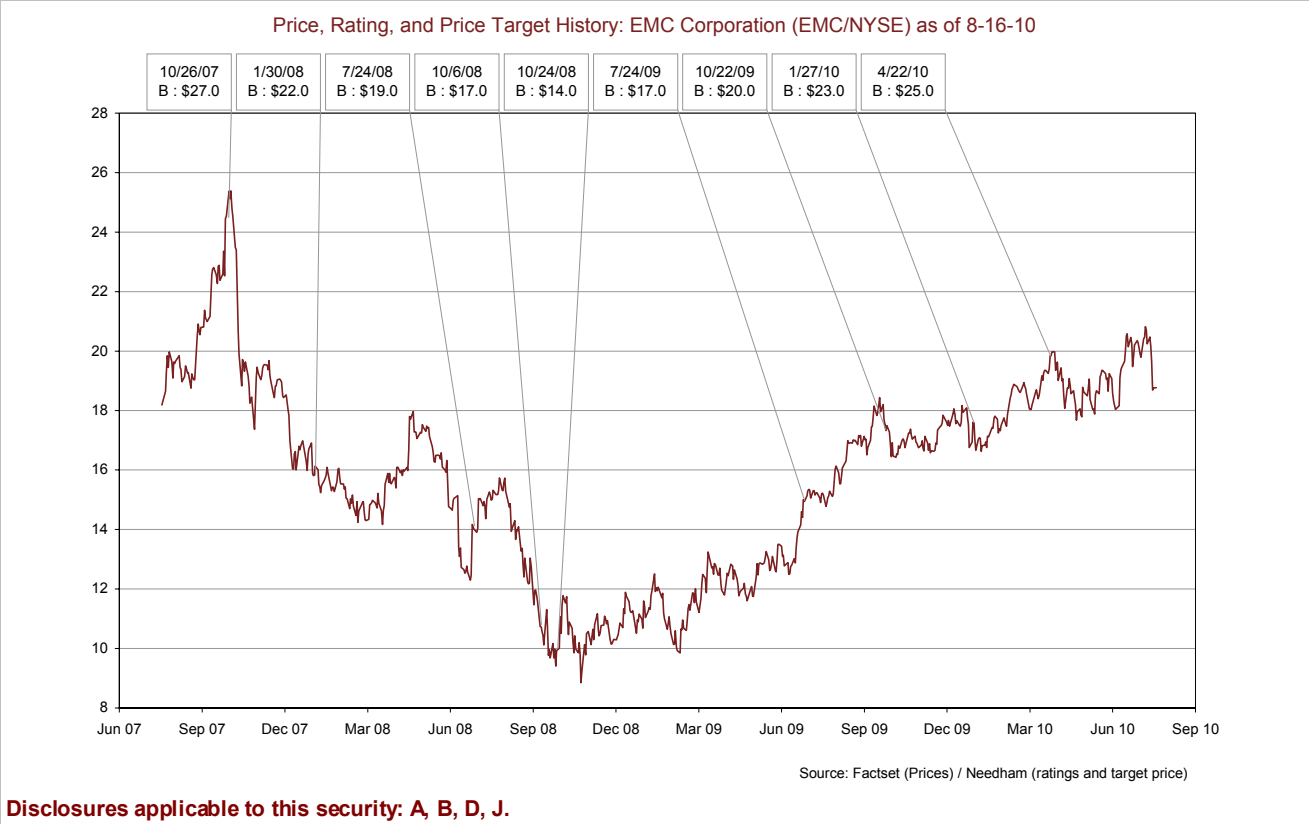
Other Companies Mentioned:

BMC (NR)
Cisco (NR)
Eloqua (NR)
Exact Target (NR)
IBM (NR)
Marketo (NR)
McKesson (NR)
Oracle (NR)
Siebel (NR)
Vertical Response (NR)

ANALYST CERTIFICATION

I, Michael Huang, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company (ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.





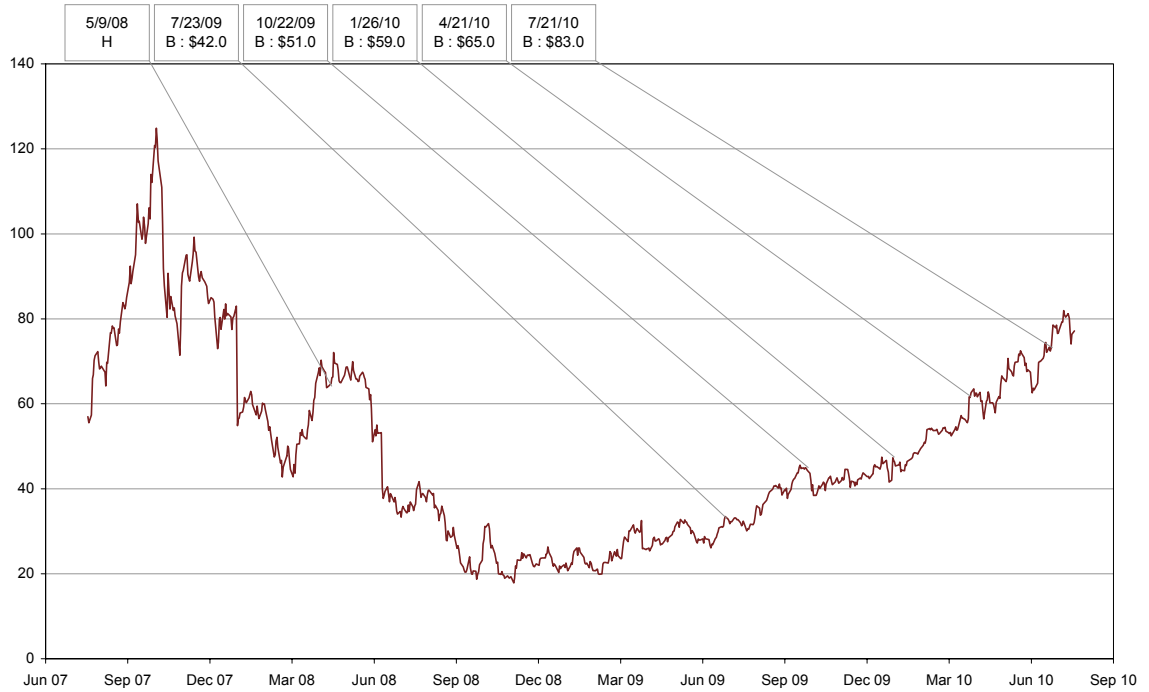
Price, Rating, and Price Target History: Salesforce.com (CRM/NYSE) as of 8-16-10



Source: Factset (Prices) / Needham (ratings)

Disclosures applicable to this security: **B.**

Price, Rating, and Price Target History: VMware Inc. (VMW/NYSE) as of 8-16-10



Source: Factset (Prices) / Needham (ratings and target price)

Disclosures applicable to this security: **B.**

	% of companies under coverage with this rating	% for which investment banking services have been provided for in the past 12 months
Strong Buy	8	11
Buy	61	14
Hold	29	7
Under Perform	<1	0
Rating Suspended	1	20
Restricted	<1	0
Under Review	<1	0

Needham & Company, LLC. (the Firm) employs a rating system based on the following (Effective July 1, 2003):

Strong Buy: A security, which at the time the rating is instituted, indicates an expectation of a total return of at least 25% over the next 12 months.

Buy: A security, which at the time the rating is instituted, indicates an expectation of a total return between 10% and 25% over the next 12 months.

Hold: A security, which at the time the rating is instituted, indicates an expectation of a total return of +/- 10% over the next 12 months.

Underperform: A security, which at the time the rating is instituted, indicates an expectation that the price will depreciate by more than 10% over the next 12 months.

Under Review: Stocks may be placed UR by the analyst, indicating that the stock rating and/or price target are subject to possible change in the near term, usually in response to an event that may effect the investment case or valuation.

Rating Suspended: Needham & Company, LLC has suspended the rating and/or price target, if any, for this stock, because there is not a sufficient fundamental basis for determining a rating or price target. The previous rating and price target, if any, are no longer in effect and should not be relied upon.

Restricted: Needham & Company, LLC policy and/or applicable law and regulations preclude certain types of communications, including an investment recommendation, during the course of Needham & Company, LLC's engagement in an investment banking transaction and in certain other circumstances.

For disclosure purposes (in accordance with FINRA requirements), we note that our Strong Buy and Buy ratings most closely correspond to a "Buy" recommendation. When combined, 69% of companies under coverage would have a "Buy" rating and 14% have had investment banking services provided within the past 12 months; Hold mostly correspond to a "Hold/ Neutral" recommendation; while our Underperform rating closely corresponds to the Sell recommendation required by the FINRA.

Our rating system attempts to incorporate industry, company and/or overall market risk and volatility. Consequently, at any given point in time, our investment rating on a stock and its implied price appreciation may not correspond to the stated 12-month price target. For valuation methods used to determine our price targets and risks related to our price targets, please contact your Needham & Company, LLC salesperson for a copy of the most recent research report on the company you are interested in.

To review our Rating system prior to July 1, 2003, please refer to the following link: http://clients.needhamco.com/Research_Disclosure.asp.

Stock price charts and rating histories for companies under coverage and discussed in this report are available at <http://www.needhamco.com/>. You may also request this information by writing to: Needham & Co. LLC, 445 Park Ave., 3rd Floor (Attn: Compliance/Research), NY, NY 10022

ANALYST CERTIFICATION

By issuing this research report, each Needham & Company, LLC analyst and associate whose name appears within this report hereby certifies that (i) the recommendations and opinions expressed in the research report accurately reflect the research analyst's and associate's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's or associate's compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst or associate in the research report.

The following disclosures (as listed by letter on the cover page) apply to the securities discussed in this research report:

- "A" The research analyst and/or research associate (or household member) has a financial interest in the securities of the covered company (i.e., a long position consisting of common stock).
 - "B" The research analyst and research associate have received compensation based upon various factors, including quality of research, investor client feedback, and the Firm's overall revenues, which includes investment banking revenues.
 - "C" The Firm has managed or co-managed a public offering of securities for the subject company in the past 12 months.
 - "D" The Firm and/or its affiliate have received compensation for investment banking services from the subject company in the past 12 months.
 - "E" The Firm and/or its affiliate expect to receive or intend to seek compensation for investment banking services from the subject company in the next three months.
 - "F" The analyst or a member of the analyst's household serves as officer, director or advisory board member of the covered company.
 - "G" The Firm, at the time of publication, makes a market in the subject company.
 - "H" The Firm, and/or its affiliates beneficially own 1% or more of any class of common equity securities of the subject company.
 - "I" The analyst has received compensation from the subject company in the last 12 months.
 - "J" The subject company currently is or during the 12-month period preceding the date of distribution of this research report was a client of the Firm and received investment banking services.
 - "J1" The subject company currently is or during the 12-month period preceding the date of distribution of this research report was a client of the Firm and received non-investment banking securities related services.
 - "J2" The subject company currently is or during the 12-month period preceding the date of distribution of this research report was a client of the Firm and received non-securities related services.
 - "K" Our affiliate has received compensation for products and services other than investment banking services from the subject company in the past 12 months.
-

This report is for informational purposes only and does not constitute a solicitation or an offer to buy or sell any securities mentioned herein. Information contained in this report has been obtained from sources believed to be reliable, but Needham & Company, LLC. makes no representation as to its accuracy or completeness, except with respect to the Disclosure Section of the report. Any opinions expressed herein reflect our judgment as of the date of the materials and are subject to change without notice. The securities discussed in this report may not be suitable for all investors and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. Investors must make their own investment decisions based on their financial situations and investment objectives. The value of income from your investment may vary because of changes in interest rates, changes in the financial and operational conditions of the companies and other factors. Investors should be aware that the market price of securities discussed in this report may be volatile. Due to industry, company and overall market risk and volatility, at the securities current price, our investment rating may not correspond to the stated price target. Additional information regarding the securities mentioned in this report is available upon request. © Copyright 2010, Needham & Company, LLC., Member FINRA, SIPC.
