FORM 10-K

Annual report pursuant to section 13 and 15(d)

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FILER

ARIBA INC

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended September 30, 2011

OR

☐ **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 000-26299

ARIBA, INC.

(Exact name of registrant as specified in its charter)

Delaware	**77-0439730**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification Number)**
910 Hermosa Court Sunnyvale, California	**94085**
(Address of principal executive offices)	**(Zip Code)**

(650) 390-1000

(Registrant' s telephone number, including area code)

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

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $0.002 par value

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 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 (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐

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

The aggregate market value of the common stock held by non-affiliates of the registrant as of March 31, 2011, the last business day of the registrant' s most recently completed second fiscal quarter (based on the closing price of $34.14 on the Nasdaq Global Market as of that date), was approximately $3.3 billion.

As of October 31, 2011, there were 99,730,000 shares of the registrant' s common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant' s definitive proxy statement to be delivered to stockholders in connection with the 2012 annual meeting of stockholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein.

ARIBA, INC.

FORM 10-K

September 30, 2011

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FORWARD-LOOKING STATEMENTS

The information in this report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. For example, words such as "may," "will," "should," "estimates," "predicts," "potential," "continue," "strategy," "believes," "anticipates," "plans," "expects," "intends" and similar expressions are intended to identify forward-looking statements. Our actual results and the timing of certain events may differ significantly from the results discussed in the forward-looking statements. Factors that might cause or contribute to such a discrepancy include, but are not limited to, those discussed in this report in the section entitled "Risk Factors" and elsewhere in this report. We undertake no obligation to revise or update publicly any forward-looking statements after the date of this document. Ariba, Inc. is referred to herein as "Ariba" or "we."

PART I

ITEM 1. BUSINESS

Overview

Ariba, Inc. is the leading provider of collaborative business commerce solutions. Ariba combines industry-leading technology with the world' s largest web-based trading community to help companies discover, connect and collaborate with a global network of partners–all in a cloud-based environment. Using the Ariba® Commerce Cloud, businesses of all sizes can buy, sell and manage cash more efficiently and effectively. Over 700,000 companies around the globe are enabled on the Ariba Commerce Cloud to simplify inter-enterprise commerce and enhance results.

Ariba was incorporated in Delaware in September 1996. Our principal executive offices are located at 910 Hermosa Court, Sunnyvale, California 94085.

Industry Background

We believe that the first wave of technology-enabled productivity focused on making employees more effective in their daily jobs by simplifying key tasks such as developing documents, presentations, and spreadsheets and communicating with other team members. And it led to the dawn of the desktop operating system. We believe that the second wave leveraged web-based technologies to drive greater productivity within particular functional areas like procurement and human resources. And with it came the advent of the enterprise operating system. We believe that the next wave of productivity aims to attack the inefficiencies that remain between companies to enable more effective collaboration among trading partners and will be fueled by cloud-based platforms that allow businesses to share common business processes in areas like product development and commerce.

Cloud Services Market

In its most recent Cloud Services Forecast Report, Gartner Research, a third-party research firm, estimated a $176.8 billion worldwide market of cloud services by 2015, which represents a five-year compounded annual growth rate from 2010 of 18.9%. Gartner estimates that 75% of current SaaS delivery revenue could be considered as a cloud service today, and this could exceed 90% by 2014 as the SaaS model matures and converges with cloud service models.

Ariba Collaborative Business Commerce Solutions

Ariba provides cloud-based collaborative business commerce solutions that enable enterprises to buy, sell and manage cash more efficiently and effectively. We believe that software is only one part of helping companies achieve success. As such, we combine SaaS technology with a web-based community and a global network of trading partners. This combination is designed to optimize the complete commerce lifecycle, enable companies to discover, connect and collaborate with each other and help companies control costs, minimize risk, improve profits and enhance cash flow and operations. Additionally, we offer expert capabilities to augment internal resources and skills to ensure that our customers maximize the value of our solutions.

Ariba software is built to leverage the Internet and provide enterprises with real-time access to their business data and their business partners. Our collaborative commerce solutions are delivered in a flexible manner, depending upon the needs and preferences of the customer. Historically, our software was primarily provided as installed applications that were deployed behind a customer' s firewall. However, in response to customer demand, we began providing on-demand delivery of our software solutions in 2006, whereby applications are hosted by Ariba or a third party, and customers access the solution via the Internet. Our on-demand delivery model is designed to empower companies of all sizes to achieve greater control of their spend and drive continuous improvements in financial and supply chain performance.

Our solutions allow enterprises to take a step-by-step approach to managing business commerce with products and services that work together to address key activities, including:

Ariba Spend Visibility Solutions:

Ariba Spend Visibility combines an industry leading knowledge classification base with advanced technologies and an integrated database of more than 150 million suppliers to enable rich and accurate classification and enrichment of spend across all categories, systems and divisions. Ariba Spend Visibility offers an integrated business commerce dashboard for a 360-degree view of all purchasing activity and data. The solution incorporates the powerful yet easy-to-use Ariba Analysis™ reporting engine with comprehensive data enrichment−providing deep and ongoing visibility into both internal purchasing as well as external supply and sourcing market dynamics.

Ariba Sourcing Solutions:

The Ariba Sourcing Solutions cover the full spectrum of sourcing activities, from the development of a strategic approach to capture savings, to the sourcing and award negotiation phase, and finally the monitoring of supplier performance.

Ariba Contract Management Solution:

Ariba Contract Management helps legal, finance, procurement, and sales operations professionals tasked with driving contract management to manage all types of agreements, including procurement, sales, and internal contracts. With Ariba Contract Management, companies can develop best-value agreements by addressing the two major components of the contract lifecycle: (1) contract management−from contract request, contract authoring, workflows to address the contracting process, negotiation and approval, and contract execution via electronic signatures; and (2) commitment management−including all ongoing compliance and performance management through task-driven reminders and search and reporting capabilities as well as contract renewal activities.

Ariba Procurement Solutions:

The Ariba Procurement Solutions allow customers to manage the procurement process from requisition, through ordering, receiving, invoice reconciliation and payment. The solutions are designed to facilitate the procurement process for all categories of corporate spend.

Ariba Supplier Management Solutions:

Ariba Supplier Information Management enables companies to identify and assess new sources of supply, on board approved suppliers and gain a 360-degree view of supplier information performance and risk. With Ariba' s Supplier management services and expertise, companies can access best practices and templates to ensure proper supplier selection, measurement and compliance management.

Ariba Supplier Performance Management enables companies to define, measure aggregate and act upon performance metrics of their supply base, including the ability to bring together qualitative and quantitative information and to collaborate with suppliers throughout the process.

Ariba Discovery:

Ariba Discovery matches business buyers and sellers globally, where buying power meets 700,000 enabled sellers on the Ariba Network. Ariba Discovery brings buyers and sellers directly to the kinds of business relationships that match their requirements−no matter how unique.

Ariba Contract Management for Sales Contracts Solution:

The Ariba Contract Management for Sales Contracts Solution covers the full spectrum of a contract' s lifecycle, from the contract request, contracts authoring, workflows to address the contracting process, negotiation and approval, and contract execution via electronic signatures. In addition, the Ariba Contract Management for Sales Contracts Solution includes all ongoing compliance and performance management through task-driven reminders and search and reporting capabilities as well as contract renewal activities.

Ariba Supplier Sales and Marketing Programs:

The Ariba Supplier Sales and Marketing Program prepackages networking, marketing and consulting expertise to help companies grow their online commerce business faster and more efficiently.

Ariba Network Catalog, Order and Invoice Collaboration:

Ariba Network Catalog, Order and Invoice Collaboration allows end-to-end collaboration on order fulfillment, including orders, change orders, confirmations, cancellations and advance shipping notices.

Ariba Invoice Management Solutions:

Ariba Invoice Management Solution automates supplier on-boarding and interactions for suppliers, provides suppliers with full visibility into invoice status and cash forecasting and supports paperless operations for value added tax ("VAT") compliance for global commerce.

Ariba Invoice Conversion Service consolidates the processing of paper and electronic invoices, enabling full automation of large quantities of invoices and easily integrates them into a company' s existing systems.

Ariba Global Invoicing and Compliance supports paperless operations and VAT compliance, serving the needs of customers in the European Union and other countries using indirect tax mechanisms such as VAT, goods and services tax, and provincial services tax.

Ariba Payment Management Solution:

Ariba Payment Management Solution allows back-office systems to transmit payments to suppliers via ACH with detailed remittance information.

Ariba Discount Professional Solution:

Ariba Discount Professional Solution allows full automation of early payment discount management from initial offer to agreement, including transactions involving prorated or dynamic discounting, and settlement processes.

Ariba Receivables Financing Solution (powered by the Receivables Exchange):

Ariba Receivables Financing Solution (powered by the Receivables Exchange), working through the Ariba Network, allows a global network of capital providers to bid on receivables through competitive auctions.

Ariba Network

We believe the Ariba Network is the world' s largest trading partner community for business, connecting more buyers and more sellers around more business commerce in more regions of the world than any other supply network. Together with Ariba' s Quadrem Network and Ariba Discovery, over 700,000 businesses are enabled on Ariba' s trading platforms, consisting of registered users that engage in commerce or have access to these platforms. Additionally, it supports all B2B commerce needs, including e-procurement, e-invoicing, and working capital management.

Because it' s based in the Ariba Commerce Cloud, businesses do not need to add to head count to use the Ariba Network or add to information technology infrastructure to support a myriad of portals and systems. By simply integrating and extending current backend systems into the Ariba Commerce Cloud, businesses can manage and optimize their trading relationships through a single user interface, transacting and collaborating virtually and instantly, with far greater accuracy and visibility.

Ariba Commerce Services

In addition to software, Ariba' s collaborative business commerce solutions include a broad range of services designed to improve the return on investment our customers receive through the use of our solutions. Ariba' s services are focused on delivering sustainable, company-wide capability and rapid results.

Ariba Best Practice Center:

The Ariba Best Practice Center provides access to Ariba' s process expertise to help achieve better results and enduring enablement from SaaS solutions. Services include strategic coaching and guidance, configuration coaching, reporting guidance, and more.

Ariba Business Commerce Enablement:

Ariba Business Commerce Enablement helps companies quickly identify, enable, and realize value through a custom-tailored business commerce program using our domain expertise, world-class analytics, and considerable insight into what buyers and sellers need to facilitate collaboration.

Ariba Content and Connectivity:

Ariba Content and Connectivity helps companies connect with their trading partners on the Ariba Network, including Supplier Enablement, Catalog Enablement, Catalog Maintenance, and Buyer Membership.

Ariba Customer Support:

Ariba Customer Support provides more than 170 resources dedicated to supporting customers, as well as access to developers, engineers, product management, operations, and others.

Ariba Education and Change Management:

Ariba Education and Change Management provides the knowledge and skills required to successfully deploy, use, and maintain Ariba' s business commerce solutions for our customers and their trading partners.

Ariba Technology Services:

Ariba Technology Services provide upgrade services, application management services, which include adoption and management of unique customer configuration and enhancements, and hosting services, which provide Ariba solution deployment and operational maintenance in a secure, fully managed data center.

Ariba Working Capital Services:

Ariba Working Capital Services provide programs for uncovering the substantial value hidden in working capital.

Employees

As of September 30, 2011, we had a total of 2,432 employees, including 452 in research and development, 613 in sales and marketing, 1,086 in professional services, customer support and training, and 281 in administration, finance, legal, human resources and information technology. Of these employees, 1,130 were located in the United States and 1,302 were located outside the United States. None of our employees are represented by a collective bargaining agreement, nor have we experienced any work stoppage. We consider our relations with our employees to be good.

Sales

We sell our solutions primarily through our worldwide direct sales organization. The direct sales force consists of sales professionals, application specialists and supporting personnel.

Marketing

Our marketing strategy is to continually elevate our brand, expand the awareness of our collaborative business commerce solutions in new market segments, and generate significant demand for our solutions.

Our primary marketing activities include:

Developing press and industry analyst relations to garner third-party validation and generate positive coverage for us and our solutions, worldwide;

Participation in, and sponsorship of, conferences, tradeshows and industry events targeted to finance, accounting, procurement, contract management and travel executives;

Field marketing events and sales tools to enable our sales organization to create awareness and effectively convert leads into pipeline;

E-mail, direct mail, webinars and telemarketing campaigns to stimulate interest and drive demand;

Collateral, white papers, case studies and thought leadership distributed through various mediums; and

Website development to engage and educate prospects and generate interest through product information and demonstrations, customer testimonials, case studies and marketing collateral.

Customer Service, Training and Support

We believe that customer satisfaction is essential for our long-term success, and we therefore offer comprehensive customer assistance programs. Our technical support provides response to and resolution of customer technical inquiries and is available to clients by telephone or over the web. We use a customer service automation system to track each customer inquiry until it is resolved.

Our Ariba Education Services group delivers education and training to our clients and partners in various offices, including Atlanta, Georgia, Sunnyvale, California, Pittsburgh, Pennsylvania and London, England. We offer a comprehensive series of classes to provide the knowledge and skills to successfully deploy, use and maintain our products and solutions through Ariba University. Ariba University delivers Institute for Supply Management ("ISM") training and change management services to customers and partners. Through a comprehensive offering of traditional classroom delivery at an Ariba campus, client on-site delivery, web-based training and consulting services, Ariba Education Services provide the knowledge and skills required to successfully deploy, use and maintain the Ariba product line.

Seasoned instructors, instructional designers and education consultants deliver more than 350 classes per year to more than 3,000 students in a hands-on, role-based learning environment in our learning centers or on-site at the customer' s location. Participants who successfully complete our programs will receive continuing education hours. These hours may be applied toward ISM Certified Purchasing Manager recertification and/or Accredited Purchasing Practitioner reaccreditation program requirements.

Research and Development

We introduced our initial product, Ariba Buyer, in June 1997, and since then have released a number of new products and services to address the needs of sourcing, procurement, finance, accounts payable, treasury, legal and sales and marketing professionals. We began to operate the Ariba Network in April 1999 and continue to provide enhancements to it on an ongoing basis. We introduced Ariba Sourcing in September 2001, and upgraded the solution in September 2004 to incorporate functionality from legacy FreeMarkets, Inc. applications. In addition, we have architected our applications to be more easily deployed via an on-demand model. During fiscal years 2006 through 2011, we released, and continuing in fiscal year 2012 we plan to release, on-demand versions of many of our software applications. If we are unable to develop new products or enhancements to existing products or corrections on a timely and cost-effective basis, particularly on-demand versions of our products, or if these new products or enhancements do not have the features or quality measures to make them successful in the marketplace, our business will be harmed.

Our research and development expenses were $60.5 million, $46.0 million and $43.5 million during the fiscal years ended September 30, 2011, 2010 and 2009, respectively. We also recorded amortization of acquired technology as part of cost of revenues of $1.7 million, $302,000 and $1.5 million during the fiscal years ended September 30, 2011, 2010 and 2009, respectively.

Our research and development organization focuses on our various Ariba Business Commerce solutions and the Ariba Network, as well as on server and infrastructure development, user interface and Internet application design, tools development, enterprise integration, operations, quality assurance, documentation, release management and advanced development.

International Operations

We sell our software and provide services and expertise worldwide. Our geographic coverage allows us to draw on business, technical and sourcing expertise from a worldwide workforce which provides stability to our operations and revenue streams to leverage geography-specific economic trends. Through our acquisitions of Quadrem in January 2011 and b-process in October 2011, we have increased the size of our international operations.

We currently have offices in 25 countries. Substantially all of our international operations are conducted through wholly-owned subsidiaries. Revenues from our international operations were $167.9 million, $89.5 million and $84.8 million for the fiscal years ended September 30, 2011, 2010 and 2009, respectively.

We operate in a single operating segment. See Note 10 of Notes to Consolidated Financial Statements for additional financial information about our geographic areas and Risk Factors−"Our Business is Susceptible to Numerous Risks Associated with International Operations" in Part I, Item 1A of this Annual Report on Form 10-K for risks relating to our international operations.

Competition

The market for business commerce applications is highly competitive, rapidly evolving and fragmented and subject to changing technology and shifting customer needs.

Our principal direct competition comes from ERP vendors whose software is installed by customers directly. We also compete with specialty vendors that offer their software on a hosted basis or under a perpetual license. In our services business, we compete with several large and regional service providers. We anticipate additional competition from other established and emerging companies as the market continues to expand.

Our current principal competitors include:

Enterprise software application vendors, including SAP AG and Oracle;

Smaller specialty vendors or niche providers, including Emptoris, Basware, BravoSolution, Zycus, Perfect Commerce, Hubwoo, Rearden Commerce, Coupa, Iasta, OB10, GXS, Aravo, Xign, Selectica, SciQuest, IQNavigator and Fieldglass; and

Service providers, including IBM, Accenture, Capgemini, Deloitte Consulting, Bearing Point and Unisys.

We believe the principal competitive factors considered with respect to, and the relative competitive standing of, our business commerce software solutions are:

Interoperability with existing commonly-used ERP systems;

Ease of use and rates of user adoption;

Price and demonstrable cost-effective benefits for customers;

Performance, security, scalability, flexibility and reliability of the software;

Vendor reputation and referenceable customers;

Quality of customer support; and

Financial stability of the vendor.

Many of our current and potential competitors, such as ERP software vendors including SAP AG and Oracle, have longer operating histories, greater name recognition, larger marketing budgets and significantly greater resources, and a larger installed base of customers than we do. These vendors could also introduce business commerce solutions that are included as part of broader enterprise application solutions at little or no cost to their customers. They may also be able to devote greater resources to the development, promotion and sale of their products than we can to ours, which can enable them to respond more quickly to new technology, introduce new business commerce modules and respond to changes in customer needs. In addition, many of our competitors have well-established relationships with our current and potential customers and have extensive knowledge of our industry. In the past, we have lost potential customers to competitors for various reasons, including lower prices and other incentives not matched by us. Current and potential competitors have established or may establish cooperative relationships among themselves or with third parties to increase the ability of their products to address customer needs and achieve greater market acceptance. The industry has experienced consolidation with both larger and smaller competitors acquiring companies to broaden their offerings or increase scale. As a result, we may not be able to successfully compete against our current and future competitors.

Intellectual Property and Other Proprietary Rights

We depend on our ability to develop and maintain the proprietary aspects of our technology. To protect our proprietary technology, we rely primarily on a combination of contractual provisions, confidentiality procedures, trade secrets, and patent, copyright and trademark laws.

We license rather than sell our software products and require our customers to enter into license agreements, which impose restrictions on their ability to utilize the software. The license agreements generally do not provide for a right to return. See Note 1 of Notes to Consolidated Financial Statements. In addition, we seek to avoid disclosure of our trade secrets through a number of means, including but not limited to requiring those persons with access to our proprietary information to execute confidentiality agreements with us and restricting access to our source code. We seek to protect our software, documentation and other written and electronic materials under trade secret and copyright laws, which may afford only limited protection. We can make no assurance that any of our proprietary rights with respect to our solutions will be viable or of value in the future since the validity, enforceability and type of protection of proprietary rights in these evolving technologies are uncertain and still evolving.

As of September 30, 2011, we had 55 United States patents issued and 28 United States patent applications pending. We also have seven foreign patents issued and zero foreign patent applications pending. It is possible that no patents will be issued from our pending patent applications or that, if issued, or our potential future patents may be successfully challenged. It is also possible that we may not develop proprietary products or technologies that are patentable, that any patent issued to us may not provide us with any competitive advantages, or that the patents of others will harm our ability to do business.

We rely on technology that we license from third parties, including software that is integrated with internally developed software and used in our software products to perform key functions. If we are unable to continue to license any of this software on commercially reasonable terms, or at all, we will face delays in releases of our software until equivalent technology can be identified, licensed or developed, and integrated into our current product. These delays, if they occur, could materially and adversely affect Ariba.

Ariba and the Ariba logo are registered trademarks in the United States. In addition, Ariba, the Ariba logo and the Ariba "boomerang" design are registered in one or more foreign countries. The above-mentioned trademark applications are subject to review by the applicable governmental authorities, may be opposed by private parties, and may not be issued.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our products or to obtain and use information that we regard as proprietary. Policing unauthorized use of our products is difficult, and while we are unable to determine the extent to which piracy of our software products exists, software piracy can be expected to be a persistent problem. In addition, the laws of some foreign countries do not protect our proprietary rights to as great an extent as do the laws of the United States. Our means of protecting our proprietary rights may not be adequate and our competitors may independently develop similar technology, duplicate our products or design around patents issued to us or our other intellectual property.

There has been a substantial amount of litigation in the software and Internet industries regarding intellectual property rights. It is possible that in the future, third parties may claim that we or our current or potential future products infringe their intellectual property rights. We expect that software product developers and providers of electronic commerce solutions will increasingly be subject to infringement claims as the number of products and competitors in our industry segment grows and the functionality of products in different industry segments overlaps. Any claims, with or without merit, could be time-consuming, result in costly litigation, divert management's time from developing our business, cause product shipment delays, require us to enter into royalty or licensing agreements or require us to satisfy indemnification obligations to customers. Royalty or licensing agreements, if required, may not be available on terms acceptable to us or at all, which could harm our business. In addition, we may need to commence litigation or take other actions to protect our intellectual property rights which may be costly, time-consuming and distracting to management and would result in the loss of our intellectual property.

Available Information

We file reports required of public companies with the Securities and Exchange Commission ("SEC"). These include annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and other reports, and amendments to these reports. The public may read and copy the materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a Web site at *www.sec.gov* that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. We make available free of charge on the Investor Relations section of our corporate Web site all of the reports we file with the SEC as soon as reasonably practicable after the reports are filed. Copies of Ariba's fiscal 2011 Annual Report on Form 10-K may also be obtained without charge by contacting Investor Relations at InvestorInfo@ariba.com or by calling 650-390-1200. Our Internet address is www.ariba.com.

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EXECUTIVE OFFICERS OF THE REGISTRANT

Our executive officers and their ages as of October 31, 2011 are as follows:

Name	Age	Position(s)
Robert M. Calderoni	51	Chairman and Chief Executive Officer
Kevin Costello	49	President
Kent Parker	50	Executive Vice President and Chief Operating Officer
Ahmed Rubaie	45	Executive Vice President and Chief Financial Officer

Robert M. Calderoni has served as Ariba' s Chairman and Chief Executive Officer since July 2003. From October 2001 to July 2003, Mr. Calderoni served as Ariba' s President and Chief Executive Officer. From October 2001 to December 2001, Mr. Calderoni also served as Ariba' s Interim Chief Financial Officer. From January 2001 to October 2001, Mr. Calderoni served as Ariba' s Executive Vice President and Chief Financial Officer. Mr. Calderoni was also an employee of the Company from November 2000 to January 2001. In addition to serving as a director of Ariba, he is also a member of the board of directors of Juniper Networks, Inc., a provider of network infrastructure systems, and KLA-Tencor Corporation, a supplier of process control and yield management solutions for the semiconductor and related microelectronics industries. Mr. Calderoni holds a Bachelor of Science degree in Accounting and Finance from Fordham University.

Kevin Costello has served as Ariba' s President since November 2007. Mr. Costello also served as Ariba' s Executive Vice President and Chief Commercial Officer from October 2004 until November 2007. From October 2003 until October 2004, Mr. Costello served as Ariba' s Executive Vice President of Sales and Solutions. From May 2002 until October 2003, Mr. Costello served as Ariba' s Executive Vice President, Ariba Solutions Delivery. Mr. Costello holds a Bachelor of Science degree in Accounting from the University of Illinois.

Kent Parker has served as Ariba' s Chief Operating Officer since November 2007. Mr. Parker also served as Ariba' s Executive Vice President, Ariba Global Services Organization from July 2004 until November 2007. From April 2000 to July 2004, Mr. Parker held numerous positions including Senior Vice President of Global Sourcing Services at FreeMarkets, which we acquired in July 2004. Mr. Parker holds a degree in mechanical engineering from the University of Evansville and an M.B.A from the Amos Tuck School of Business Administration at Dartmouth College.

Ahmed Rubaie has served as Ariba' s Executive Vice President and Chief Financial Officer since August 2008. From December 2000 to July 2008, Mr. Rubaie held various senior finance positions at Avery Dennison a manufacturer of office and consumer products. Prior to Avery Dennison, Mr. Rubaie held various positions at BHP Billiton and spent six years in public accounting with both Coopers & Lybrand and Deloitte & Touche. Mr. Rubaie holds a Bachelor of Arts degree in Economics and Management from Albion College and a J.D. degree from University of Detroit School of Law.

ITEM 1A. RISK FACTORS

In addition to other information in this Form 10-K, the following risk factors should be carefully considered in evaluating Ariba and our business because such factors may have a significant impact on our business, operating results and financial condition. As a result of the risk factors set forth below and elsewhere in this Form 10-K, actual results could differ materially from those projected in any forward-looking statements.

The Economic Downturn Adversely Impacted Our Business and May Continue to Adversely Impact Our Business Beyond Our Expectations.

Our business has been adversely affected by the credit crises and uncertain worldwide economic conditions. Although our business commerce solutions help companies reduce the cost of their goods and services and may therefore be perceived as even more strategic during adverse economic conditions, current or future economic conditions may adversely impact our business beyond our expectations. Among other things, adverse economic conditions could result in reduced revenues, increased operating losses and reduced cash flows from operations, greater than anticipated uncollectible accounts receivables and increased allowances for doubtful accounts receivable, impairment of financial and non-financial assets and increased restructuring charges.

The Benefits We Anticipate From Acquiring Quadrem and b-process May Not Be Realized.

We acquired Quadrem and b-process with the expectation that each of the acquisitions will result in various benefits including, among other things, accelerating our penetration into the international market segments, enhancing our customer base and recognizing efficiencies. We may not realize any of these benefits or may not realize them as rapidly, or to the extent, anticipated by our management and certain financial or industry analysts. Quadrem and b-process' s contribution to our financial results may not meet the current expectations of our management for a number of reasons, including integration risks, and could dilute our profits beyond the current expectations of our management. Potential liabilities assumed in connection with our acquisitions of Quadrem and b-process also could have an adverse effect on our business, financial condition and operating results. If these risks materialize, our stock price could be materially adversely affected.

Our Business Is Susceptible to Numerous Risks Associated with International Operations.

International operations have represented a significant portion of our revenues over the past three years. We have committed and expect to continue to commit significant resources to our international sales and marketing activities. We are subject to a number of risks associated with these activities. These risks generally include:

- currency exchange rate fluctuations;
- unexpected changes in regulatory requirements;
- tariffs, export controls and other trade barriers;
- longer accounts receivable payment cycles and difficulties in collecting accounts receivable;
- difficulties in managing and staffing international operations;
- potentially adverse foreign tax consequences, including withholding in connection with the repatriation of earnings;
- the burdens of complying with a wide variety of foreign laws; and
- political instability.

The risks are increased with our recently completed acquisitions of Quadrem and b-process. See "Management' s Discussion and Analysis of Financial Condition and Results of Operations" and Note 3 in Notes to Consolidated Financial Statements. A substantial majority of Quadrem' s revenues are generated outside the United States, as it conducts business in North America, South America, Europe, the Middle East, Africa, Asia, and Australia.

For international sales and expenditures denominated in foreign currencies, we are subject to risks associated with currency fluctuations. Since the majority of our non-United States sales are priced in currencies other than the United States dollar, a strengthening of the dollar may reduce the level of reported revenues. If such events continue to occur, our net revenues could be impacted, since a significant portion of our net revenues are derived from international operations. We have partially hedged risks associated with foreign currency transactions in order to minimize the impact of changes in foreign currency exchange rates by utilizing forward contracts to hedge trade and intercompany receivables and payables. There can be no assurance that our hedging strategy will be successful or that currency exchange rate fluctuations will not have a material adverse effect on our operating results.

Our Success Depends on Market Acceptance of Best of Breed Business Commerce Solutions.

Our success depends on widespread customer acceptance of best of breed business commerce solutions from vendors like us, rather than solutions from ERP software vendors and others that are part of a broader enterprise application solution. For example, ERP vendors, such as Oracle and SAP, could bundle business commerce modules with their existing applications and offer these modules at little or no cost. If our products and services do not achieve continued customer acceptance, our business will be seriously harmed.

We Have a History of Losses and May Incur Significant Additional Losses in the Future.

We have a significant accumulated deficit as of September 30, 2011 resulting in large part from cumulative charges for the amortization and impairment of goodwill and other intangible assets. We may incur significant losses in the future for a number of reasons, including those discussed in other risk factors and the following:

- declines in average selling prices of our products and services resulting from adverse economic conditions, competition and other factors;
- failure to successfully grow our sales channels;
- failure to maintain control over costs;
- charges incurred in connection with any future restructurings or acquisitions; and
- additional impairment charges as a result of the decline in value and credit quality of our investments in auction rate securities (“ARS”) or changes in the accounting treatment of these securities.

Our Quarterly Operating Results May Be Volatile, Difficult to Predict and May Be Unreliable as Indicators of Future Performance Trends.

Our quarterly operating results have varied significantly in the past and will likely continue to vary significantly in the future. As a result, period-to-period comparisons of our results may not be meaningful and should not be relied upon as indicators of future performance. In addition, we may fail to achieve forecasts of quarterly and annual revenues and operating results.

Our quarterly operating results have varied or may vary depending on a number of factors, including the following:

Risks Related to Revenues:

- fluctuations in demand, sales cycles and average selling price for our products and services;
- reductions in customers’ budgets for information technology purchases and delays in their purchasing cycles;
- fluctuations in the number of relatively larger orders for our products and services;
- increased dependence on relatively smaller orders from a larger number of customers;

dependence on generating revenues from new revenue sources;

ability to renew ratable revenue streams, including subscription software, software maintenance and subscription services, without substantial declines from prior arrangements. Customer attrition may impact some or all of these revenue streams;

changes in the mix of types of customer agreements and related timing of revenue recognition; and

volatility in currency exchange rates.

Risks Related to Expenses:

our overall ability to control costs, many of which are relatively fixed in the near term, including managing reductions in expense levels through restructuring and severance payments;

costs associated with changes in our pricing policies and business model;

costs associated with the amortization of stock-based compensation expense; and

the failure to adjust our workforce to changes in the level of our operations.

We May Fail to Achieve Our Financial Forecasts Due to Inaccurate Sales Forecasts and Other Factors.

Our revenues may be difficult to predict and, as a result, our quarterly financial results can fluctuate substantially. We estimate quarterly revenues in part based on our sales pipeline, which is an estimate of potential customers, their stage of the sales process, the potential amount of their sales contracts and the likelihood that we will convert them into actual customers during the quarter. To the extent that any of these estimates are inaccurate, our actual revenues may be different than our forecasted revenues.

Our On-Demand Strategy Carries a Number of Risks Which May Be Harmful to Our Business.

We derive a substantial portion of our revenue from subscriptions to our on-demand applications (i.e. multi-tenant, hosted software solutions). We have experienced and may continue to experience a deferral of revenues and cash payments from customers.

Additional risks with the on-demand model include the following:

as a result of increased demands on our engineering organization to develop multi-tenant versions of our products while supporting and enhancing our existing products, we may not introduce multi-tenant versions of our products or enhancements to our products on a timely and cost-effective basis or at appropriate quality levels;

we have experienced and expect to continue experiencing a decrease in the demand for our on-premise products (single-tenant software, hosted by Ariba or another party), which is reflected in our maintenance revenue stream. Most new customers are purchasing our on-demand products. A small number of on-premise customers have converted to on-demand products, and some continue to use both;

we have experienced and expect to continue experiencing a decrease in the demand for our on-premise implementation services, which is reflected in the services and other revenue stream, to the extent fewer customers license our software products as installed applications;

because we recognize revenue from subscription to our on-demand services over the term of the agreements, downturns or upturns in sales may not be immediately reflected in our operating results;

we may incur costs at a higher than forecasted rate as we expand our on-demand operations; and,

product quality issues may affect forecasted adoptions and renewals.

We May Incur Additional Restructuring Charges that Adversely Affect Our Operating Results.

We have recorded significant restructuring charges relating to the abandonment of numerous leased facilities, including most notably portions of our Sunnyvale, California Eleventh Avenue facility. For example, in the years ended September 30, 2010 and 2009, we revised our estimates for sublease commencement dates based on the remaining terms of the lease in Sunnyvale, California and continued soft market conditions in the Northern California real estate market, resulting in charges of $8.6 million and $6.8 million, respectively. In the year ended September 30, 2011, our restructuring costs included $12.3 million of lease abandonment costs and $3.3 million of accelerated depreciation as a result of moving our headquarters within Sunnyvale, California and abandoning our previous headquarters facility on Eleventh Avenue. Additional lease abandonment costs, resulting from the abandonment of additional facilities could adversely affect our operating results.

Our Business Could Be Seriously Harmed If We Fail to Retain and Expand Our Key Personnel, Particularly Given Competitive Hiring Conditions in the Technology Sector.

Our future performance depends on the continued service of our senior management, product development and sales personnel. The loss of the services of one or more of these personnel could seriously harm our business. Our ability to retain and attract key employees has become harder given competitive hiring conditions in the technology sector. In addition, uncertainty created by turnover of key employees could result in reduced confidence in our financial performance which could cause fluctuations in our stock price and result in further turnover of our employees.

We Sometimes Experience Long Implementation Cycles, Which May Increase Our Operating Costs.

Many of our products are complex applications that are generally deployed with many users. Implementation of these applications by enterprises is sometimes complex, time consuming and expensive. When we experience long implementation cycles, we may incur costs at a higher level than anticipated, which may reduce the anticipated profitability of a given implementation.

We Could Be Subject to Potential Claims Related to Our On-Demand Solutions, As Well As Our Supplier Networks.

We warrant to our customers that our on-demand solutions and our supplier networks will achieve specified performance levels to allow our customers to conduct their transactions. To the extent we fail to meet warranted performance levels, we could be obligated to provide refunds or credits for future use or maintenance. Further, to the extent that a customer incurs significant financial hardship due to the failure of our on-demand solutions or our supplier networks to perform as specified, we could be exposed to additional liability claims.

Failure to Establish and Maintain Strategic Relationships with Third Parties Could Seriously Harm Our Business, Results of Operations and Financial Condition.

We have established strategic relationships with a number of other companies. These companies are entitled to resell our products, to host our products for their customers, and/or to implement our products within their customers' organizations. We cannot be assured that any existing or future resellers or hosting or implementation partners will perform to our expectations. For example, in the past we have not realized the anticipated benefits from strategic relationships with a number of resellers. If our current or future strategic partners do not perform to expectations, or if they experience financial difficulties that impair their operating capabilities, our business, operating results and financial condition could be seriously harmed.

We Face Intense Competition. If We Are Unable to Compete Successfully, Our Business Will Be Seriously Harmed.

The market for our solutions is intensely competitive, evolving and subject to rapid technological change. This competition could result in further price pressure, reduced profit margins and loss of market share, any one of which could seriously harm our business. Competitors vary in size and in the scope and breadth of the products and services they offer. We compete with several major enterprise software companies, including SAP AG and Oracle. In addition, we compete with smaller specialty vendors or smaller niche providers of sourcing or procurement products and services, including Emptoris, Basware, BravoSolution, Zycus, Perfect Commerce, Hubwoo, Rearden Commerce, Coupa, Iasta, OB10, GXS, Aravo, Xign, Selectica, SciQuest, IQNavigator, and Fieldglass. Because business commerce is a relatively new software and solutions category, we expect additional competition from other established and emerging companies if this market continues to develop and expand. For example, third parties that currently help implement Ariba Buyer and our other products could market products and services that compete with our products and services. These third parties, which include IBM, Accenture, Capgemini, Deloitte Consulting, BearingPoint and Unisys, are generally not subject to confidentiality or non-compete agreements that restrict such competitive behavior.

Many of our current and potential competitors, such as ERP software vendors including Oracle and SAP, have longer operating histories, significantly greater financial, technical, marketing and other resources, significantly greater name recognition and a larger installed base of customers than us. These vendors could also introduce business commerce solutions that are included as part of broader enterprise application solutions at little or no cost to their customers. In addition, many of our competitors have well-established relationships with our current and potential customers and have extensive knowledge of our industry. In the past, we have lost potential customers to competitors for various reasons, including lower prices and incentives not matched by us. In addition, current and potential competitors have established or may establish cooperative relationships among themselves or with third parties to increase the ability of their products to address customer needs. Accordingly, it is possible that new competitors or alliances among competitors may emerge and rapidly increase their market share. We also expect that competition will increase as a result of industry consolidations. The industry has experienced consolidation with both larger and smaller competitors acquiring companies to broaden their offerings or increase scale. As a result, we may not be able to successfully compete against our current and future competitors.

Any Recent or Future Acquisitions or Dispositions Will Be Subject to a Number of Risks.

Any recent or future acquisitions or dispositions will subject us to a number of risks, including:

- the diversion of management time and resources;
- the difficulty of assimilating/transitioning the operations and personnel of the acquired companies;
- the potential disruption of our ongoing business;
- the difficulty of incorporating acquired technology and rights into our products and services;
- unanticipated expenses related to integration of the acquired companies;
- difficulties in implementing and maintaining uniform standards, controls, procedures and policies;
- the impairment of relationships with employees and customers as a result of any integration of new management personnel;
- the inability to sell disposed assets;
- potential unknown liabilities associated with acquired businesses; and
- impairment of goodwill and other assets acquired or divested.

If We Fail to Develop Products and Services on a Timely and Cost-Effective Basis, or If Our Products or Services Contain Defects, Our Business Could Be Seriously Harmed.

In developing new products and services, we may:

- fail to develop, introduce and market products in a timely or cost-effective manner;

find that our products and services are obsolete, noncompetitive or have shorter life cycles than expected;

fail to develop new products and services that adequately meet customer requirements or achieve market acceptance; or

develop products that contain undetected errors or failures when first introduced or as new versions are released.

If new releases of our products or potential new products are delayed, we could experience a delay or loss of revenues and customer dissatisfaction.

Litigation Could Seriously Harm Our Business.

There can be no assurance that future litigation will not have a material adverse effect on our business, financial position, results of operations or cash flows, or that the amount of any accrued losses is sufficient for any actual losses that may be incurred. See "Litigation and other proceedings" in Note 9 of Notes to Consolidated Financial Statements.

We May be Sued by Third Parties for Alleged Infringement of Their Proprietary Rights.

There is considerable patent and other intellectual property development activity in our industry. Our success depends upon our not infringing upon the intellectual property rights of others. Our competitors, as well as a number of other entities and individuals, may own or claim to own intellectual property relating to our industry. Even though we have policies against our unauthorized use of third party intellectual property rights and we take precautions not to use such intellectual property without the proper licenses, from time to time, third parties have claimed and may in the future claim that we are infringing upon their intellectual property rights, and we may be found to be infringing upon such rights. See "Litigation and other proceedings" in Note 9 of Notes to Consolidated Financial Statements. In the future, we may receive claims that our application suite and underlying technology infringe or violate the claimant's intellectual property rights. However, we may be unaware of the intellectual property rights of others that may cover some or all of our technology or application suite. Any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our technology or services, or require that we comply with other unfavorable terms. We may also be obligated to indemnify our customers or business partners in connection with any such litigation and to obtain licenses, modify products, pay royalties, or refund fees, which could further exhaust our resources. In addition, we may pay substantial settlement costs to resolve claims or litigation. Even if we were to prevail in the event of claims or litigation against us, any claim or litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from our business operations.

We May Be Required to Record Additional Impairment Charges in Future Quarters as a Result of the Decline in Value of Our Investments in Auction Rate Securities ("ARS").

We hold a variety of interest bearing ARS that represent investments in pools of assets, including student loans, commercial paper and credit derivative products. These ARS investments are intended to provide liquidity via an auction process that resets the applicable interest rate at predetermined calendar intervals, allowing investors to either roll over their holdings or gain immediate liquidity by selling such interests at par. The continuing uncertainties in the credit markets have affected all of our holdings in ARS investments and auctions for our investments in these securities have failed to settle on their respective settlement dates. Consequently, the investments are not currently liquid and we will not be able to access these funds until a future auction of these investments is successful or a buyer is found outside of the auction process. Contractual maturity dates for these ARS investments range from 2016 to 2047 with principal distributions occurring on certain securities prior to maturity.

The valuation of our ARS, along with the rest of our investment portfolio, is subject to uncertainties that are difficult to predict. Factors that may impact its valuation include changes to credit ratings of the securities as well as to the underlying assets supporting those securities, rates of default of the underlying assets, underlying collateral value, discount rates and ongoing strength and quality of market credit and liquidity.

Although we currently are not soliciting offers to sell these ARS investments prior to recovery nor are we aware of any factors that would make such a sale of the ARS investments more likely than not, if the current market conditions deteriorate further, or the anticipated recovery in market values does not occur, we may be required to record additional unrealized losses in other comprehensive income (loss) or to record all current and any future unrealized losses as a charge in our statement of operations in future quarters. See Note 6 of Notes to Consolidated Financial Statements for additional information about the potential adverse impact of our investments in ARS.

We May Incur Goodwill Impairment Charges that Adversely Affect Our Operating Results.

We review goodwill for impairment annually and more frequently if events and circumstances indicate that the asset may be impaired and that the carrying value may not be recoverable. Factors we consider important that could trigger an impairment review include, but are not limited to, significant underperformance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the strategy for our overall business, significant negative industry or economic trends, a significant decline in our stock price for a sustained period, and decreases in our market capitalization below the recorded amount of our net assets for a sustained period. Our stock price is highly volatile. The balance of goodwill is $482.8 million as of September 30, 2011, and there can be no assurance that future goodwill impairments will not occur.

Our Stock Price Is Highly Volatile and the Market Price of Our Common Stock May Decrease in the Future.

Our stock price has fluctuated dramatically. There is a significant risk that the market price of our common stock will decrease in the future in response to any of the following factors, including those discussed in other risk factors, some of which are beyond our control:

- variations in our quarterly operating results;
- announcements that our revenues or income are below analysts' expectations;
- changes in analysts' estimates of our performance or industry performance;
- changes in market valuations of similar companies;
- sales of large blocks of our common stock;
- announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
- the loss of a major customer or our failure to complete significant subscription transactions; and
- additions or departures of key personnel.

We Are at Risk of Further Securities Class Action Litigation Due to Our Stock Price Volatility.

In the past, securities class action litigation has often been brought against companies following periods of volatility in the market price of their securities. We have experienced significant volatility in the price of our stock over the past years. We may in the future be the target of similar litigation. Securities litigation could result in substantial costs and divert management's attention and resources, which could seriously harm our business.

If the Protection of Our Intellectual Property Is Inadequate, Our Competitors May Gain Access to Our Technology, and We May Lose Customers.

We depend on our ability to develop and maintain the proprietary rights of our technology. To protect our proprietary technology, we rely primarily on a combination of contractual provisions, including customer licenses that restrict use of our products, confidentiality agreements and procedures, and patent, copyright, trademark and trade secret laws. As of September 30, 2011, we have 55 patents issued in the United States of America, but may not develop other proprietary products that are patentable. Despite our efforts, we may not be able to adequately protect our proprietary rights, and our competitors may independently develop similar technology, duplicate our products or design around any patents issued to us. This is particularly true because some foreign laws do not protect proprietary rights to the same extent as those of the United States of America and, in the case of our solutions, because the validity, enforceability and type of protection of proprietary rights in these technologies are uncertain and evolving. If we fail to adequately protect our proprietary rights, we may lose customers.

In addition, we may need to commence litigation or take other actions to protect our intellectual property rights. These lawsuits and other potential litigation and actions brought by us could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights.

We Rely on Third-Party Technology for Our Solutions which Might Not be Available to Us in the Future.

We must now, and may in the future have to, license or otherwise obtain access to intellectual property of third parties. For example, we are currently dependent on developers' licenses from ERP, database, human resource and other systems software vendors in order to ensure compliance of our products with their management systems. In addition, we rely on technology that we license from third parties, including software that is integrated with internally developed software and used in our software products to perform key functions. If we are unable to continue to license any of this software on commercially reasonable terms, or at all, we will face delays in releases of our software until equivalent technology can be identified, licensed or developed, and integrated into our current products or require us to satisfy indemnification obligations to our customers. These delays, if they occur, could adversely affect our business.

If Our Security Measures Fail or Unauthorized Access to Customer Data Is Otherwise Obtained, Our Solutions May Be Perceived As Not Being Secure, Customers May Curtail or Stop Using Our Solutions, And We May Incur Significant Liabilities.

Our operations involve the storage and transmission of our customers' confidential information, and security breaches could expose us to a risk of loss of this information, litigation, indemnity obligations and other liability. If our security measures are breached as a result of third-party action, employee error, malfeasance or otherwise, and, as a result, someone obtains unauthorized access to our customers' data, our reputation will be damaged, our business may suffer and we could incur significant liability. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures could be harmed and we could lose potential revenues and existing customers.

Further, because our products transmit data and information belonging to our customers, many customers and prospects require us to meet specific security standards or to maintain security certifications with respect to our products and operations. Given the complexity of our business and the costs and efforts required to meet the high standards to maintain these security certifications, there is no guarantee that we can achieve or maintain any such certifications or standards. If we fail to meet the standards for these security certifications, it could negatively impact our ability to attract new or keep existing customers and it could seriously harm our business.

Because Our Application Suite Collects, Stores and Reports Personal Information of Buyers and Suppliers, Privacy Concerns Could Result in Liability to Us or Inhibit Sales of Our Application Suite.

Many federal, state and foreign government bodies and agencies have adopted or are considering adopting laws and regulations regarding the collection, use and disclosure of third-party information. In addition to government regulation, privacy advocacy and industry groups may propose new and different self-regulatory standards that apply to us. Because many of the features of our application suite collect, store and report on information about buyers and suppliers, any inability to adequately address privacy concerns, even if unfounded, or comply with applicable privacy or data protection laws, regulations and policies, could result in liability to us, damage our reputation, inhibit sales and harm our business.

Business Disruptions Could Affect Our Operating Results.

A significant portion of our research and development activities and certain other critical business operations is concentrated in a few geographic areas. We are a highly automated business and a disruption or failure of our systems could cause delays in completing sales and providing services. A major earthquake, fire or other catastrophic event that results in the destruction or disruption of any of our critical business or information technology systems could severely affect our ability to conduct normal business operations and, as a result, our future operating results could be materially and adversely affected.

Defects or Disruptions in Our Solutions Could Diminish Demand for Our Solutions and Subject Us to Substantial Liability.

Since our customers use our solutions for important aspects of their business, any errors, defects, disruptions in service or other performance problems with our solutions could hurt our reputation and may damage our customers' businesses. If that occurs, customers could elect to terminate or not to renew their subscriptions, delay or withhold payment to us, or make warranty or other claims against us. In addition, it could adversely affect our ability to attract new customers. Our business will be harmed if our customers and potential customers believe our solutions are unreliable.

We Are Subject to Evolving Corporate Governance Regulations and Requirements. Our Failure to Adequately Adhere to These Requirements or the Failure or Circumvention of Our Controls and Procedures Could Seriously Harm Our Business and Results of Operations.

Because we are a publicly-traded company, we are subject to certain federal, state and other rules and regulations, including those required by the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). Compliance with existing regulations is costly and requires a significant diversion of management time and attention, particularly with regard to our disclosure controls and procedures and our internal control over financial reporting. Although we have reviewed our disclosure and internal controls and procedures in order to determine whether they are effective, our controls and procedures may not be able to prevent fraud or other errors in the future. Faulty judgments, simple errors or mistakes, or the failure of our personnel to adhere to established controls and procedures may make it impossible for us to ensure that the objectives of the control system are met. A failure of our controls and procedures to detect fraud or other errors could seriously harm our business and results of operations. The recently adopted Dodd-Frank Act will subject us to significant additional executive compensation and corporate governance requirements, including solicitation of stockholder approval on an advisory basis of our executive compensation and the frequency of approval of our executive compensation at our 2012 annual meeting of stockholders. Compliance with their requirements may be costly and adversely affect our business.

Anti-takeover Provisions in Our Charter Documents and Delaware Law Could Discourage, Delay or Prevent a Change in Control of Our Company and May Affect the Trading Price of Our Common Stock.

Certain anti-takeover provisions in our certificate of incorporation and bylaws and certain provisions of Delaware law may have the effect of delaying, deferring or preventing a change in control of the Company without further action by our stockholders, may discourage bids for our common stock at a premium over the market price of our common stock and may adversely affect the market price of our common stock and other rights of our stockholders.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Ariba occupies four principal office locations in Sunnyvale, California; Bangalore, India; Pittsburgh, Pennsylvania and Atlanta, Georgia.

Operations at our corporate headquarters in Sunnyvale, California consist principally of marketing, research and development and some administrative activities. We occupy approximately 86,000 square feet of office space in Sunnyvale under a lease that expires in November 2021.

We occupy approximately 80,000 square feet of office space in Bangalore, India under leases that expire at various times through September 2014. Our operations at this location consist principally of research and development activities.

We occupy approximately 73,000 square feet of office space in Pittsburgh, Pennsylvania under a lease that expires in December 2017. Our operations at this location consist principally of our customer support organization and administrative activities.

We occupy approximately 42,000 square feet of office space in Atlanta, Georgia under a lease that expires in June 2013. Our operations at this location consist principally of our sales, certain executive management and support activities.

We also lease several North American sales and support offices throughout the United States, Canada and Mexico. We lease international sales and support offices, including offices in Australia, Belgium, Brazil, Chile, China, Czech Republic, France, Germany, Hong Kong, India, Ireland, Italy, Japan, Netherlands, Peru, Singapore, Slovakia, South Africa, Spain, Sweden, Switzerland and the United Kingdom.

We may add additional offices in the United States and in other countries as growth opportunities present themselves, as well as from time to time abandon locations that are no longer required to meet the needs of our business.

ITEM 3. LEGAL PROCEEDINGS

Litigation and other proceedings

Patent litigation

In June 2011, two of the Company' s subsidiaries, Quadrem International Ltd. ("QIL") and Quadrem Netherlands, B.V. ("QNBV"), were sued for patent infringement in the United States District Court for the Southern District of Texas. The former ultimate parent holding company of QIL and QNBV was also named as a defendant in the suit. At least 17 other entities were named as defendants in the suit. In August 2011, QIL and QNBV reached a settlement with plaintiff, which was not material to the consolidated financial statements, and the matter has been dismissed.

In December 2010, the Company' s subsidiary, Quadrem U.S., Inc. ("Quadrem U.S."), was sued for patent infringement in the United States District Court for the Middle District of Pennsylvania. At least 10 other defendants were named as defendants in the suit. In October 2011, Quadrem U.S. was dismissed from the case.

General

From time to time, the Company is involved in a variety of claims, suits, investigations, and proceedings arising from the ordinary course of its business, including actions with respect to intellectual property claims, government investigations, labor and employment claims, breach of contract claims, tax, and other matters. Regardless of the outcome, these proceedings can have an adverse impact on the Company because of defense costs, diversion of management resources, and other factors. In addition, it is possible that an unfavorable resolution of one or more such proceedings could in the future materially and adversely affect our financial position, results of operations, and cash flows in a particular period or subject the Company to an injunction that could seriously harm its business. See the risk factors "Litigation Could Seriously Harm Our Business," "We May be Sued by Third Parties for Alleged Infringement of Their Proprietary Rights," "If the Protection of Our Intellectual Property Is Inadequate, Our Competitors May Gain Access to Our Technology, and We May Lose Customers" and "We Could Be Subject to Potential Claims Related to Our On-Demand Solutions, As Well As Our Supplier Networks," in the Risk Factors section of Part I, Item 1A of this Annual Report on Form 10-K.

Litigation benefit and insurance reimbursement

During the year ended September 30, 2010, the Company received $7.0 million in satisfaction of a court judgment, which was recorded in income.

During the year ended September 30, 2009, the Company recorded $7.5 million of income related to an insurance reimbursement for previously unreimbursed litigation costs.

Indemnification

The Company sells software licenses, access to its on-demand offerings and/or services to its customers under various different contracts (collectively, "Software License and Service Agreements," or "SLSA"). Each SLSA contains the relevant terms of the contractual arrangement with the customer, and may include provisions for indemnifying the customer against losses, expenses and liabilities from damages that may be incurred by or awarded against the customer in the event the Company' s software or services are found to infringe upon a patent, copyright, trade secret, trademark or other proprietary right of a third party. The SLSA generally limits the scope of remedies for such included indemnification obligations in a variety of industry-standard respects, including but not limited to certain product usage limitations and geography-based scope limitations, and a right to replace an infringing product or service or modify them to make them non-infringing. If the Company cannot address the infringement by replacing the product or service, or modifying the product or service, the Company may be allowed to cancel the license or service and return certain of the fees paid by the customer.

PART II

ITEM 5. MARKET FOR REGISTRANT' S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market for Our Common Stock

Our common stock is traded on the Nasdaq Global Market under the symbol "ARBA." The price range per share in the table below reflects the highest and lowest sale prices for our stock as reported by the Nasdaq Global Market for each quarter during the last two fiscal years. Our present policy is to retain earnings, if any, to finance future growth. We have never paid cash dividends and have no present intention to pay cash dividends. As of October 31, 2011, there were approximately 909 stockholders of record.

Three Months Ended:	Price Range Per Share High	Low
September 30, 2011	$36.72	$22.12
June 30, 2011	$35.19	$30.03
March 31, 2011	$34.14	$22.67
December 31, 2010	$24.45	$18.29
September 30, 2010	$19.06	$14.91
June 30, 2010	$17.74	$12.71
March 31, 2010	$13.67	$11.22
December 31, 2009	$13.16	$10.74

Equity Compensation Plan Information

The following table sets forth as of September 30, 2011 certain information regarding our equity compensation plans.

Plan category	A Number of securities to be issued upon exercise of outstanding options, warrants and rights	B Weighted-average exercise price of outstanding options, warrants and rights	C Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in Column A)
Equity compensation plans approved by security holders	290,779	$ 11.07	13,049,129 (1)
Equity compensation plans not approved by security holders (2)	70,259 (3)	$ 11.59 (3)	–
Total	361,038	$ 11.16	13,049,129

(1) Includes 1.1 million shares available for future purchase under the Ariba, Inc. Employee Stock Purchase Plan. Securities available for future issuance under the Ariba, Inc. 1999 Equity Incentive Plan exclude unvested shares of restricted common stock as of September 30, 2011.

(2) See Note 11 of Notes to Consolidated Financial Statements for a narrative description of these plans.

(3) Represents shares of common stock issuable pursuant to awards outstanding under equity compensation plans assumed by us in connection with our fiscal year 2004 merger with FreeMarkets.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

We have granted shares of restricted common stock that allow statutory tax withholding obligations incurred upon vesting of those shares to be satisfied by forfeiting a portion of those shares to us. The following table shows the shares acquired by us upon forfeiture of restricted shares during the quarter ended September 30, 2011.

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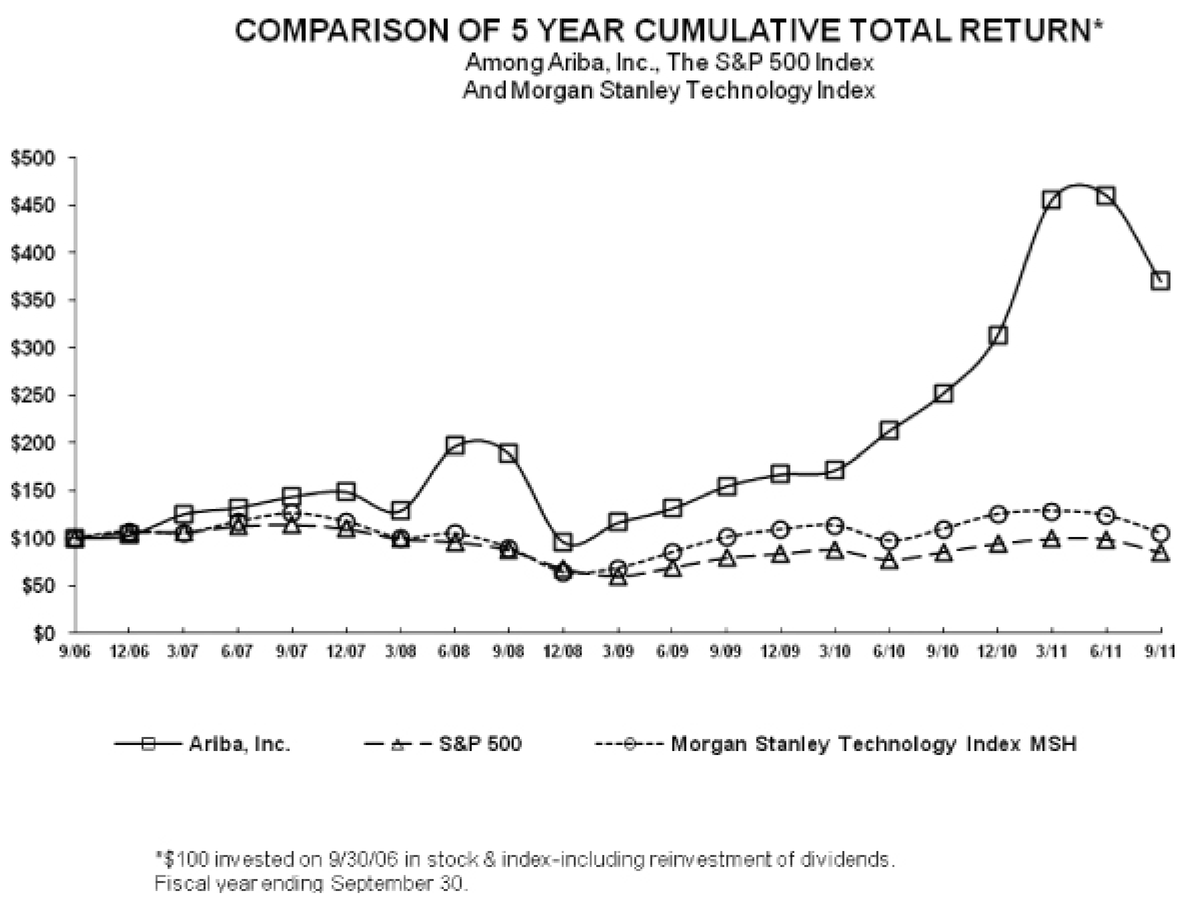
ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares That May Yet be Purchased Under the Plans or Program
July 1, 2011−July 31, 2011	−	$ −	−	−
August 1, 2011−August 31, 2011	10,023	22.12	−	−
September 1, 2011−September 30, 2011	−	−	−	−
Total	10,023	$ 22.12	−	−

Stock Performance Graphs and Cumulative Total Return

The graph below compares the cumulative total stockholder return on our common stock with the cumulative total return on the Morgan Stanley Technology Index and the Standard and Poor' s 500 Index (the "S&P 500 Index"), for each of the last five fiscal years ended September 30, 2011, assuming an investment of $100 at the beginning of such period and the reinvestment of any dividends, if any. The comparisons in the graphs below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our common stock.



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ITEM 6. SELECTED FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with the consolidated financial statements, the notes to the consolidated financial statements, and "Management' s Discussion and Analysis of Financial Condition and Results of Operations," which are included elsewhere in this Form 10-K. The consolidated statements of operations data for each of the five fiscal years in the period ended September 30, 2011, and the consolidated balance sheet data as of the end of each such fiscal year, are derived from our consolidated financial statements. The operating results for any period should not be considered indicative of results for any future period.

	For the Years Ended September 30,				
	2011	2010	2009	2008	2007
	(in thousands, except per share data)				
Consolidated Statements of Operations Data (1)(2):					
Revenues:					
Subscription and maintenance	$335,124	$240,789	$222,206	$187,150	$142,309
Services and other	108,721	79,610	63,499	77,307	89,814
Total revenues	443,845	320,399	285,705	264,457	232,123
(Loss) income from continuing operations	(2,983)	13,225	1,656	(42,478)	(10,707)
Discontinued operations, net of tax:					
(Loss) income from discontinued operations	(2,924)	3,161	6,537	1,416	(4,270)
Gain on sale of discontinued operations	39,164	–	–	–	–
Total discontinued operations	36,240	3,161	6,537	1,416	(4,270)
Net income (loss)	$33,257	$16,386	$8,193	$(41,062)	$(14,977)
Basic earnings (loss) per share:					
(Loss) income from continuing operations	$(0.03)	$0.15	$0.02	$(0.55)	$(0.15)
Discontinued operations, net of tax	0.39	0.04	0.08	0.02	(0.06)
Net income (loss) per common share−basic	$0.36	$0.19	$0.10	$(0.53)	$(0.21)
Diluted earnings (loss) per share:					
(Loss) income from continuing operations	$(0.03)	$0.15	$0.02	$(0.55)	$(0.15)
Discontinued operations, net of tax	0.39	0.04	0.08	0.02	(0.06)
Net income (loss) per common share−diluted	$0.36	$0.19	$0.10	$(0.53)	$(0.21)
Weighted average shares used in computing net income (loss) per share−basic	91,212	86,617	82,733	77,318	70,106
Weighted average shares used in computing net income (loss) per share−diluted	91,212	89,221	85,424	77,318	70,106

	September 30,				
	2011	2010	2009	2008	2007
Consolidated Balance Sheets Data (2):					
Cash and cash equivalents, restricted cash, short-term investments and long-term investments	$280,669	$252,366	$195,446	$136,970	$183,046
Working capital (deficit)	$57,060	$54,809	$1,031	$(41,172)	$35,880
Total assets	$913,141	$721,709	$668,171	$627,461	$583,586
Restructuring obligations, less current portion and deferred rent obligations	$12,872	$33,219	$45,637	$59,295	$74,734
Total stockholders' equity	$647,954	$498,954	$434,051	$391,018	$351,144

(1) The consolidated statements of operations data excludes the operating results of our sourcing services and business process outsourcing assets (collectively, the "Sourcing Services Business"), which was sold on November 15, 2010 and has been presented as discontinued operations. See Note 2 of Notes to Consolidated Financial Statements.

(2) The consolidated statements of operations data and the consolidated balance sheet data includes the results of operations of Procuri, Inc. ("Procuri") subsequent to its acquisition on December 17, 2007 and the results of operations of Quadrem subsequent to its acquisition on January 27, 2011. See Note 3 of Notes to Consolidated Financial Statements.

See Note 12 of Notes to Consolidated Financial Statements for an explanation of the determination of the number of shares used to compute basic and diluted net income (loss) per share. We have paid no cash dividends during the five-year period ended September 30, 2011.

ITEM 7. MANAGEMENT' S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion contains forward-looking statements, including, without limitation, our expectations regarding our outlook and future revenues. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future actual results to differ materially from our recent results or those projected in the forward-looking statements include, but are not limited to, those discussed in the section entitled "Risk Factors" in Part I, Item 1A of this Annual Report on Form 10-K and in "Outlook for Fiscal Year 2012" in this section. We assume no obligation to update the forward-looking statements or our risk factors after the date of this document.

Overview of Our Business

Ariba is the leading provider of collaborative business commerce solutions for buying and selling goods and services. Ariba combines industry-leading software as a service ("SaaS") technology to optimize the complete commerce lifecycle and enables companies to discover, connect and collaborate with a global network of trading partners and expert capabilities to augment internal resources and skills, delivering everything needed to control costs, enhance operational efficiencies, minimize risk, improve profits and enhance cash flow−all in the Ariba® Commerce Cloud. Over 700,000 companies, including more than half of the Fortune 500 as well as major global companies, are enabled on Ariba' s solutions to drive more efficient inter-enterprise commerce.

Our software is built to leverage the Internet and provide enterprises with real-time access to their business data and their business partners. Our software is designed to integrate with all major platforms and can be accessed via a web browser. Today, our software is primarily provided as a service in an on-demand model, and in some instances, deployed as an on-premise application. In addition to application software, Ariba' s collaborative business commerce solutions include implementation and strategic consulting services, education and training. Ariba' s collaborative business commerce solutions also integrate with and leverage our supplier networks. Our supplier networks are scalable Internet infrastructures that connect our buying organizations with their suppliers to exchange product and service information as well as a broad range of business documents, such as purchase orders and invoices.

Business Model

Ariba Business Commerce solutions are delivered in a flexible manner, depending upon the needs and preferences of the customer. We offer flexible, highly configurable and easy-to-use technology and related services that are primarily delivered as an on-demand multi-tenant service and in some instances deployed on a single tenant basis either hosted or behind the firewall.

We have aligned our business model with the way we believe customers want to purchase and deploy business commerce solutions. Customers may generally subscribe to our software products for a specified term and pay for services on a time-and-materials, fixed fee or milestone basis, depending upon their business requirements. Our revenue is comprised of subscription and maintenance fees, and services and other fees. Subscription and maintenance revenue consists of subscription fees charged for hosted on-demand software solutions, single tenant software subscriptions, as well as maintenance fees for product updates and support. Services and other revenue consists of fees for implementation services, consulting services, managed services, training, education, premium support, and other miscellaneous items.

Due to the different treatment of our revenue streams under applicable accounting guidance, each type of revenue has a different impact on our consolidated financial statements. Subscription fees for multi-tenant and single-tenant subscription software solutions are generally fixed for a specific period of time, and revenue is recognized ratably over the term. In addition, certain network fees are based on transaction volumes and recognized as the transactions occur. Similarly, maintenance fees are generally fixed for a specific period of time, and revenue is customarily recognized ratably over the maintenance term. Most of our customers renew their maintenance contracts annually to continue receiving product updates and product support. Given the ratable revenue recognition and historically high renewal rates of our subscription and maintenance agreements, this revenue stream has generally been stable over time. Services revenues are driven by a contract, project or statement of work, in which the fees may be fixed for specific services to be provided over time or billed on a time and materials basis.

These different revenue streams also carry different gross margins. Revenue from subscription and maintenance fees tends to be higher-margin revenue with gross margins typically around 75% to 80%. Subscription and maintenance fees are generally based on software products developed by us, which carry minimal marginal cost to reproduce and sell. Revenue from labor-intensive services and other fees tends to be lower-margin revenue, with gross margins typically in the 20% to 40% range. Our overall gross margins could fluctuate from period to period depending upon the mix of revenue. For example, a period with a higher mix of subscription revenue versus services revenue would drive overall gross margin higher and vice versa.

Overview of Fiscal Year 2011

On November 15, 2010, we sold our sourcing services and business process outsourcing services assets (collectively, the "Sourcing Services Business") to Accenture. Accordingly, the Sourcing Services Business has been reported as discontinued operations for all periods presented. See Note 2 of Notes to Consolidated Financial Statements.

On January 27, 2011, we acquired the business of Quadrem International Holdings, Ltd. This business ("Quadrem") consists of a global electronic marketplace to facilitate the procurement of goods and services by companies from their supplier communities. Quadrem' s results of operations have been included in our consolidated financial statements from the acquisition date. See Note 3 of Notes to Consolidated Financial Statements.

Our revenues increased to $443.8 million in the year ended September 30, 2011 compared to $320.4 million in the year ended September 30, 2010. This was an increase of $123.4 million, or 39%, including 18% organic growth. Subscription and maintenance revenues increased $94.3 million. Subscription revenues increased $101.7 million, or 58%, including 27% organic growth. Services and other revenues increased $29.1 million, or 37%, including 24% organic growth. Our organic growth, which excludes revenues related to the acquisition of Quadrem, reflects increased demand for our subscription software products; increased network revenues due to higher volumes, more chargeable relationships and a pricing modification; and increased services as related to our software and network businesses.

Operating expenses increased to $286.6 million in the year ended September 30, 2011 compared to $195.1 million in the year ended September 30, 2010. The increase in operating expenses is primarily the result of an increase in compensation and benefits expense related to an increase in headcount in the year ended September 30, 2011 and increased costs as a result of the acquisition of Quadrem. In summation, our total net expenses from continuing operations, including costs of revenues and other items, increased to $446.8 million in the year ended September 30, 2011 compared to $307.2 million in the year ended September 30, 2010. Combined with the increase in revenue, this resulted in a loss from continuing operations for the year ended September 30, 2011 of $3.0 million compared to income from continuing operations of $13.2 million in the year ended September 30, 2010.

Income from discontinued operations was $36.2 million, including a gain on sale of $39.2 million, in the year ended September 30, 2011 compared to $3.2 million in the year ended September 30, 2010. Discontinued operations related the sale of our Sourcing Services Business. Our net income for the year ended September 30, 2011 was $33.3 million compared to net income of $16.4 million in the year ended September 30, 2010.

Outlook for Fiscal Year 2012

On October 19, 2011, we acquired b-process, one of the largest e-invoice networks in Europe, for approximately 35 million, a portion of which was deposited in escrow to satisfy potential indemnification claims. The acquisition will give our customers a wider geographic offering of e-invoice solutions. b-process' s results of operations will be included in our consolidated financial statements from the acquisition date.

With the increase in customer demand and continued shift in demand toward subscription software, including the network, we expect continued growth in subscription revenue in fiscal year 2012 compared to fiscal year 2011. We also expect total revenues to grow in fiscal year 2012 compared to fiscal year 2011, with growth in subscription revenues being partially offset by modest declines in maintenance revenues.

We plan to continue to carefully monitor expenses in fiscal year 2012. We expect that total expenses, excluding expenses for amortization of intangibles, stock-based compensation, restructuring costs, and transaction costs and a benefit from tax accrual reversals will grow at a similar rate as revenues. Our expense outlook includes targeted investments in our business designed to pursue revenue growth opportunities that are planned depending on economic conditions and operating results in fiscal year 2012. As a result of our revenue and expense outlooks, we anticipate improvement in our results from operations, before giving effect to these excluded expenses and benefit.

The current economic uncertainty may adversely impact our business. Although we believe that our business commerce solutions may be even more strategic to customers during adverse economic conditions, because they help companies reduce the costs of their goods and services, a weakening global economy, or decline in confidence in the economy, could, among other things, result in reduced revenues, impairment of financial and non-financial assets and reduced cash flows.

We believe that our success for fiscal year 2012 will depend largely on our ability to: (1) sell additional solutions to new and existing customers; (2) renew our subscription or time-based revenues, including on-demand software fees, maintenance fees, and fees for certain services; (3) capitalize on revenue opportunities, such as increased spend capture within existing customers and selling on-demand business commerce solutions to smaller and mid-market customers; (4) successfully integrate and manage the Quadrem and b-process businesses; and (5) retain and expand our workforce in the face of competitive hiring conditions in the technology sector.

In addition to the macro-economic impact, we believe that key risks to our revenues in fiscal year 2012 include: our ability to renew ratable revenue streams without substantial declines from prior arrangements, including subscription software, software maintenance and subscription services; our ability to generate organic growth; the overall level of information technology spending; potential declines in average selling prices; and volatility in currency exchange rates. We believe that key risks to our future operating profitability include our ability to maintain or grow our revenues and our ability to maintain adequate utilization of our services organization. We may not be successful in addressing such risks and difficulties. See "Risk Factors" in Part I, Item 1A of this Annual Report on Form 10-K for additional information.

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Results of Operations

The following table indicates the percentage of total revenues represented by line items in our consolidated statements of operations (certain items may not foot due to rounding). This data has been derived from the consolidated financial statements contained elsewhere in this Form 10-K. The operating results for any period should not be considered indicative of results for any future period. This information should be read in conjunction with the Consolidated Financial Statements and Notes thereto included elsewhere in this Form 10-K.

	Percentage of Total Revenues		
	2011	**2010**	**2009**
Revenues:			
Subscription and maintenance	76 %	75 %	78 %
Services and other	24	25	22
Total revenues	100	100	100
Cost of revenues:			
Subscription and maintenance	16	16	16
Services and other	17	17	15
Amortization of acquired technology and customer intangible assets	3	1	2
Total cost of revenues	36	34	33
Gross profit	64	66	67
Operating expenses:			
Sales and marketing	37	36	34
Research and development	14	14	15
General and administrative	12	10	14
Litigation benefit	0	(2)	0
Insurance reimbursement	0	0	(3)
Amortization of other intangible assets	0	0	0
Restructuring costs	2	3	4
Total operating expenses	65	61	64
Operating (loss) income	(1)	5	3
Interest and other income (expense), net	0	0	(2)
(Loss) income from continuing operations before income taxes	(1)	5	1
Provision for income taxes	0	0	0
(Loss) income from continuing operations	(1)	5	1
Discontinued operations, net of tax:			
(Loss) income from discontinued operations	(1)	1	2
Gain on sale of discontinued operations	9	0	0
Total discontinued operations	8	1	2
Net income	7 %	6 %	3 %

Comparison of the Fiscal Years Ended September 30, 2011, 2010 and 2009

Revenues

Please refer to Note 1 of Notes to Consolidated Financial Statements and "Application of Critical Accounting Policies and Estimates" below for a description of our accounting policy related to revenue recognition.

	Year Ended September 30,						
	2011	Dollar Change	Percent Change	2010	Dollar Change	Percent Change	2009
Revenues (in thousands):							
Subscription and maintenance	$335,124	$94,335	39 %	$240,789	$18,583	8 %	$222,206
Services and other	108,721	29,111	37 %	79,610	16,111	25 %	63,499
Total revenues	$443,845	$123,446	39 %	$320,399	$34,694	12 %	$285,705

Subscription and maintenance

Subscription revenues consist mainly of network-related software access and transaction fees and software access subscription fees. Subscription revenues for the year ended September 30, 2011 were $275.7 million, an increase of $101.7 million, or 58%, including 27% organic growth, compared $174.0 million for the year ended September 30, 2010. Our organic growth reflects increased demand for our subscription software products and increased network revenues due to higher volumes, more chargeable relationships and a pricing modification. Maintenance revenues consist primarily of Ariba Buyer and Ariba Sourcing product maintenance fees. Maintenance revenues for the year ended September 30, 2011 were $59.4 million, an 11% decrease from the $66.8 million recorded in the year ended September 30, 2010. The decrease was primarily due to a decline in on-premise application sales. We anticipate that subscription revenues will increase in the year ending September 30, 2012 compared to the year ended September 30, 2011, in part as a result of the acquisitions of Quadrem and b-process, partially offset by modest declines of maintenance revenues.

Subscription revenues for the year ended September 30, 2010 were $174.0 million, an increase of $22.8 million, or 15%, from the $151.2 million recorded in the year ended September 30, 2009. The increase was primarily due to an increase in the demand for our subscription software products and the continued growth of network revenues. Maintenance revenues for the year ended September 30, 2010 were $66.8 million, a 6% decrease from the $71.0 million recorded in the year ended September 30, 2009. The decrease was primarily due to a decline in perpetual license revenues.

Services and other

The increase in services and other revenues in the year ended September 30, 2011 compared to the year ended September 30, 2010 included 24% organic growth. Our organic growth reflects increased services as related to our software and network businesses. We anticipate that services and other revenues will increase in the year ending September 30, 2012 compared to the year ended September 30, 2011, in part as a result of the acquisitions of Quadrem and b-process. The increase in services and other revenues in the year ended September 30, 2010 compared to the year ended September 30, 2009 was primarily attributable to increase in implementation revenues.

Cost of Revenues

	Year Ended September 30,						
	2011	Dollar Change	Percent Change	2010	Dollar Change	Percent Change	2009
Cost of revenues (in thousands):							
Subscription and maintenance	$70,525	$19,476	38 %	$51,049	$3,142	7 %	$47,907
Services and other	79,110	24,333	44 %	54,777	12,554	30 %	42,223
Amortization of acquired technology and customer intangible assets	12,008	7,606	173 %	4,402	(1,148)	(21 %)	5,550
Total cost of revenues	$161,643	$51,415	47 %	$110,228	$14,548	15 %	$95,680

Subscription and maintenance

Cost of subscription and maintenance revenues consists of labor costs for hosting services and technical support, including stock-based compensation costs and facilities and equipment costs. The increase in cost of subscription and maintenance revenues in fiscal years 2011 and 2010 was primarily the result of an increase in set-up costs and hosted support costs associated with the overall 58% and 15% increase in subscription revenues in the respective years. We anticipate that cost of subscription and maintenance expenses will remain relatively consistent as a percentage of revenues in the year ending September 30, 2012 compared to the year ended September 30, 2011.

Services and other

Cost of services and other revenues consists of labor costs for consulting services, including stock-based compensation costs, training personnel, facilities and equipment costs. The increase in cost of services and other revenues in fiscal years 2011 and 2010 was primarily the result of an increase in deployment costs associated with the increase in services and other revenues. We anticipate that cost of services and other revenues will remain relatively consistent as a percentage of services and other revenues in the year ending September 30, 2012 compared to the year ended September 30, 2011.

Amortization of acquired technology and customer intangible assets

Amortization of acquired technology and customer intangible assets represents the amortization of assets associated with our acquisition of Quadrem and fiscal year 2008 acquisition of Procuri, Inc. ("Procuri"). The increase in the year ended September 30, 2011 compared to the year ended September 30, 2010 was due to the acquisition of Quadrem. The decrease in the year ended September 30, 2010 compared to the year ended September 30, 2009 was primarily attributable to assets reaching the end of their estimated useful lives. We anticipate amortization of acquired technology and customer intangible assets will increase in the year ending September 30, 2012 compared to the year ended September 30, 2011 due to the acquisitions of Quadrem and b-process.

Gross profit

	Year Ended September 30,						
	2011	Dollar Change	Percent Change	2010	Dollar Change	Percent Change	2009
(in thousands):							
Gross profit	$282,202	$72,031	34 %	$210,171	$20,146	11 %	$190,025

Our gross profit as a percentage of revenues for the year ended September 30, 2011 was 64% compared to 66% for the year ended September 30, 2010. The decrease was primarily due to the increase in amortization of acquired technology and customer intangible assets associated with our acquisition of Quadrem. Our gross profit as a percentage of revenues for the year ended September 30, 2010 was 66%, relatively consistent with 67% for the year ended September 30, 2009.

Operating Expenses

	Year Ended September 30,						
	2011	Dollar Change	Percent Change	2010	Dollar Change	Percent Change	2009
Operating expenses (in thousands):							
Sales and marketing	$162,120	$47,607	42 %	$114,513	$18,206	19 %	$96,307
Research and development	60,468	14,427	31 %	46,041	2,558	6 %	43,483
General and administrative	52,432	19,608	60 %	32,824	(5,908)	(15 %)	38,732
Litigation benefit	–	7,000	(100 %)	(7,000)	(7,000)	*	–
Insurance reimbursement	–	–	–	–	7,527	(100 %)	(7,527)
Amortization of other intangible assets	904	800	769 %	104	(396)	(79 %)	500
Restructuring costs	10,704	2,125	25 %	8,579	(1,578)	(16 %)	10,157
Total operating expenses	$286,628	$91,567	47 %	$195,061	$13,409	7 %	$181,652

* Percent change is not meaningful

Sales and marketing

Sales and marketing includes costs associated with our sales, marketing and product marketing personnel and consists primarily of compensation and benefits, which includes salaries, benefits, commissions, bonuses, and stock-based compensation; promotional and advertising and travel and entertainment expenses related to these personnel; and the provision for doubtful accounts. Sales and marketing expenses increased in the year ended September 30, 2011 compared to the year ended September 30, 2010 primarily due to the following: (1) increased compensation and benefits of $36.9 million related to an increase in overall sales and marketing headcount, sales commission and bonus expense related to the increase in revenues noted above, restricted stock awards and the acquisition of Quadrem; (2) increased travel costs of $3.4 million related to an increase in overall sales and marketing headcount; (3) increased facilities and professional services costs of $1.1 million and $1.0 million, respectively, primarily associated with the acquisition of Quadrem; and (4) increased marketing expense of $1.1 million. We anticipate that sales and marketing expenses will remain relatively consistent as a percentage of revenues in the year ending September 30, 2012 compared to the year ended September 30, 2011.

Sales and marketing expenses increased in the year ended September 30, 2010 compared to the year ended September 30, 2009 primarily due to the following: (1) increased compensation and benefits of $15.5 million related to an increase in overall sales and marketing headcount, sales commission and bonus expense related to the increase in revenues noted above and restricted stock awards; (2) increased travel costs of $1.1 million related to an increase in overall sales and marketing headcount; and (3) increased marketing expense of $1.2 million.

Research and development

Research and development includes costs associated with the development of new products, enhancements of existing products for which technological feasibility has not been achieved and quality assurance activities, and primarily includes compensation and benefits, which includes salaries, benefits, bonuses, and stock-based compensation; consulting costs; and the cost of software development tools and equipment. Research and development expenses increased in the year ended September 30, 2011 compared to the year ended

September 30, 2010 primarily due to increased compensation and benefits of $13.0 million related to an increase in overall research and development headcount, restricted stock awards and the acquisition of Quadrem. We anticipate that research and development expenses will remain relatively consistent as a percentage of revenues in the year ending September 30, 2012 compared to the year ended September 30, 2011. The slight increase in the year ended September 30, 2010 compared to the year ended September 30, 2009 was primarily due to an increase in compensation and benefits expense.

General and administrative

General and administrative expenses include costs for executive, finance, human resources, information technology, legal and administrative support functions, and primarily includes compensation and benefits, which includes salaries, benefits, bonuses, and stock-based compensation and professional services costs. General and administrative expenses increased in the year ended September 30, 2011 compared to the year ended September 30, 2010 primarily due to the following: (1) increased compensation and benefits of $12.2 million related to an increase in overall general and administrative headcount associated with the acquisition of Quadrem and restricted stock awards; (2) increased facilities costs of $4.4 million, primarily associated with the acquisition of Quadrem; and (3) a $3.1 million benefit in the year ended September 30, 2010 based upon management' s assessment that a previously accrued contingency had less than a remote probability of potential loss. We anticipate that general and administrative expenses will remain relatively consistent as a percentage of revenues in the year ending September 30, 2012 compared to the year ended September 30, 2011.

General and administrative expenses decreased in the year ended September 30, 2010 compared to the year ended September 30, 2009 primarily due to the following: (1) an impairment of $4.3 million in the year ended September 30, 2009 associated with capitalized costs related to an enterprise resource planning ("ERP") system for finance and human resources; (2) a decrease in expenses of $3.1 million based upon management' s assessment that a previously accrued contingency had less than a remote probability of potential loss; and (3) a decrease in intellectual property related legal expenses of approximately $1.7 million, which were partially offset by an increase in compensation and benefits of $3.2 million primarily related to an increase in overall general and administrative headcount and restricted stock awards.

Litigation benefit and insurance reimbursement

During the year ended September 30, 2010, we received $7.0 million in satisfaction of a court judgment, which was recorded in income.

During the year ended September 30, 2009, we recorded $7.5 million of income related to an insurance reimbursement for previously unreimbursed litigation costs.

Amortization of other intangible assets

Amortization of other intangible assets consisted of the amortization of trade name/trademark and non-competition agreement associated with our acquisition of Quadrem and fiscal year 2008 acquisition of Procuri and our fiscal year 2004 business combination with FreeMarkets. The increase in the year ended September 30, 2011 compared to the year ended September 30, 2010 was due to the acquisition of Quadrem. The decrease in the year ended September 30, 2010 compared to the year ended September 30, 2009 was primarily attributable to assets reaching the end of their estimated useful lives. We anticipate amortization of other intangible assets will increase in the year ending September 30, 2012 compared to the year ending September 30, 2011 due to the acquisitions of Quadrem and b-process.

Restructuring costs

We recorded restructuring costs of $10.7 million in the year ended September 30, 2011, comprised of $12.3 million of lease abandonment costs and $3.3 million of accelerated depreciation as a result of moving our headquarters within Sunnyvale, California and abandoning our previous headquarters facility on Eleventh Avenue, partially offset by benefits of $4.9 million as a result of entering into agreements to sublease approximately 175,000 square feet of space at our Eleventh Avenue facility, the majority of which expire in January 2013.

We recorded a restructuring charge of $8.6 million in the year ended September 30, 2010 due to the revision of our estimates for sublease commencement dates based on the remaining terms of the lease in Sunnyvale, California and continued soft market conditions in the Northern California real estate market.

We recorded a restructuring charge of $10.2 million in the year ended September 30, 2009. During the year, we revised our estimates for sublease commencement dates and sublease rental rate projections to reflect continued soft market conditions in the Northern California real estate market, resulting in a charge of $6.8 million. The remaining charge of $3.4 million is related to severance benefit costs in connection with workforce reductions in the current economic environment to better align our expenses with our revenues.

Interest and other income (expense), net

	Year Ended September 30,						
	2011	Dollar Change	Percent Change	2010	Dollar Change	Percent Change	2009
(in thousands):							
Interest and other income (expense), net	$2,039	$2,656	*	$(617)	$(4,996)	(89 %)	$(5,613)

* Percent change is not meaningful

Interest and other income (expense), net increased in the year ended September 30, 2011 compared to the year ended September 30, 2010 primarily as a result of $891,000 of realized and unrealized foreign currency transaction gains on accounts receivable billed from Ariba, Inc. in foreign currencies to customers headquartered in foreign countries and realized losses on foreign denominated cash balances maintained in the United States due to the United States dollar strengthening against the Euro, British Pound, Australian dollar and Canadian dollar in the year ended September 30, 2011 compared to a loss of $1.7 million in the year ended September 30, 2010.

Interest and other income (expense), net decreased in the year ended September 30, 2010 compared to the year ended September 30, 2009 primarily as a result of a decrease in realized and unrealized foreign currency transaction losses of $5.0 million on accounts receivable billed from Ariba, Inc. in foreign currencies to customers headquartered in foreign countries and realized losses on foreign denominated cash balances maintained in the United States due to the United States dollar strengthening against the Euro, British Pound, Australian dollar and Canadian dollar in the year ended September 30, 2009.

Provision for income taxes

	Year Ended September 30,						
	2011	Dollar Change	Percent Change	2010	Dollar Change	Percent Change	2009
(in thousands):							
Provision for income taxes	$596	$(672)	(53 %)	$1,268	$ 164	15 %	$1,104

The provision for income taxes decreased in the year ended September 30, 2011 compared to the year ended September 30, 2010 due to an increase in releases of unrecognized tax benefits due to expiring statutes of limitations in foreign jurisdictions, partially offset by an increase related to the acquisition of Quadrem. The provision for income taxes increased slightly in the year ended September 30, 2010.

As of September 30, 2011, we had net operating loss carryforwards for federal, state and foreign tax purposes of approximately $1.5 billion, $784.0 million and $2.0 million, respectively, before consideration of any annual limitation as described above. These federal, state and foreign net operating loss carryforwards expire in various years from fiscal year 2012 through fiscal year 2031, from fiscal year 2012 through fiscal year 2031 and from fiscal year 2012 through fiscal year 2014, respectively. As of September 30, 2011, we had research credit carryforwards for federal and state tax purposes of approximately $39.0 million and $25.0 million, respectively. If not utilized, the federal research credit carryforwards will expire in various years from fiscal year 2012 through fiscal year 2024. The state research credit carryforwards will continue indefinitely. We also had manufacturer' s credit carryforwards as of September 30, 2011 for state tax purposes of approximately $119,000, which will expire in fiscal year 2012. Our net operating loss and tax credit carryforwards include net operating loss and research credit carryforwards of approximately $270.0 million and $4.8 million, respectively, generated by FreeMarkets, which are subject to annual limitations which could reduce or defer the utilization of those losses and credits.

Liquidity and Capital Resources

As of September 30, 2011, we had $251.3 million in cash, cash equivalents and investments and $29.4 million in restricted cash, for total cash, cash equivalents, investments and restricted cash of $280.7 million. Our working capital on September 30, 2011 was $57.1 million. As of September 30, 2010, we had $223.1 million in cash, cash equivalents and investments and $29.2 million in restricted cash, for total cash, cash equivalents, investments and restricted cash of $252.3 million. Our working capital on September 30, 2010 was $54.8 million. The majority of cash, cash equivalents, investments and restricted cash are held in accounts in the United States.

We hold several interest-bearing auction rate securities ("ARS") that represent investments in pools of assets, including student loans and credit derivative products. These ARS investments were intended to provide liquidity via an auction process that resets the applicable interest rate at predetermined calendar intervals, allowing investors to either roll over their holdings or gain immediate liquidity by selling such interests at par. The continuing uncertainties in the credit markets have affected all of our holdings in ARS investments and auctions for our investments in these securities have failed to settle on their respective settlement dates. Consequently, the investments are not currently liquid and we will not be able to access these funds until a future auction of these investments is successful or a buyer is found outside of the auction process.

Contractual maturity dates for these ARS investments range from 2016 to 2047. The ARS backed by student loans are guaranteed by the United States government and have credit ratings of AAA to A. Currently, we have no intent to sell these ARS investments prior to recovery to par value, nor are we aware of any factors that would make such a sale of the ARS investments more likely than not. As of September 30, 2011 and 2010, we classified the entire ARS investment balance as long-term investments on our consolidated balance sheet because of our inability to determine when our investments in ARS would settle. See Note 6 of Notes to Consolidated Financial Statements.

Our largest source of operating cash flows is cash collections from our customers related to our hosted on-demand software solutions and fees for product updates and support, as well as fees paid by suppliers for our supplier networks. We also generate cash inflows from services for implementation services, consulting services and license fees charged for the use of our software products under perpetual agreements. Our primary uses of cash from operating activities are for personnel related expenditures as well as payments related to leased facilities.

Net cash provided by operating activities was $75.8 million for the year ended September 30, 2011, compared to $67.0 million for the year ended September 30, 2010. Cash flows provided by operating activities increased primarily due to an increase in deferred revenue as a result of cash collections in the year ended September 30, 2011, partially offset by net cash outflows from discontinued operations.

Net cash provided by operating activities was $67.0 million for the year ended September 30, 2010, compared to net cash provided by operating activities of $66.0 million for the year ended September 30, 2009. Cash flows provided by operating activities increased primarily due to higher net income in the year ended September 30, 2010 as compared to the year ended September 30, 2009 partially offset by an increase in bonus and sales commission payments in the year ended September 30, 2010 based on our financial results in the years ended September 30, 2010 and 2009.

The changes in cash flows from investing activities primarily relate to acquisitions, dispositions, capital expenditures and the timing of purchases, maturities and sales of our investments. Net cash used in investing activities was $55.6 million for the year ended September 30, 2011 compared to $13.7 million for the year ended September 30, 2010. The increase of $41.9 million is primarily attributable to the cash paid for the acquisition of Quadrem, net of cash acquired, of $64.3 million, an increase of purchases of property and equipment of $18.6 million primarily related to leasehold improvements as result of moving our headquarters within Sunnyvale, California to Hermosa Court, and an increase in purchases of investments, net of maturities and sales of $9.9 million, partially offset by proceeds from the sale of our Sourcing Services Business to Accenture of $51.0 million.

Net cash used in investing activities was $13.7 million for the year ended September 30, 2010 compared to $23.0 million for the year ended September 30, 2009. The decrease of $9.3 million is primarily attributable to a decrease in purchases of investments, net of sales of $12.6 million, partially offset by an increase in capital expenditures of $2.9 million primarily related to computer hardware for data storage in the year ended September 30, 2010.

The changes in cash flows from financing activities primarily relate to the repurchase of common stock shares forfeited to Ariba by employees in satisfaction of statutory tax withholding obligations incurred as a result of the vesting of restricted shares of common stock held by those employees and the proceeds from the issuance of common stock, which is attributed to the employee stock purchase plan and stock option exercises. Net cash used in financing activities was $6.1 million for the year ended September 30, 2011, compared to $1.7 million for the year ended September 30, 2010. The increase in the year ended September 30, 2011 is related to an increase in the repurchase of common stock forfeited to Ariba by employees in satisfaction of statutory tax withholding obligations of $7.2 million, partially offset by an increase in proceeds from the issuance of common stock of $2.7 million.

Net cash used in financing activities was $1.7 million for the year ended September 30, 2010, compared to net cash provided by financing activities of $1.5 million for the year ended September 30, 2009. The decrease in the year ended September 30, 2010 is related to an increase in the repurchase of common stock forfeited to Ariba by employees in satisfaction of statutory tax withholding obligations.

As of September 30, 2011, we did not have any material commitments for capital expenditures.

Contractual obligations

Our primary contractual obligations are under our operating leases, which are discussed below.

In March 2000, we entered into a facility lease agreement for approximately 716,000 square feet in four office buildings and an amenities building on Eleventh Avenue in Sunnyvale, California. The operating lease term commenced in January 2001 through April 2001 and ends in January 2013. We abandoned this facility and currently sublease over three buildings, totaling 571,000 square feet, to third parties. The majority of these subleases expire in January 2013. The remaining square feet is available for sublease. Minimum monthly lease payments are approximately $3.6 million and escalate annually, with the total future minimum lease payments amounting to $58.8 million over the remaining lease term. As part of this lease agreement, we are required to issue standby letters of credit, which are backed by cash equivalents totaling $28.8 million as of September 30, 2011, as a form of security through January 2013. Also, we are required by other agreements to hold an additional $540,000 in standby letters of credit and other guarantees, which are cash collateralized. These instruments are issued by one of our banks in lieu of a cash security deposit required by landlords for domestic and international real estate leases. The total cash collateral of $29.4 million is classified as restricted cash on our consolidated balance sheet as of September 30, 2011.

In February 2011, we entered into a facility lease agreement for approximately 86,000 square feet on Hermosa Court in Sunnyvale, California for its headquarters. The operating lease term commenced in May 2011 and ends in November 2021. We moved our headquarters into this facility in June 2011.

We occupy approximately 80,000 square feet of office space in Bangalore, India under leases that expire at various times through September 2014. This location consists principally of research and development activities.

We occupy 73,000 square feet of office space in Pittsburgh, Pennsylvania under a lease that expires in December 2017. We currently sublease approximately 18,000 square feet to a third party. This location consists principally of our customer support organization and administrative activities.

We occupy approximately 42,000 square feet of office space in Atlanta, Georgia under a lease that expires in June 2013. Operations at this location consist principally of our sales, certain executive management and support activities.

Future minimum lease payments and sublease income under non-cancelable operating leases for the next five years and thereafter are as follows as of September 30, 2011 (in thousands):

Year Ending September 30,	Lease Payments	Contractual Sublease Income
2012	$54,644	$ 16,022
2013	24,941	5,383
2014	8,703	440
2015	7,529	440
2016	6,565	440
Thereafter	18,737	550
Total	$121,119	$ 23,275

The above table represents our estimates of future payments under fixed contractual obligations and commitments. Changes in our business needs, cancellation provisions and other factors may result in actual payments differing from these estimates. We cannot provide certainty regarding the specific timing and actual amounts of payments.

Of the total operating lease commitments as of September 30, 2011 noted above, $59.7 million is for occupied properties and $61.5 million is for abandoned properties, which are a component of the restructuring obligation.

Other than the lease commitments and letters of credit discussed above, we do not have commercial commitments under lines of credit, standby repurchase obligations or other such debt arrangements.

The consideration for our acquisition of Quadrem included a contingent payment ranging from zero to $25.0 million and is subject to the achievement of certain performance conditions. If the performance conditions are met in full, after the third anniversary of the acquisition date (which will occur in the year ending September 30, 2014), Ariba will pay the $25.0 million contingent payment in cash, or at its election, Ariba stock. See Note 3 of Notes to Consolidated Financial Statements.

Unrecognized tax benefits are positions taken, or expected to be taken, on an income tax return that may result in additional payments to tax authorities. If a tax authority agrees with the tax position taken, or expected to be taken, or the applicable statute of limitations expires, then additional payments will not be necessary. As of September 30, 2011, we had unrecognized tax benefits, including penalties and interest, of approximately $2.4 million. The timing of potential future payments related to the unrecognized tax benefits is not presently determinable.

We do not have any material non-cancelable purchase commitments as of September 30, 2011.

Off-balance sheet arrangements

We have no off-balance sheet arrangements or transactions with unconsolidated limited purpose entities, nor do we have any undisclosed material transactions or commitments involving related persons or entities.

Anticipated cash flows

We expect to incur significant operating costs, particularly related to services delivery costs, sales and marketing and research and development, for the foreseeable future in order to execute our business plan. We anticipate that such operating costs will constitute a use of our cash resources. As a result, our net cash flows will depend heavily on the level of future sales, changes in deferred revenues, our ability to manage infrastructure costs, the outcome of our subleasing activities related to abandoned excess leased facilities and ongoing regulatory and legal proceedings.

We believe our existing cash, cash equivalents and investment balances, together with anticipated cash flow from operations, should be sufficient to meet our working capital and operating resource requirements for at least the next twelve months. Should we find it necessary to obtain additional funds, we may not be able to obtain additional financing on favorable terms or at all. See “Risk Factors” in Part I, Item 1A of this Annual Report on Form 10-K.

Application of Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). Accounting policies, methods and estimates are an integral part of the preparation of consolidated financial statements in accordance with GAAP and, in part, are based upon management’ s current judgments. Those judgments are normally based on knowledge and experience with regard to past and current events and assumptions about future events. Certain accounting policies, methods and estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ markedly from management’ s current judgments. While there are a number of accounting policies, methods and estimates affecting our consolidated financial statements, areas that are particularly significant include revenue recognition policies, the assessment of recoverability of goodwill and other intangible assets, restructuring obligations related to abandoned operating leases, the fair value of certain investments and contingencies related to the collectability of accounts receivable. These policies and our practices related to these policies are described below and in Note 1 of Notes to Consolidated Financial Statements.

Revenue recognition

Substantially all of our revenues are derived from the following sources: (i) access and transaction fees related to subscription software solutions on a multi-tenant basis and single-tenant basis either hosted or behind the firewall; (ii) maintenance and support related to existing single-tenant perpetual licenses; and (iii) services, including value enablement of subscription software solutions, implementation services, strategic consulting services, training, education, premium support and other miscellaneous services. The subscription software solutions include access to the solutions, technical support and product updates. The significant majority of our subscription software solutions are hosted time-based licenses and are based on the number of users, spend or other usage criteria. Our multiple element arrangements typically include a combination of: (i) subscription software solutions; and (ii) a services arrangement, on either a fixed fee for access to specific services over time or a time and materials basis.

We license our subscription software through its direct sales force and indirectly through resellers. Sales made through resellers are recognized at the time that we have received persuasive evidence of an end user customer and all other criteria are met as defined below. The license agreements for our subscription software only provide for a right of return in limited and defined circumstances, and historically product returns have not been significant. We do not recognize revenue on agreements subject to refund or cancellation rights until such rights to refund or cancel have expired. Direct sales force commissions are accounted for as sales and marketing expense at the time of sale, when the liability is incurred and is reasonably estimable.

We recognize revenue when all of the following criteria are met: persuasive evidence of an arrangement exists; delivery of the product or service has occurred; the fee is fixed or determinable; and collectability is probable.

Certain of our contracts include performance incentive payments based on market volume and/or savings generated, as defined in the respective contracts. Revenue from such arrangements is recognized when those thresholds are achieved.

In September 2009, the FASB issued new guidance on accounting for multiple deliverable revenue arrangements. The new guidance:

(i) provides updated guidance on whether multiple deliverables exist, how the deliverables in an arrangement should be separated, and how the consideration should be allocated;

(ii) requires an entity to establish an estimated selling price (“ESP”) for all deliverables when vendor-specific objective evidence (“VSOE”) of selling price or third-party evidence (“TPE”) of selling price does not exist; and

(iii) eliminates the use of the residual method and requires an entity to allocate revenue using the relative selling price method.

We elected to early adopt this accounting guidance at the beginning of its first quarter of fiscal year 2010 on a prospective basis for applicable transactions originating or materially modified after September 30, 2009. The new guidance allows for deliverables with stand alone value in a multi-element arrangement for which revenue was previously deferred due to undelivered elements not having VSOE of selling price to be separated and recognized as delivered, rather than over the longest service delivery period as a single unit with other elements in the arrangement.

We sell implementation services, strategic consulting, training and other services in stand-alone engagements. Maintenance and support are sold separately through renewals of annual contracts. As a result, we use VSOE of selling price to allocate the arrangement consideration to each of these deliverables. We determine VSOE of selling price based on our normal pricing and discounting practices for the specific service when sold separately. In determining VSOE of selling price, we require that a substantial majority of the selling prices for a service fall within a reasonably narrow pricing range, generally evidenced by approximately 80% of such historical stand-alone transactions falling within plus or minus 15% of the median rates. In addition, we consider the geographies in which the services are sold and major service groups in determining VSOE of selling price.

We are not always able to establish VSOE of selling price for all deliverables in an arrangement with multiple elements. This may be due to us infrequently selling each element separately, not pricing products within a narrow range, or only having a limited sales history. When VSOE of selling price cannot be established, as in the case for all subscription software solutions along with certain services, we attempt to establish selling price of each element based on TPE of selling price. TPE of selling price is determined based on competitor prices for similar deliverables when sold separately. Generally, our go-to-market strategy differs from that of its peers and its offerings contain a level of differentiation such that the comparable pricing of software solutions and services with similar functionality and delivery cannot be obtained. Furthermore, we are rarely able to reliably determine what similar competitors' selling prices are on a stand-alone basis. Therefore, we are typically not able to determine TPE of selling price.

For contracts signed or substantially modified after October 1, 2009, we use ESP in our allocation of arrangement consideration when we are unable to establish selling price using VSOE or TPE. The objective of ESP is to determine the price at which we would transact a sale if the subscription software or other services were sold on a stand-alone basis. ESP is generally used for offerings not priced within a narrow range, and it applies to a majority of our arrangements with multiple deliverables. We determine ESP for all deliverables that do not have VSOE or TPE of selling price by considering multiple factors which include, but are not limited to the following: (i) substantive renewal rates contained within an arrangement for subscription software solutions; (ii) gross margin objectives and internal costs for services; and (iii) pricing practices, market conditions and competitive landscape.

We regularly review VSOE, TPE and ESP and maintain internal controls over the establishment and updates of these estimates. There were no material changes to VSOE, TPE or ESP during the quarter or year ended September 30, 2011.

Revenue from subscription software and hosting services is recognized ratably over the term of the arrangement, commencing with the initial customer access date. Set up fees paid by customers in connection with subscription software solutions are recognized ratably over the longer of the life of the agreement or the expected lives of customer relationships, which generally range from three to five years. Revenue allocated to maintenance and support is recognized ratably over the maintenance term (typically one year). Revenue allocated to software implementation, process improvement, training and other services is recognized as the services are performed or as milestones are achieved or, if bundled with a subscription or time-based arrangement, ratably over the term of such arrangement. For contracts entered into prior to October 1, 2009 where we provide services as part of a multi-element arrangement with subscription software, both the subscription software revenue and service revenue are recognized under the lesser of proportional performance method based on hours or ratable over the subscription term.

Deferred revenue includes amounts received from customers for which revenue has not been recognized, and generally results from deferred subscription, maintenance and support, hosting and consulting or training services not yet rendered and recognizable. Deferred revenue is recognized as revenue upon delivery of our product, as services are rendered, or as other requirements are satisfied. Deferred revenue excludes contract amounts for which payment has yet to be collected. Likewise, accounts receivable excludes amounts due from customers for which revenue has been deferred.

Recoverability of goodwill

We test goodwill for impairment annually and more frequently if events and circumstances indicate that the asset may be impaired and that the carrying value may not be recoverable. The provisions of Accounting Standard Codification ("ASC") 350 require that a two-step impairment test be performed on goodwill. We have one reporting unit. In the first step, we compare the fair value of our reporting unit to its carrying value. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to the reporting unit, goodwill is not considered impaired and we are not required to perform further testing. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then we must perform the second step of the impairment test in order to determine the implied fair value of the reporting unit' s goodwill. If upon completing the second step of the impairment test the carrying value of a reporting unit' s goodwill exceeds its implied fair value, then we would record an impairment loss equal to the difference.

The fair value of our reporting unit was determined using the income approach and the market approach. The income approach is a valuation technique whereby we calculate the fair value the reporting unit based on the present value of estimated future cash flows, which are formed by evaluating historical trends, current budgets, operating plans and industry data. The market approach is a valuation technique whereby we calculate the fair value the reporting unit by comparing it to publicly traded companies in similar lines of business or to comparable transactions or assets.

Determining the fair value of the reporting unit involves the use of significant estimates and assumptions. These estimates and assumptions using the income approach include revenue growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, future economic and market conditions. The estimates and assumptions using the market comparable approach include determination of appropriate market comparables and an appropriate control premium. We determined our fair value with estimates and assumptions we believe to be reasonable but that are unpredictable and inherently uncertain. Actual future results may differ from those estimates.

We performed the annual assessment in the fourth quarter of fiscal years 2011, 2010, and 2009 and no indication of impairment was noted. The balance of goodwill was $482.8 million as of September 30, 2011, and there can be no assurances that future goodwill impairments will not occur.

Lease abandonment costs

We initially recorded a significant restructuring charge in the third quarter of fiscal year 2001 upon abandoning certain operating leases as part of a program to restructure our operations and related facilities. In the years ended September 30, 2002 through 2008, we revised our original estimates and expectations for our corporate headquarters and field offices disposition efforts as a result of changed estimates of sublease rental projections.

During the year ended September 30, 2009, we recorded lease abandonment costs of $6.8 million based on revised estimates for sublease commencement dates and sublease rental rate projections to reflect continued soft market conditions in the Northern California real estate market.

During the year ended September 30, 2010, we recorded lease abandonment costs of $8.6 million due to the revision of our estimates for sublease commencement dates based on the remaining terms of the lease at our Sunnyvale, California Eleventh Avenue facility and continued soft market conditions in the Northern California real estate market.

During the year ended September 30, 2011, we recorded lease abandonment costs of $12.3 million as a result of moving our headquarters within Sunnyvale, California and abandoning our previous headquarters facility on Eleventh Avenue, partially offset by benefits of $4.9 million as a result of entering into agreements to sublease approximately 175,000 square feet of space at our Eleventh Avenue facility, the majority of which expire in January 2013.

Lease abandonment costs for the abandoned facilities are estimated to include remaining lease liabilities and brokerage fees offset by sublease income. Estimates related to sublease costs and income are based on assumptions regarding the period required to locate and contract with suitable subleases and sublease rates using market trend information analyses provided by a commercial real estate brokerage firm retained by us. We review these estimates each quarterly reporting period, and to the extent that our assumptions change, the ultimate restructuring expenses for these abandoned facilities could vary significantly from current estimates. See Note 9 of Notes to Consolidated Financial Statements. Our lease abandonment accrual is net of $23.3 million of sublease income.

Fair value of Auction Rate Securities

We hold several interest-bearing ARS that represent investments in pools of assets, including student loans and credit derivative products. As of September 30, 2011, we held $17.5 million in par value of student loan securities that failed to settle in auctions commencing February 2008 and $3.4 million in par value of commercial paper and credit derivative products that failed to settle in auctions commencing August 2007. These ARS investments were intended to provide liquidity via an auction process that resets the applicable interest rate at predetermined calendar intervals, allowing investors to either roll over their holdings or gain immediate liquidity by selling such interests at par. The continuing uncertainties in the credit markets have affected all of our holdings in ARS investments and auctions for our investments in these securities have failed to settle on their respective settlement dates. Consequently, the investments are not currently liquid and we will not be able to access these funds until such time as either a future auction of these investments is successful or a buyer is found outside of the auction process. Given the failures in the auction markets, as well as the lack of any correlation of these instruments to other observable market data, there are no longer observable inputs available as defined by Levels 1 and 2 of the fair value hierarchy by which to value these securities. Therefore, these auction rate securities are classified within Level 3 and their valuation requires substantial judgment and estimation of factors that are not currently observable in the market due to the lack of trading in the securities.

Contractual maturity dates for these ARS investments range from 2016 to 2047. The ARS backed by student loans are guaranteed by the United States government and have credit ratings of AAA to A. Currently, we have no intent to sell these ARS investments prior to recovery to par value, nor are we aware of any factors that would make such a sale of the ARS investments more likely than not. As of September 30, 2011, we have classified the entire ARS investment balance as long-term investments on our consolidated balance sheet because of its current inability to predict that these investments will be available for settlement within the next twelve months. Since auction failures in 2008, we have modified our current investment strategy and increased our investments in more liquid money market instruments.

Historically, the fair value of ARS investments approximates par value due to the frequent resets through the auction process. While we continue to earn interest on its ARS investments at the contractual rate, these investments are not currently trading and therefore do not currently have a readily determinable market value. Accordingly, the estimated fair value of ARS no longer approximates par value.

We have used a discounted cash flow (“DCF”) model to determine the estimated fair value of its investment in ARS as of September 30, 2011. Significant estimates used in the DCF models were the credit quality of the instruments, the types of instruments and an illiquidity discount factor. The assumptions used in preparing the discounted cash flow model include estimates for interest rates, timing and amount of cash flows and expected holding periods of the ARS. The discount factor used for the $17.5 million of student loan securities and $3.4 million of credit derivative products was adjusted between 150 and 300 basis points (“bps”) for the student loan securities and 1,150 bps for the credit derivative product, respectively, to reflect the then current market conditions for instruments with similar credit quality at the date of valuation and the risk in the marketplace for these investments that has arisen due to the lack of an active market for these instruments. Based on the assessment of fair value through September 30, 2011, we determined there was a decline in the fair value of its ARS investments of $3.5 million, of which $2.0 million was deemed temporary. As a result of the credit rating reduction to below investment grade related to one of its ARS, we recorded an other-than-temporary impairment of $1.4 million in the year ended September 30, 2009 and $499,000 in the year ended September 30, 2010, partially offset by $463,000 of accretion recorded through September 30, 2011. Based upon its analysis of this impairment, we determined that the other-than-temporary loss of $1.5 million was principally related to the credit loss on the investment. Additionally, we evaluated the factors related to other than credit loss, which were determined to be immaterial to the consolidated financial statements.

We review our impairment in accordance with the changes issued by the FASB to fair value accounting and the recognition and presentation of other-than-temporary impairments, in order to determine the classification of the impairment as "temporary" or "other-than-temporary". A temporary impairment charge results in an unrealized loss being recorded in the other comprehensive income (loss) component of stockholders' equity. Such an unrealized loss does not affect net income (loss) for the applicable accounting period. An other-than-temporary impairment charge is recorded as a realized loss in the consolidated statement of operations. The differentiating factors between temporary and other-than-temporary impairment are primarily the length of the time and the extent to which the market value has been less than cost, the financial condition and near-term prospects of the issuer and our intent and ability to retain our investment for a period of time sufficient to allow for the recovery in market value to par. If the issuers of the ARS are unable to successfully close future auctions or refinance their debt in the near term and/or the credit ratings of these instruments deteriorate, we may, in the near future, conclude that an additional other-than-temporary impairment charge is required related to these investments. Such other-than-temporary impairment may be greater than the $2.0 million currently accounted for as a temporary decline or may be greater than the $1.5 million other-than-temporary impairment recorded through September 30, 2011.

Allowance for doubtful accounts receivable

We maintain an allowance for doubtful accounts at an amount we estimate to be sufficient to provide for actual losses resulting from collecting less than full payment on our receivables. A considerable amount of judgment is required when we assess the realizability of receivables, including assessing the probability of collection and the current creditworthiness of each customer. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, an additional provision for doubtful accounts might be required. In cases where we are aware of circumstances that may impair a specific customer's ability to meet its financial obligations, we record a specific allowance against amounts due, and thereby reduce the net recognized receivable to the amount we reasonably believe will be collected. For the remaining customers, we recognize allowances for doubtful accounts based on the length of time the aggregate receivables are outstanding, the current business environment and historical experience. Alternatively, if the financial condition of our customers were to improve such that their ability to make payments was no longer considered impaired, we would reduce related estimated reserves with a credit to the provision for doubtful accounts.

New Accounting Pronouncements

For information with respect to new accounting pronouncements and the impact of these pronouncements on our consolidated financial statements, see Note 1 of Notes to Consolidated Financial Statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Risk

We develop products primarily in the United States of America and India and market our products in the United States of America, South America, Europe, Canada, Australia, Africa, Middle East and Asia. As a result, our financial results have been and could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in foreign markets. Since the majority of our non-United States sales are priced in currencies other than the United States dollar, a strengthening of the dollar may reduce the level of reported revenues. If such events were to occur, our net revenues could be seriously impacted, since a significant portion of our net revenues are derived from international operations. For the years ended September 30, 2011, 2010 and 2009, approximately 38%, 28% and 30%, respectively, of our total net revenues were derived from customers outside of the United States. As a result, our United States dollar earnings and net cash flows from international operations may be adversely affected by changes in foreign currency exchange rates.

We use derivative instruments to manage risks associated with foreign currency transactions in order to minimize the impact of changes in foreign currency exchange rates on earnings. We utilize forward contracts to reduce our net exposures, by currency, related to the monetary assets and liabilities of our foreign operations denominated in local currency. In addition, from time to time, we may enter into forward contracts to establish with certainty the United States dollar amount of future firm commitments denominated in a foreign currency. The forward contracts do not qualify for hedge accounting and accordingly, all of these instruments are marked to market at each balance sheet date by a charge to earnings. We believe that these forward contracts do not subject us to undue risk due to foreign exchange movements because gains and losses on these contracts are generally offset by losses and gains on the underlying assets and liabilities. We do not use derivatives for trading or speculative purposes. All contracts have a maturity of less than one year.

The following table provides information about our foreign exchange forward contracts outstanding as of September 30, 2011 (in thousands):

	Buy/ Sell	Contract Value Foreign Currency	Contract Value USD	Unrealized Gain (Loss) in USD
Foreign Currency				
Singapore Dollar	Sell	8,000	$6,496	$ 376
Euro	Sell	4,000	5,643	285
Chinese Renminbi	Sell	35,000	5,408	(96)
Indian Rupee	Buy	75,000	1,675	(157)
South Africa Rand	Sell	10,289	1,292	32
Swiss Franc	Buy	1,000	1,193	(88)
Czech Koruna	Buy	19,500	1,190	(64)
Australian Dollar	Sell	1,000	970	12
Japanese Yen	Sell	75,000	927	(45)
Brazilian Real	Sell	1,000	622	92
Total			$25,416	$ 347

The unrealized gain (loss) represents the difference between the contract value and the market value of the contract based on market rates as of September 30, 2011.

Given our foreign exchange position, a ten percent change in foreign exchange rates upon which these forward exchange contracts are based would result in unrealized exchange gains or losses of approximately $2.5 million. In all material aspects, these exchange gains and losses would be fully offset by exchange losses or gains on the underlying net monetary exposures. We do not expect material exchange rate gains and losses from other foreign currency exposures.

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Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to our investment portfolio. We do not use derivative financial instruments in our investment portfolio. The primary objective of our investment activities is to preserve principal while maximizing yields without significantly increasing risk. This is accomplished by investing in widely diversified investments, consisting only of investment grade securities. We hold investments in both fixed rate and floating rate interest earning instruments, and both carry a degree of interest rate risk. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall.

Due in part to these factors, our future investment income may fall short of expectations due to changes in interest rates or we may suffer losses in principal if forced to sell securities which may have declined in market value due to changes in interest rates. Our investments may fall short of expectations due to changes in market conditions and as such we may suffer losses at the time of sale due to the decline in market value. See "Liquidity and Capital Resources" in Management' s Discussion and Analysis of Financial Condition and Results of Operations. All investments in the table below are carried at market value, which approximates cost.

The table below represents principal (or notional) amounts and related weighted-average interest rates by year of maturity of our investment portfolio (in thousands, except for interest rates).

	Year Ending September 30, 2012	Year Ending September 30, 2013	Year Ending September 30, 2014	Year Ending September 30, 2015	Year Ending September 30, 2016	Thereafter	Total
Cash equivalents	$ 135,330	$ –	$ –	$ –	$ –	$–	$135,330
Average interest rate	0.63 %	–	–	–	–	–	0.63 %
Investments	$ 28,319	$ 9,133	$ –	$ –	$ –	$17,448	$54,900
Average interest rate	0.81 %	0.93 %	–	–	–	1.81 %	1.15 %
Restricted cash	$ 196	$ 29,174	$ –	$ –	$ –	$–	$29,370
Average interest rate	0.27 %	0.50 %	–	–	–	–	0.50 %
Total investment securities	$ 163,845	$ 38,307	$ –	$ –	$ –	$17,448	$219,600

The table above does not include uninvested cash of $61.1 million held as of September 30, 2011. Total cash, cash equivalents, investments and restricted cash as of September 30, 2011 was $280.7 million.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following consolidated financial statements, and the related notes thereto, of the Company and the Reports of Independent Registered Public Accounting Firms are filed as a part of this Form 10-K.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of
Ariba, Inc.

We have audited the accompanying consolidated balance sheets of Ariba, Inc. and subsidiaries as of September 30, 2011 and 2010, and the related consolidated statements of operations and comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended September 30, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ariba, Inc. and subsidiaries at September 30, 2011 and 2010, and the consolidated results of their operations and their cash flows for each of the three years in the period ended September 30, 2011, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Ariba, Inc.'s internal control over financial reporting as of September 30, 2011, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 10, 2011, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Pittsburgh, Pennsylvania
November 10, 2011

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ARIBA, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands, except par value amounts)

	September 30, 2011	September 30, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$196,399	$182,393
Short-term investments	28,319	18,449
Restricted cash	196	104
Accounts receivable, net of allowance of $2,653 and $2,537	32,256	21,781
Prepaid expenses and other current assets	16,191	7,942
Total current assets	273,361	230,669
Property and equipment, net	32,806	15,958
Long-term investments	26,581	22,283
Restricted cash	29,174	29,137
Goodwill	482,825	406,507
Other intangible assets, net	61,653	13,154
Other assets	6,741	4,001
Total assets	$913,141	$721,709
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$8,873	$11,190
Accrued compensation and related liabilities	45,169	32,079
Accrued liabilities	24,293	18,398
Restructuring obligations	23,461	17,188
Deferred revenue	114,505	97,005
Total current liabilities	216,301	175,860
Restructuring obligations, less current portion	8,346	23,339
Deferred revenue, less current portion	9,181	7,285
Contingent liability for acquisition	23,486	–
Other long-term liabilities	7,873	16,271
Total liabilities	265,187	222,755
Commitments and contingencies		
Stockholders' equity:		
Convertible preferred stock, $.002 par value; 20,000 shares authorized; no shares issued and outstanding	–	–
Common stock, $.002 par value; 1,500,000 shares authorized; 99,658 and 93,872 shares issued and outstanding	199	188
Additional paid-in capital	5,353,514	5,236,265
Accumulated other comprehensive loss	(3,396)	(1,879)
Accumulated deficit	(4,702,363)	(4,735,620)
Total stockholders' equity	647,954	498,954
Total liabilities and stockholders' equity	$913,141	$721,709

See accompanying Notes to Consolidated Financial Statements.

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ARIBA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME
(in thousands, except per share amounts)

	Year Ended September 30,		
	2011	2010	2009
Revenues:			
Subscription and maintenance	$335,124	$240,789	$222,206
Services and other	108,721	79,610	63,499
Total revenues	443,845	320,399	285,705
Cost of revenues:			
Subscription and maintenance	70,525	51,049	47,907
Services and other	79,110	54,777	42,223
Amortization of acquired technology and customer intangible assets	12,008	4,402	5,550
Total cost of revenues	161,643	110,228	95,680
Gross profit	282,202	210,171	190,025
Operating expenses:			
Sales and marketing	162,120	114,513	96,307
Research and development	60,468	46,041	43,483
General and administrative	52,432	32,824	38,732
Litigation benefit	–	(7,000)	–
Insurance reimbursement	–	–	(7,527)
Amortization of other intangible assets	904	104	500
Restructuring costs	10,704	8,579	10,157
Total operating expenses	286,628	195,061	181,652
Operating (loss) income	(4,426)	15,110	8,373
Interest and other income (expense), net	2,039	(617)	(5,613)
(Loss) income from continuing operations before income taxes	(2,387)	14,493	2,760
Provision for income taxes	596	1,268	1,104
(Loss) income from continuing operations	(2,983)	13,225	1,656
Discontinued operations, net of tax:			
(Loss) income from discontinued operations	(2,924)	3,161	6,537
Gain on sale of discontinued operations	39,164	–	–
Total discontinued operations	36,240	3,161	6,537
Net income	$33,257	$16,386	$8,193
Basic earnings per share:			
(Loss) income from continuing operations	$(0.03)	$0.15	$0.02
Discontinued operations, net of tax	0.39	0.04	0.08
Net income per common share−basic	$0.36	$0.19	$0.10
Diluted earnings per share:			
(Loss) income from continuing operations	$(0.03)	$0.15	$0.02
Discontinued operations, net of tax	0.39	0.03	0.08
Net income per common share−diluted	$0.36	$0.18	$0.10
Weighted average shares used in computing net income per common share−basic	91,212	86,617	82,733

Weighted average shares used in computing net income per share−diluted	91,212	89,221	85,424
Comprehensive income:			
Net income	$33,257	$16,386	$8,193
Unrealized gain (loss) on investments, net	−	1,895	(609)
Foreign currency translation adjustment	(1,517)	(86)	15
Other comprehensive (loss) income	(1,517)	1,809	(594)
Comprehensive income	$31,740	$18,195	$7,599

See accompanying Notes to Consolidated Financial Statements.

ARIBA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share amounts)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Stockholders' Equity
Balances at October 1, 2008	86,927,680	$ 174	$5,154,137	$ (3,094)	$(4,760,199)	$ 391,018
Exercise of stock options	172,396	–	925	–	–	925
Issuance of common stock	773,770	2	3,187	–	–	3,189
Issuance of restricted stock, net of cancellations	2,063,525	4	(4)	–	–	–
Exchange and retirement of employee-owned mature stock for taxes	(309,094)	(1)	(2,620)	–	–	(2,621)
Amortization of stock-based compensation	–	–	33,941	–	–	33,941
Realized investment income, net	–	–	–	1,414	–	1,414
Unrealized investment loss, net	–	–	–	(2,023)	–	(2,023)
Foreign currency translation adjustment	–	–	–	15	–	15
Net income	–	–	–	–	8,193	8,193
Balances at September 30, 2009	89,628,277	179	5,189,566	(3,688)	(4,752,006)	434,051
Exercise of stock options	34,566	–	332	–	–	332
Issuance of common stock	625,161	2	3,874	–	–	3,876
Issuance of restricted stock, net of cancellations	4,090,157	8	(8)	–	–	–
Exchange and retirement of employee-owned mature stock for taxes	(506,313)	(1)	(5,864)	–	–	(5,865)
Amortization of stock-based compensation	–	–	48,365	–	–	48,365
Unrealized investment gain, net	–	–	–	1,895	–	1,895
Foreign currency translation adjustment	–	–	–	(86)	–	(86)
Net income	–	–	–	–	16,386	16,386
Balances at September 30, 2010	93,871,848	188	5,236,265	(1,879)	(4,735,620)	498,954
Exercise of stock options	147,823	–	1,923	–	–	1,923
Issuance of common stock	357,943	–	4,983	–	–	4,983
Issuance of common stock for acquisition	2,582,911	5	64,697	–	–	64,702
Issuance of restricted stock, net of cancellations	3,326,808	7	(7)	–	–	–
Exchange and retirement of employee-owned mature stock for taxes	(629,151)	(1)	(13,024)	–	–	(13,025)
Amortization of stock-based compensation	–	–	58,677	–	–	58,677
Unrealized investment gain, net	–	–	–	–	–	–
Foreign currency translation adjustment	–	–	–	(1,517)	–	(1,517)
Net income	–	–	–	–	33,257	33,257
Balances at September 30, 2011	99,658,182	$ 199	$5,353,514	$ (3,396)	$(4,702,363)	$ 647,954

See accompanying Notes to Consolidated Financial Statements.

ARIBA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended September 30, 2011	2010	2009
Operating activities:			
Net income	$33,257	$16,386	$8,193
Less income from discontinued operations, net of tax	(36,240)	(3,161)	(6,537)
(Loss) income from continuing operations	(2,983)	13,225	1,656
Adjustments to reconcile (loss) income from continuing operations to net cash provided by operating activities:			
Provisions for doubtful accounts	575	684	1,378
Depreciation	10,294	7,912	7,661
Amortization of intangible assets	12,912	4,506	6,050
Stock-based compensation	57,875	46,831	32,653
Restructuring	10,704	8,579	10,157
Other-than-temporary impairment of long-term investments	–	724	1,414
Impairment of property and equipment	–	–	4,277
Changes in operating assets and liabilities:			
Accounts receivable	2,587	(2,805)	7,930
Prepaid expenses and other assets	(7,710)	2,312	(3,094)
Accounts payable	(3,775)	3,560	(4,485)
Accrued compensation and related liabilities	10,143	3,229	6,207
Accrued liabilities	(6,712)	(3,558)	(1,910)
Deferred revenue	13,465	(5,896)	8,857
Restructuring obligations	(18,260)	(17,114)	(22,821)
Net cash provided by continuing operations	79,115	62,189	55,930
Net cash (used in) provided by discontinued operations	(3,352)	4,820	10,039
Net cash provided by operating activities	75,763	67,009	65,969
Investing activities:			
Cash paid for acquisitions, net of cash acquired	(64,288)	–	–
Proceeds from sale of discontinued operations	51,000	–	
Purchases of property and equipment	(28,101)	(9,452)	(6,583)
Proceeds from maturities and sales of investments	27,985	18,091	15,950
Purchases of investments	(42,155)	(22,328)	(32,772)
Allocation from restricted cash, net	–	–	400
Net cash used in investing activities	(55,559)	(13,689)	(23,005)
Financing activities:			
Proceeds from issuance of common stock	6,906	4,208	4,114
Repurchase of common stock	(13,025)	(5,865)	(2,621)
Net cash (used in) provided by financing activities	(6,119)	(1,657)	1,493
Effect of exchange rate changes on cash and cash equivalents	(79)	(151)	(380)
Net increase in cash and cash equivalents	14,006	51,512	44,077
Cash and cash equivalents at beginning of year	182,393	130,881	86,804
Cash and cash equivalents at end of year	$196,399	$182,393	$130,881

Supplemental disclosures of cash flow information:			
Net cash paid for income taxes	$3,073	$874	$1,459

See accompanying Notes to Consolidated Financial Statements.

ARIBA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1−Description of Business and Summary of Significant Accounting Policies

Description of business

Ariba, Inc., along with its subsidiaries (collectively referred to herein as the "Company" or "Ariba"), is the leading provider of collaborative business commerce solutions for buying and selling goods and services. Ariba combines industry-leading software as a service ("SaaS") technology to optimize the complete commerce lifecycle and enables companies to discover, connect and collaborate with a global network of trading partners and expert capabilities to augment internal resources and skills, delivering everything needed to control costs, minimize risk, improve profits and enhance cash flow and operations, all in the Ariba® Commerce Cloud. Over 700,000 companies, including more than half of the Fortune 500 as well as major global companies, are enabled on Ariba' s solutions to drive more efficient inter-enterprise commerce. The Company was incorporated in Delaware in September 1996.

Basis of presentation

The consolidated financial statements include the accounts of the Company. All significant intercompany accounts and transactions have been eliminated in consolidation. As discussed in Note 2 below, in November 2010 the Company sold its sourcing services and business process outsourcing ("BPO") business. Accordingly, the sourcing services and BPO business has been reported as discontinued operations for all periods presented. The notes to consolidated financial statements reflect historical amounts exclusive of discontinued operations, unless otherwise noted.

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported results of operations during the reporting period. Actual results could differ from those estimates. The items that are significantly impacted by estimates include revenue recognition, the assessment of recoverability of goodwill and other intangible assets, the fair value of assets acquired and liabilities assumed, restructuring obligations related to abandoned operating leases, the fair value of investments and collectability of accounts receivable.

Cash, cash equivalents and restricted cash

The Company considers all highly liquid investments with maturity dates of 90 days or less at the date of acquisition to be cash equivalents. Cash equivalents consist of money market funds, commercial paper, government/federal notes and bonds and certificates of deposit. Restricted cash consists primarily of amounts held in deposits that are required as collateral under the Company' s facilities operating lease agreements.

Fair value

Effective October 1, 2008, the Company adopted changes issued by the Financial Accounting Standards Board ("FASB") to fair value accounting. This guidance defines fair value as the price that would be received to sell an asset or the price paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company' s assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1−Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date. Examples of the assets carried at Level 1 fair value generally are equities listed in active markets and investments in publicly traded mutual funds with quoted market prices.

Level 2−Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the asset/liability' s anticipated life.

Level 3−Inputs reflect management' s best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

The availability of observable inputs can vary and is affected by a wide variety of factors, including, for example, the type of a security, whether the security is new and not yet established in the marketplace, and other characteristics particular to a transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. When observable prices are not available, the Company either uses implied pricing from similar instruments or valuation models based on net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors. Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company' s own assumptions are set to reflect those it believes market participants would use in pricing the asset or liability at the measurement date. See Note 6 for the fair value related to the Company' s cash equivalents, short-term investments, long-term investments and restricted cash.

Concentration of credit risk

Financial instruments that subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, marketable securities, short-term investments, long-term investments and trade accounts receivable. The Company maintains its cash, cash equivalents, short-term investments and long-term investments with high quality financial institutions and limits its investment in individual securities based on the type and credit quality of each such security. The Company' s customer base consists of both domestic and international businesses, and the Company performs ongoing credit evaluations of its customers and generally does not require collateral on accounts receivable. The Company maintains allowances for potential credit losses.

No customer accounted for more than 10% of total revenues for the years ended September 30, 2011, 2010 and 2009. No customer accounted for more than 10% of net accounts receivable as of September 30, 2011 and 2010.

Allowance for doubtful accounts

The Company evaluates the collectability of accounts receivable based on a combination of factors. In cases where the Company is aware of circumstances that may impair a specific customer' s ability to meet its financial obligations, the Company records a specific allowance against amounts due, and thereby reduces the net recognized receivable to the amount the Company reasonably believes will be collected. For the remaining customers, the Company recognizes allowances for doubtful accounts based on the length of time the aggregate receivables are outstanding, the current business environment and historical experience. The provision for doubtful accounts is included in sales and marketing expense in the Company' s consolidated statements of operations.

Derivative financial instruments and foreign currency management

The Company considers the functional currency of its foreign subsidiaries to be the local currency, and accordingly, the foreign subsidiaries' financial statements are translated into United States dollars using exchange rates in effect at period end for assets and liabilities and average exchange rates during each reporting period for the results of operations. Adjustments resulting from translations of foreign subsidiary financial statements are reported in accumulated other comprehensive income. Gains or losses on foreign currency transactions are recognized as interest and other income (expense), net. The Company recognized a gain of $891,000 for the year ended September 30, 2011 and losses of $1.7 million and $6.7 million for the years ended September 30, 2010 and 2009, respectively.

On January 1, 2009, the Company adopted changes issued by the FASB to accounting for derivatives and hedging. This updated guidance had no financial impact on the Company's consolidated financial statements and only required additional financial statement disclosures. The Company applied these changes on a prospective basis.

The Company transacts business in various foreign currencies and has established a program that primarily utilizes foreign currency forward contracts to offset the risks associated with the effects of certain foreign currency exposures. Under this program, the Company's strategy is to have increases or decreases in foreign currency exposures offset by gains or losses on the foreign currency forward contracts to mitigate the risks and volatility associated with foreign currency transaction gains or losses. The Company's foreign currency forward contracts generally settle within 90 days. The Company does not use these forward contracts for trading purposes. The Company does not designate these forward contracts as hedging instruments. Accordingly, the Company records the fair value of these contracts as of the end of the reporting period to the consolidated balance sheet with changes in fair value recorded in the consolidated statement of operations. The balance sheet classification for the fair values of these forward contracts is to prepaid expenses and other current assets for unrealized gains and to other current liabilities for unrealized losses. The statement of operations classification for the fair values of these forward contracts is to interest and other income (expense), net, for both realized and unrealized gains and losses. Cash flows related to these forward contracts are classified in the statements of cash flows within operating activities.

As of September 30, 2011, the notional amounts of the forward contracts held to sell and purchase United States dollars in exchange for other major international currencies were $4.1 million and $21.4 million, respectively, and the unrealized gain on these contracts was $347,000. As of September 30, 2010, the notional amounts of the forward contracts held to sell and purchase United States dollars in exchange for other major international currencies were $6.7 million and $18.7 million, respectively, and the unrealized loss on these contracts was $553,000. The notional principal amounts for derivative instruments provide one measure of the transaction volume outstanding as of September 30, 2011 and 2010, and do not represent the amount of the Company's exposure to credit or market loss. The Company has determined that the gross exposure for both market and credit risk is immaterial.

The fair value of the foreign currency forward contracts not designated as hedges in the consolidated balance sheet were $797,000 included in prepaid expense and other current assets and $450,000 included in other current liabilities as of September 30, 2011. The fair value of the foreign currency forward contracts not designated as hedges in the consolidated balance sheet were $322,000 included in prepaid expense and other current assets and $875,000 included in other current liabilities as of September 30, 2010. The fair value of the forward contracts is based on observable market spot and forward rates and is classified within Level 2 of the fair value hierarchy. The effects of the foreign currency forward contracts not designated as hedges on net income was a loss of $151,000, $686,000 and $881,000 for the years ended September 30, 2011, 2010 and 2009, respectively, and was included in interest and other income (expense), net on the consolidated statement of operations.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the shorter of the estimated useful lives of the assets, generally two to five years based on asset classification, or the lease term, if applicable. Gains and losses on disposals are included in results of operations at amounts equal to the difference between the net book value of the disposed assets and the proceeds received upon disposal. Costs for replacements and improvements are capitalized, while the costs of maintenance and repairs are charged against earnings as incurred.

Impairment of long-lived assets

Long-lived assets, such as property and equipment and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the estimated undiscounted future cash flows expected to be generated from the use and ultimate disposition of the assets. If the carrying amount of the assets exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the assets exceed the fair value of the assets. Assets to be disposed of would be reported at the lower of the carrying amount or fair value less costs to sell and no longer depreciated. The assets and liabilities of a disposal group classified as held for sale would be presented separately in the appropriate asset and liability sections of the consolidated balance sheet.

Goodwill and other intangible assets

Purchased other intangible assets with finite lives are amortized over the estimated economic lives of the assets, generally ranging from one to five years, and reviewed for impairment. Goodwill and purchased other intangible assets determined to have indefinite useful lives are not amortized but are reviewed for impairment annually and more frequently if events and circumstances indicate the assets may be impaired and the carrying value may not be recoverable. The Company has no identifiable intangible assets with indefinite lives as of September 30, 2011.

The Company tests goodwill for impairment annually and more frequently if events and circumstances indicate that the asset may be impaired and that the carrying value may not be recoverable. The provisions of Accounting Standards Codification (“ASC”) 350 require that a two-step impairment test be performed on goodwill. The Company has one reporting unit. In the first step, the Company compares the fair value of its reporting unit to its carrying value. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to the reporting unit, goodwill is not considered impaired and the Company is not required to perform further testing. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then the Company must perform the second step of the impairment test in order to determine the implied fair value of the reporting unit’ s goodwill. If upon completing the second step of the impairment test the carrying value of a reporting unit’ s goodwill exceeds its implied fair value, then the Company would record an impairment loss equal to the difference.

The fair value of the Company’ s reporting unit was determined using the income approach and the market approach. The income approach is a valuation technique whereby the Company calculates the fair value of the reporting unit based on the present value of estimated future cash flows, which are formed by evaluating historical trends, current budgets, operating plans and industry data. The market approach is a valuation technique whereby the Company calculates the fair value of the reporting unit by comparing it to publicly traded companies in similar lines of business or to comparable transactions or assets.

Determining the fair value of the reporting unit involves the use of significant estimates and assumptions. These estimates and assumptions using the income approach include revenue growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, future economic and market conditions. The estimates and assumptions using the market comparable approach include determination of appropriate market comparables and an appropriate control premium. The Company determines its fair value with estimates and assumptions it believes to be reasonable but that are unpredictable and inherently uncertain. Actual future results may differ from those estimates.

The Company performed the annual assessment in the fourth quarter of fiscal years 2011, 2010, and 2009 and no indication of impairment was noted. The balance of goodwill was $482.8 million as of September 30, 2011, and there can be no assurances that future goodwill impairments will not occur.

Revenue Recognition

Substantially all of the Company' s revenues are derived from the following sources: (i) access and transaction fees related to subscription software solutions on a multi-tenant basis and single-tenant basis either hosted or behind the firewall; (ii) maintenance and support related to existing single-tenant perpetual licenses; and (iii) services, including value enablement of subscription software solutions, implementation services, strategic consulting services, training, education, premium support and other miscellaneous services. The subscription software solutions include access to the solutions, technical support and product updates. The significant majority of the Company' s subscription software solutions are hosted time-based licenses and are based on the number of users, spend or other usage criteria. The Company' s multiple element arrangements typically include a combination of: (i) subscription software solutions; and (ii) a services arrangement, on either a fixed fee for access to specific services over time or a time and materials basis.

The Company licenses its subscription software through its direct sales force and indirectly through resellers. Sales made through resellers are recognized at the time that the Company has received persuasive evidence of an end user customer and all other criteria are met as defined below. The license agreements for the Company' s subscription software only provide for a right of return in limited and defined circumstances, and historically product returns have not been significant. The Company does not recognize revenue on agreements subject to refund or cancellation rights until such rights to refund or cancel have expired. Direct sales force commissions are accounted for as sales and marketing expense at the time of sale, when the liability is incurred and is reasonably estimable.

The Company recognizes revenue when all of the following criteria are met: persuasive evidence of an arrangement exists; delivery of the product or service has occurred; the fee is fixed or determinable; and collectability is probable.

Certain of the Company' s contracts include performance incentive payments based on market volume and/or savings generated, as defined in the respective contracts. Revenue from such arrangements is recognized when those thresholds are achieved.

In September 2009, the FASB issued new guidance on accounting for multiple deliverable revenue arrangements. The new guidance:

(i) provides updated guidance on whether multiple deliverables exist, how the deliverables in an arrangement should be separated, and how the consideration should be allocated;

(ii) requires an entity to establish an estimated selling price ("ESP") for all deliverables when vendor-specific objective evidence ("VSOE") of selling price or third-party evidence ("TPE") of selling price does not exist; and

(iii) eliminates the use of the residual method and requires an entity to allocate revenue using the relative selling price method.

The Company elected to early adopt this accounting guidance at the beginning of its first quarter of fiscal year 2010 on a prospective basis for applicable transactions originating or materially modified after September 30, 2009. The new guidance allows for deliverables with stand alone value in a multi-element arrangement for which revenue was previously deferred due to undelivered elements not having VSOE of selling price to be separated and recognized as delivered, rather than over the longest service delivery period as a single unit with other elements in the arrangement.

The Company sells implementation services, strategic consulting, training and other services in stand-alone engagements. Maintenance and support are sold separately through renewals of annual contracts. As a result, the Company uses VSOE of selling price to allocate the arrangement consideration to each of these deliverables. The Company determines VSOE of selling price based on its normal pricing and discounting practices for the specific service when sold separately. In determining VSOE of selling price, the Company requires that a substantial majority of the selling prices for a service fall within a reasonably narrow pricing range, generally evidenced by approximately 80% of such historical stand-alone transactions falling within plus or minus 15% of the median rates. In addition, the Company considers the geographies in which the services are sold and major service groups in determining VSOE of selling price.

The Company is not always able to establish VSOE of selling price for all deliverables in an arrangement with multiple elements. This may be due to the Company infrequently selling each element separately, not pricing products within a narrow range, or only having a limited sales history. When VSOE of selling price cannot be established, as in the case for all subscription software solutions along with certain services, the Company attempts to establish selling price of each element based on TPE of selling price. TPE of selling price is determined based on competitor prices for similar deliverables when sold separately. Generally, the Company' s go-to-market strategy differs from that of its peers and its offerings contain a level of differentiation such that the comparable pricing of software solutions and services with similar functionality and delivery cannot be obtained. Furthermore, the Company is rarely able to reliably determine what similar competitors' selling prices are on a stand-alone basis. Therefore, the Company is typically not able to determine TPE of selling price.

For contracts signed or substantially modified after October 1, 2009, the Company uses ESP in its allocation of arrangement consideration when the Company is unable to establish selling price using VSOE or TPE. The objective of ESP is to determine the price at which the Company would transact a sale if the subscription software or other services were sold on a stand-alone basis. ESP is generally used for offerings not priced within a narrow range, and it applies to a majority of the Company' s arrangements with multiple deliverables. The Company determines ESP for all deliverables that do not have VSOE or TPE of selling price by considering multiple factors which include, but are not limited to the following: (i) substantive renewal rates contained within an arrangement for subscription software solutions; (ii) gross margin objectives and internal costs for services; and (iii) pricing practices, market conditions and competitive landscape.

The Company regularly reviews VSOE, TPE and ESP and maintains internal controls over the establishment and updates of these estimates. There were no material changes to VSOE, TPE or ESP during the quarter or year ended September 30, 2011.

Revenue from subscription software and hosting services is recognized ratably over the term of the arrangement, commencing with the initial customer access date. Set up fees paid by customers in connection with subscription software solutions are recognized ratably over the longer of the life of the agreement or the expected lives of customer relationships, which generally range from three to five years. Revenue allocated to maintenance and support is recognized ratably over the maintenance term (typically one year). Revenue allocated to software implementation, process improvement, training and other services is recognized as the services are performed or as milestones are achieved or, if bundled with a subscription or time-based arrangement, ratably over the term of such arrangement. For contracts entered into prior to October 1, 2009 where the Company provides services as part of a multi-element arrangement with subscription software, both the subscription software revenue and service revenue are recognized under the lesser of proportional performance method based on hours or ratable over the subscription term.

Deferred revenue includes amounts received from customers for which revenue has not been recognized, and generally results from deferred subscription, maintenance and support, hosting and consulting or training services not yet rendered and recognizable. Deferred revenue is recognized as revenue upon delivery of the Company' s product, as services are rendered, or as other requirements are satisfied. Deferred revenue excludes contract amounts for which payment has yet to be collected. Likewise, accounts receivable excludes amounts due from customers for which revenue has been deferred.

Software development costs

Software development costs are expensed as incurred until technological feasibility, defined as a working prototype, has been established, at which time such costs are capitalized until the product is available for general release to customers. To date, the Company' s software has been available for general release shortly after the establishment of technological feasibility and, accordingly, capitalized development costs have not been material.

The Company follows the guidance set forth by the FASB to account for the development of its on-demand application service. This guidance requires companies to capitalize qualifying computer software costs which are incurred during the application development stage and to amortize such costs over the software' s estimated useful life. Due to the economic downturn, restructuring actions taken in the year ended September 30, 2009 and a review of all discretionary spending and projects, the Company deferred its ERP system implementation for finance and human resources to an uncertain date. The Company evaluated the capitalized software costs of this project for impairment. In the year ended September 30, 2009, the Company recorded an impairment charge of $3.3 million related to capitalized software implementation costs and $1.0 million related to perpetual software license costs due to the deferral of the project to an uncertain date, which was classified in general and administrative in the consolidated statement of operations.

Advertising expense

Advertising costs are expensed as incurred and totaled $948,000, $769,000 and $770,000 during the years ended September 30, 2011, 2010 and 2009, respectively.

Stock-based compensation

The Company maintains stock-based compensation plans which allow for the issuance of stock options and restricted common stock to executives and certain employees. The Company also maintains an employee stock purchase plan (“ESPP”) that provides for the issuance of shares to all eligible employees of the Company at a discounted price.

The Company amortizes the fair value of awards on an accelerated basis. The guidance requires that forfeitures be estimated over the vesting period of an award, rather than being recognized as a reduction of compensation expense when the forfeiture actually occurs.

During the years ended September 30, 2011, 2010 and 2009, the Company recorded $955,000, $704,000 and $545,000, respectively, of stock-based compensation expense associated with employee stock purchase plan programs.

During the years ended September 30, 2011, 2010 and 2009, the Company granted 1.6 million, 1.3 million and 1.5 million shares, respectively, of restricted common stock time-based awards to non-employee directors and certain employees with a fair value of $49.9 million, $18.5 million and $14.6 million, respectively, based on the current fair value of the Company' s shares at the grant date. These amounts are being amortized over the vesting period of the individual restricted common stock grants, which are generally one to three years.

During the year ended September 30, 2011, the Company granted 990,000 performance-based restricted stock units to executive officers and certain key employees with a fair value of $19.5 million, based on the then current fair value of the Company' s shares at the grant date. The number of units that could vest under this grant is contingent upon meeting three criteria: (1) 2011 performance milestones related to subscription software revenues and network revenues for the fiscal year ended September 30, 2011; (2) 2012 performance milestones based upon sustained performance related to subscription software revenues and network revenues for the fiscal year ending September 30, 2012; and (3) a time-based service requirement. Based upon subscription software revenues for the year ended September 30, 2011, the granted restricted stock units that can vest are up to 2.0 million with a fair value of $38.9 million.

During the year ended September 30, 2010, the Company granted 1.3 million performance-based restricted stock units to executive officers and certain key employees with a fair value of $14.3 million, based on the then current fair value of the Company' s shares at the grant date. The number of units that could vest under this grant is contingent upon meeting three criteria: (1) a 2010 performance milestone related to subscription software revenues for the year ended September 30, 2010; (2) a 2011 performance milestone based upon sustained performance related to subscription software revenue for the year ended September 30, 2011; and (3) a time-based service requirement. Based upon subscription software revenues for the years ended September 30, 2010 and 2011, the granted restricted stock units that can vest are up to 1.9 million with a fair value of $21.8 million.

During the year ended September 30, 2009, the Company granted restricted stock units to executive officers and certain key employees. The number of units that vest under this grant was contingent upon meeting three criteria: (1) a 2009 performance milestone related to subscription software revenues for the year ended September 30, 2009; (2) a 2010 performance milestone, established in October 2009, based upon sustained performance related to subscription software revenues for the year ended September 30, 2010; and (3) a time-based service requirement. The number of units that vested upon meeting the performance milestone for the year ended September 30, 2009 was 848,250 units with a fair value of $7.3 million, based on the then current fair value of the Company' s shares at the grant date. The number of units that vested upon meeting the performance milestone for the year ended September 30, 2010 was 1.6 million units with a fair value of $18.0 million, based on the then current fair value of the Company' s shares at the grant date.

During the years ended September 30, 2011, 2010 and 2009, the Company recorded $53.3 million, $43.7 million and $30.0 million, respectively, of stock-based compensation expense associated with time-based restricted stock grants and performance-based restricted stock units. As of September 30, 2011, there was $61.2 million of unrecognized compensation cost related to non-vested restricted share-based compensation arrangements which is expected to be recognized over a weighted-average period of 0.8 years. Total unrecognized compensation cost will be adjusted for future changes in estimated forfeitures.

The Company also made a contribution to the Ariba, Inc. Employees 401(k) Savings Plan (the "401(k) Plan") in the form of common stock with a value of $4.5 million, $4.0 million and $3.4 million in the years ended September 30, 2011, 2010 and 2009, respectively.

Total stock-based compensation resulting from the ESPP, time-based awards, performance based units and the 401(k) Plan of $58.7 million, $48.4 million and $33.9 million was recorded in the years ended September 30, 2011, 2010 and 2009, respectively, to various operating expense categories as follows (in thousands):

	Year Ended September 30,		
	2011	2010	2009
Cost of revenues−subscription and maintenance	$4,055	$3,288	$2,405
Cost of revenues−services and other	4,745	4,386	2,912
Sales and marketing	27,979	22,297	13,026
Research and development	8,923	5,565	4,825
General and administrative	12,173	11,294	9,485
Discontinued operations	802	1,535	1,288
Total	$58,677	$48,365	$33,941

Income taxes

Income taxes are computed using an asset and liability approach, which requires the recognition of taxes payable or refundable for the current year and deferred tax assets and liabilities for the future tax consequences of events that have been recognized in the Company' s consolidated financial statements or tax returns. The measurement of current and deferred tax assets and liabilities is based on provisions of the enacted tax law; the effects of future changes in tax laws or rates are not anticipated. The Company has recorded a valuation allowance to reduce its deferred tax assets to the amount of future tax benefit that is more likely than not to be realized.

The Company uses a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position taken, or expected to be taken, in a tax return by determining if the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon effective settlement.

Net income per share

Basic net income per share is computed by dividing the net income for the period by the weighted average number of common shares outstanding during the period, excluding restricted common stock subject to forfeiture. Diluted net income per share is computed by dividing the net income for the period by the weighted average number of common shares, including restricted common stock subject to forfeiture and potential common shares outstanding during the period if their effect is dilutive. Potential common shares are comprised of incremental common shares issuable upon the exercise of stock options and employee stock purchase plans shares.

Comprehensive income

Comprehensive income includes all changes in equity (net assets) during a period not included in net income but recorded directly in stockholders' equity, including unrealized gains and losses on marketable securities and changes in the cumulative translation adjustment.

Recently adopted accounting pronouncements

During the year ended September 30, 2011, there were no new accounting pronouncements adopted by the Company that had a significant impact on continuing operations.

Recent accounting pronouncements not yet adopted

During the year ended September 30, 2011, the FASB amended the guidance for goodwill impairment tests. The amendments permit an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the existing two-step goodwill impairment test. An entity is not required to perform the two-step goodwill impairment test unless it determines that it is more likely than not that its fair value is less than its carrying amount. The amendments are effective for the Company for annual and interim goodwill impairment tests performed on or after October 1, 2012. Early adoption is permitted. The adoption is not expected to have a material impact on the consolidated financial statements.

During the year ended September 30, 2011, the FASB amended the guidance for fair value measurements and disclosures. The amendments either clarify or change existing guidance, including the following: (i) the concepts of highest and best use and valuation premise are relevant only when measuring the fair value of nonfinancial assets and not relevant when measuring the fair value of financial assets or any liabilities; (ii) a reporting entity should measure the fair value of instruments classified in shareholders' equity based on the fair value of the instrument from the perspective of a market participant that holds that instrument as an asset; (iii) a reporting entity should disclose quantitative information about the unobservable inputs used in a fair value measurement that are categorized within Level 3 of the fair value hierarchy, a description of the valuation processes used, and a qualitative discussion about the sensitivity of such measurements; and (iv) a reporting entity should disclose the level in the fair value hierarchy of assets and liabilities not recorded at fair value but where fair value is disclosed. The amendments are to be applied prospectively. The Company will adopt these amendments on January 1, 2012, which is not expected to have a material impact on the consolidated financial statements.

During the year ended September 30, 2011, the FASB issued guidance that provides two alternatives for the presentation of other comprehensive income, either (i) present items of net income and other comprehensive income in one continuous statement, referred to as the statement of comprehensive income or (ii) present items of other comprehensive income in a separate statement immediately following the statement of net income. Under either presentation method, amounts reclassified from other comprehensive income to net income and totals for net income, other comprehensive income, and comprehensive income will be presented. This guidance does not change the items that are reported in net income and other comprehensive income or the calculation of earnings per share. The guidance is effective for the Company on October 1, 2012, and retrospective application is required for all years presented. Early adoption is permitted. The adoption is not expected to have a material impact on the consolidated financial statements.

Note 2−Discontinued Operations

On November 15, 2010, the Company sold its sourcing services and BPO services assets (collectively, the "Sourcing Services Business") to Accenture for approximately $51.0 million in cash, resulting in a gain of approximately $39.5 million, less estimated income taxes of $289,000. The assets of the Sourcing Services Business include the Company' s category expertise, sourcing process expertise and strategic sourcing execution resources. As of September 30, 2010, the assets of the Sourcing Services Business were comprised of goodwill of $11.8 million. The following table summarizes the financial information for the Sourcing Services Business operations for the years ended September 30, 2011, 2010 and 2009 (in thousands, except per share amounts):

	Year Ended September 30,		
	2011	2010	2009
Revenues from discontinued operations	$13,092	$40,747	$53,267
(Loss) income from discontinued operations before income taxes	(2,924)	3,311	6,659
Provision for income taxes	−	150	122
Net (loss) income from discontinued operations	(2,924)	3,161	6,537
Gain on sale of discontinued operations, net of tax	$39,164	$−	$−

Note 3−Acquisition

On January 27, 2011, the Company acquired 100% of the business of Quadrem International Holdings, Ltd. This business ("Quadrem") consists of a global electronic marketplace to facilitate the procurement of goods and services by companies from their supplier communities. The Company believes the acquisition of Quadrem will enable us to further expand our network volume and reach, accelerate growth, and extend better commerce to more companies in more regions of the globe.

The fair value of consideration was $171.6 million, consisting of (i) $83.8 million in cash; (ii) $64.7 million in Ariba common stock (2.6 million shares valued at the closing price of Ariba common stock on the acquisition date); and (iii) a contingent payment valued at $23.1 million.

The cash includes $40.0 million which has been deposited in escrow to satisfy potential indemnification claims. Of this amount, $25.0 million will be released to Quadrem' s former shareholders upon the achievement of certain performance conditions ("Performance Conditions") to the extent it is not used to satisfy indemnification claims. The Performance Conditions include, subject to certain terms and conditions, certain customers (i) making specified cash payments to Ariba; and (ii) using the Quadrem network to facilitate purchasing and invoicing activities with respect to specified customers or business and/or operating units. The remaining $15.0 million is expected to be released to Quadrem' s former shareholders over approximately a three-year time period to the extent it is not used to satisfy indemnification claims.

The contingent payment, which is separate from the amounts deposited in escrow referred to above, ranges from zero to $25.0 million and is subject to the achievement of the Performance Conditions. If the Performance Conditions are met in full, after the third anniversary of the acquisition date, Ariba will pay the $25.0 million contingent payment in cash, or at its election, Ariba stock. The fair value of the contingent payment was estimated by applying the income approach and is based on significant unobservable inputs (Level 3 inputs) that include the probability of the Performance Conditions being achieved and a discount rate. As of September 30, 2011, the assumptions used to develop the inputs did not change from the acquisition date. The liability of $23.1 million as of the acquisition date, classified in other-long term liabilities on the consolidated balance sheet, was increased by $440,000 during the year ended September 30, 2011 as a result of accretion, which was recorded in interest and other income (expense), net on the consolidated statement of operations.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date (in thousands):

Cash and cash equivalents	$19,582
Accounts receivable	13,607
Prepaid expenses and other assets	2,062
Property and equipment	2,319
Restricted cash, non-current	127
Goodwill	88,108
Other intangible assets	61,400
Total assets acquired	$187,205
Accounts payable	$1,326
Accrued liabilities	4,971
Accrued compensation and related liabilities	3,727
Deferred revenue	5,192
Other liabilities	371
Total liabilities assumed	$15,587
Net assets acquired	$171,618

Goodwill related to the Quadrem acquisition consists largely of the further expansion and growth expected from combining the operations of Ariba and Quadrem. The Company expects that a majority of goodwill will be deductible for United States income tax purposes.

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Identified intangible assets will be amortized to cost of revenues and operating expense based upon the nature of the asset ratably over the estimated useful life, as detailed in the table below (in thousands, except year amounts).

	Estimated useful life (years)	Fair value	Estimated annual amortization	Statement of operations classification
Other intangible assets				
Existing software technology	4	$9,900	$ 2,475	Cost of revenues
Contracts and related customer relationships	5	46,200	9,240	Cost of revenues
Trade names/trademarks	4	5,300	1,325	Operating expense
		$61,400		

The Company has evaluated and continues to evaluate pre-acquisition contingencies relating to Quadrem that existed as of the acquisition date. The Company has preliminarily determined that certain of these pre-acquisition contingencies are probable in nature and estimable as of the acquisition date and, accordingly, has recorded its best estimates for these contingencies as a part of the purchase price allocation. The Company continues to gather information and evaluate pre-acquisition contingencies that it has assumed. If the Company makes changes to the amounts recorded or identify additional pre-acquisition contingencies during the remainder of the measurement period, such amounts recorded will be included in the purchase price allocation. No material adjustments were made during the year ended September 30, 2011.

Acquisition-related costs of $2.5 million were included in general and administrative expense in Ariba' s consolidated statement of operations for the year ended September 30, 2011. Quadrem' s results of operations have been included in our consolidated financial statements from the acquisition date.

Revenues, net income and earnings per share for the combined entity had the acquisition date been October 1, 2011, 2010 and 2009 (the beginning of the periods presented below) are as follows (in thousands, except per share amounts). This pro forma information is not intended to represent or be indicative of the combined results of operations or financial position that we would have reported had the acquisition been completed as of these dates and for the periods presented, and should not be taken as representative of our consolidated results of operations or financial condition following the acquisition.

	Year Ended September 30,		
	2011	2010	2009
Total revenues	$473,744	$391,988	$326,350
Net income (loss)	$35,384	$16,088	$(3,403)
Net income (loss) per share−basic	$0.38	$0.18	$(0.04)
Net income (loss) per share−diluted	$0.38	$0.18	$(0.04)
Weighted average shares−basic	92,073	89,200	85,316
Weighted average shares−diluted	92,073	91,804	85,316

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Note 4−Balance Sheet Components

Changes in the allowance for doubtful accounts for the years ended September 30, 2011, 2010 and 2009 are as follows (in thousands):

		Additions		
Classification	Balance at Beginning of Period	Expense	Deductions/ Write-offs (a)	Balance at End of Period
Year ended September 30, 2011				
Allowance for doubtful accounts	$ 2,537	$575	$ (459)	$ 2,653
Year ended September 30, 2010				
Allowance for doubtful accounts	$ 2,691	$684	$ (838)	$ 2,537
Year ended September 30, 2009				
Allowance for doubtful accounts	$ 1,938	$1,378	$ (625)	$ 2,691

(a) Amounts written off as uncollectible or recovered by payment.

Property and equipment and their related useful lives consisted of the following as of September 30, 2011 and 2010 (in thousands):

	September 30,	
	2011	2010
Computer equipment and software (2 to 3 years)	$57,781	$43,655
Office equipment (2 years)	2,404	2,020
Furniture and fixtures (5 years)	2,702	17,101
Leasehold improvements (lesser of lease term or economic life)	20,876	22,980
	83,763	85,756
Less accumulated depreciation and amortization	(50,957)	(69,798)
Total property and equipment, net	$32,806	$15,958

Depreciation expense related to property and equipment totaled $13.6 million, $7.9 million and $7.7 million for the years ended September 30, 2011, 2010 and 2009, respectively. The year ended September 30, 2011 includes $3.3 million of accelerated depreciation classified in restructuring costs.

Accrued liabilities consisted of the following as of September 30, 2011 and 2010 (in thousands):

	September 30,	
	2011	2010
Accrued taxes	$5,111	$2,783
Deferred rent obligations−current portion	4,713	4,646
Other accrued liabilities	14,469	10,969
Accrued liabilities	$24,293	$18,398

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Note 5–Investments

The following is a summary of cash equivalents and available-for-sale securities as of September 30, 2011 and 2010 (in thousands):

	September 30, 2011			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Money market funds	$27,578	$ –	$–	$27,578
Certificates of deposit and other bank deposits	107,751	–	–	107,751
Non- United States government securities	37,453	–	–	37,453
Auction rate securities	19,468	–	(2,020)	17,448
	$192,250	$ –	$(2,020)	$190,230
Included in cash and cash equivalents	$135,330	$ –	$–	$135,330
Included in short-term investments	28,319	–	–	28,319
Included in long-term investments	28,601	–	(2,020)	26,581
	$192,250	$ –	$(2,020)	$190,230

	September 30, 2010			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Money market funds	$70,325	$ –	$–	$70,325
Certificates of deposit and other bank deposits	82,007	–	–	82,007
Non- United States government securities	19,098	–	–	19,098
United States government and agency securities	4,194	–	–	4,194
Auction rate securities	19,682	–	(2,242)	17,440
	$195,306	$ –	$(2,242)	$193,064
Included in cash and cash equivalents	$152,332	$ –	$–	$152,332
Included in short-term investments	18,449	–	–	18,449
Included in long-term investments	24,525	–	(2,242)	22,283
	$195,306	$ –	$(2,242)	$193,064

The following is a summary of the Company' s available-for-sale securities based on contractual maturities (in thousands):

	September 30,	
	2011	2010
Due in one year or less	$28,319	$18,449
Due after one year through two years	9,133	4,843
Due after two years through three years	–	–
Due after three years	17,448	17,440
	$54,900	$40,732

The long-term investments as of September 30, 2011 and 2010, respectively, due after three years are auction rate securities ("ARS"). The Company had $2.0 million and $2.2 million of gross unrealized losses on auction rate securities as of September 30, 2011 and 2010, respectively. As a result of the credit rating reduction to below investment grade related to one of its ARS, the Company recorded an other-than-temporary impairment

of $1.4 million in the year ended September 30, 2009 and $499,000 in the year ended September 30, 2010, partially offset by $463,000 of accretion recorded through September 30, 2011. These amounts were recorded in interest and other income (expense), net, in the statement of operations. See Note 6.

Note 6−Fair Value

As of September 30, 2011 and 2010, the fair value measurements of the Company' s cash equivalents, short-term investments, long-term investments and restricted cash consisted of the following and are categorized in the table below based upon the fair value hierarchy (in thousands):

	Level 1	Level 2	Level 3	Total
September 30, 2011:				
Money market funds	$27,578	$ −	$−	$27,578
Certificates of deposit and other bank deposits	137,121	−	−	137,121
Non-United States government securities	37,453	−	−	37,453
Auction rate securities	−	−	17,448	17,448
Total cash equivalents, investments and restricted cash	$202,152	$ −	$17,448	$219,600
September 30, 2010:				
Money market funds	$70,325	$ −	$−	$70,325
Certificates of deposit and other bank deposits	111,248	−	−	111,248
Non-United States government securities	19,098	−	−	19,098
United States government and agency securities	4,194	−	−	4,194
Auction rate securities	−	−	17,440	17,440
Total cash equivalents, investments and restricted cash	$204,865	$ −	$17,440	$222,305

The table below presents reconciliations for market securities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) (in thousands):

Beginning balance as of October 1, 2009	$17,676
Realized losses	(724)
Unrealized gains	1,895
Redemptions	(1,650)
Accretion and other	243
Ending fair value as of September 30, 2010	$17,440
Unrealized gains	222
Redemptions	(450)
Accretion and other	236
Ending fair value as of September 30, 2011	$17,448

Auction Rate Securities

The Company holds several interest-bearing ARS that represent investments in pools of assets, including student loans and credit derivative products. As of September 30, 2011, the Company held $17.5 million in par value of student loan securities that failed to settle in auctions commencing February 2008 and $3.4 million in par value of commercial paper and credit derivative products that failed to settle in auctions commencing August 2007. These ARS investments were intended to provide liquidity via an auction process that resets the applicable interest rate at predetermined calendar intervals, allowing investors to either roll over their holdings or gain immediate liquidity by selling such interests at par. The continuing uncertainties in the credit markets have affected all of the Company' s holdings in ARS investments and auctions for our investments in these securities

have failed to settle on their respective settlement dates. Consequently, the investments are not currently liquid and the Company will not be able to access these funds until such time as either a future auction of these investments is successful or a buyer is found outside of the auction process. Given the failures in the auction markets, as well as the lack of any correlation of these instruments to other observable market data, there are no longer observable inputs available as defined by Levels 1 and 2 of the fair value hierarchy by which to value these securities. Therefore, these auction rate securities are classified within Level 3 and their valuation requires substantial judgment and estimation of factors that are not currently observable in the market due to the lack of trading in the securities.

Contractual maturity dates for these ARS investments range from 2016 to 2047. The ARS backed by student loans are guaranteed by the United States government and have credit ratings of AAA to A.

Currently, we have no intent to sell these ARS investments prior to recovery to par value, nor are we aware of any factors that would make such a sale of the ARS investments more likely than not. As of September 30, 2011, the Company has classified the entire ARS investment balance as long-term investments on its consolidated balance sheet because of its current inability to predict that these investments will be available for settlement within the next twelve months. Since auction failures in 2008, the Company has modified its current investment strategy and increased its investments in more liquid money market instruments.

Historically, the fair value of ARS investments approximates par value due to the frequent resets through the auction process. While the Company continues to earn interest on its ARS investments at the contractual rate, these investments are not currently trading and therefore do not currently have a readily determinable market value. Accordingly, the estimated fair value of ARS no longer approximates par value.

The Company has used a discounted cash flow (“DCF”) model to determine the estimated fair value of its investment in ARS as of September 30, 2011. Significant estimates used in the DCF models were the credit quality of the instruments, the types of instruments and an illiquidity discount factor. The assumptions used in preparing the discounted cash flow model include estimates for interest rates, timing and amount of cash flows and expected holding periods of the ARS. The discount factor used for the $17.5 million of student loan securities and $3.4 million of credit derivative products was adjusted between 150 and 300 basis points (“bps”) for the student loan securities and 1,150 bps for the credit derivative product, respectively, to reflect the then current market conditions for instruments with similar credit quality at the date of valuation and the risk in the marketplace for these investments that has arisen due to the lack of an active market for these instruments. Based on the assessment of fair value through September 30, 2011, the Company determined there was a decline in the fair value of its ARS investments of $3.5 million, of which $2.0 million was deemed temporary. As a result of the credit rating reduction to below investment grade related to one of its ARS, the Company recorded an other-than-temporary impairment of $1.4 million in the year ended September 30, 2009 and $499,000 in the year ended September 30, 2010, partially offset by $463,000 of accretion recorded through September 30, 2011. Based upon its analysis of this impairment, the Company determined that the other-than-temporary loss of $1.5 million was principally related to the credit loss on the investment. Additionally, the Company evaluated the factors related to other than credit loss, which were determined to be immaterial to the consolidated financial statements.

The Company reviews its impairments in accordance with the changes issued by the FASB to fair value accounting and the recognition and presentation of other-than-temporary impairments, in order to determine the classification of the impairment as “temporary” or “other-than-temporary”. A temporary impairment charge results in an unrealized loss being recorded in the other comprehensive income (loss) component of stockholders’ equity. Such an unrealized loss does not affect net income (loss) for the applicable accounting period. An other-than-temporary impairment charge is recorded as a realized loss in the consolidated statement of operations. The differentiating factors between temporary and other-than-temporary impairment are primarily the length of the time and the extent to which the market value has been less than cost, the financial condition and near-term prospects of the issuer and the Company’ s intent and ability to retain its investment for a period of time sufficient to allow for the recovery in market value to par. If the issuers of the ARS are unable to successfully close future auctions or refinance their debt in the near term and/or the credit ratings of these instruments deteriorate, the Company may, in the near future, conclude that an additional other-than-temporary impairment charge is required related to these investments. Such other-than-temporary impairment may be greater than the $2.0 million currently accounted for as a temporary decline or may be greater than the $1.5 million other-than-temporary impairment recorded through September 30, 2011.

Note 7−Goodwill and Other Intangible Assets

The Company' s goodwill balance as of September 30, 2011 and 2010 was $482.8 million and $406.5 million, respectively. The changes in the carrying amount of goodwill during fiscal year 2011 were an increase of $88.1 million from the Quadrem acquisition (see Note 3) and a decrease of $11.8 million from the sale of the Sourcing Services Business (see Note 2). There were no changes to the carrying amount of goodwill during fiscal year 2010.

The table below reflects changes or activity in the balances related to other intangible assets for the years ended September 30, 2011 and 2010 (in thousands):

		September 30, 2011			September 30, 2010		
	Useful Life	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Other Intangible Assets							
Existing software technology	48 months	$23,200	$(14,971)	$8,229	$13,300	$(13,300)	$−
Contracts and related customer relationships	60 to 72 months	127,081	(78,063)	49,018	80,881	(67,727)	13,154
Trade names/trademarks	48 months	7,500	(3,094)	4,406	2,200	(2,200)	−
Non-competition agreements	24 months	600	(600)	−	600	(600)	−
Total		$158,381	$(96,728)	$61,653	$96,981	$(83,827)	$13,154

Amortization of other intangible assets for the year ended September 30, 2011 totaled $12.9 million. Of the total, amortization of $12.0 million related to contracts and related customer relationship and existing software technology was recorded as cost of revenues in the year ended September 30, 2011. Amortization of $904,000 related to trade name/trademark and non-competition agreements was recorded as operating expense in the year ended September 30, 2011.

Amortization of other intangible assets for the year ended September 30, 2010 totaled $4.5 million. Of the total, amortization of $4.4 million related to contracts and related customer relationship and existing software technology was recorded as cost of revenues in the year ended September 30, 2010. Amortization of $104,000 related to trade name/trademark and non-competition agreements was recorded as operating expense in the year ended September 30, 2010.

Amortization of other intangible assets for the year ended September 30, 2009 totaled $6.1 million. Of the total, amortization of $5.6 million related to contracts and related customer relationship and existing software technology was recorded as cost of revenues in the year ended September 30, 2009. Amortization of $500,000 related to trade name/trademark and non-competition agreements was recorded as operating expense in the year ended September 30, 2009.

The Company anticipates amortization of existing other intangible assets to total $17.1 million in fiscal year 2012, $17.1 million in fiscal year 2013, $13.9 million in fiscal year 2014, $10.5 million in fiscal year 2015 and $3.0 million in fiscal year 2016.

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Note 8–Income Taxes

The provision for income taxes for the years ended September 30, 2011, 2010 and 2009 was comprised of the following (in thousands):

	Current	Deferred	Total
2011:			
Federal	$–	$ –	$–
State	214	–	214
Foreign	1,357	(975)	382
Total	$1,571	$ (975)	$596
2010:			
Federal	$–	$ –	$–
State	118	–	118
Foreign	1,620	(470)	1,150
Total	$1,738	$ (470)	$1,268
2009:			
Federal	$–	$ –	$–
State	42	–	42
Foreign	1,076	(14)	1,062
Total	$1,118	$ (14)	$1,104

The Company' s (loss) income from continuing operations before income taxes for the years ended September 30, 2011, 2010 and 2009 consisted of the following components (in thousands):

	2011	2010	2009
Domestic	$(23,603)	$11,577	$566
Foreign	21,216	2,916	2,194
(Loss) income from continuing operations before income taxes	$(2,387)	$14,493	$2,760

The reconciliation between the amount computed by applying the United States federal statutory tax rate of 35% to the income from continuing operations before income taxes and actual income tax expense for the years ended September 30, 2011, 2010 and 2009 is as follows (in thousands):

	2011	2010	2009
Computed tax benefit	$(835)	$5,073	$966
State taxes, net of federal benefit	(818)	864	427
Nondeductible expenses and other permanent differences	8,236	5,102	805
Foreign taxes	(7,043)	105	274
Provision to return adjustments	5,039	3,712	4,337
Other	999	494	161
Change in valuation allowance	(4,982)	(14,082)	(5,866)
Provision for income taxes	$596	$1,268	$1,104

Included in tax expense from discontinued operations is a decrease in valuation allowance and corresponding utilization of net operating losses of $15.0 million, $1.0 million, and $2.0 million for the years ended September 30, 2011, 2010, and 2009, respectively.

The tax effects of temporary differences that give rise to significant portions of net deferred tax assets as of September 30, 2011 and 2010 are as follows (in thousands):

	2011	2010
Deferred Tax Assets		
Accruals and allowances	$68,750	$65,906
Capitalized research and experimentation costs	64,880	81,868
Depreciation and amortization	73,305	85,193
Credit carryforwards	64,850	64,871
Net operating loss and other carryforwards	588,123	584,934
Deferred tax assets	859,908	882,772
Valuation allowance	(855,509)	(875,553)
Deferred tax assets, net of valuation allowance	4,399	7,219
Deferred Tax Liabilities		
Unremitted earnings of foreign subsidiaries	–	(832)
Acquired intangibles	(1,571)	(5,189)
Net deferred tax assets	2,828	1,198
Recorded As:		
Current deferred tax asset	$31,879	$39,298
Valuation allowance	(30,130)	(38,852)
Net current deferred tax asset	1,749	446
Non-current deferred tax asset	828,031	843,475
Valuation allowance	(825,381)	(836,702)
Net non-current deferred tax asset	2,650	6,773
Current deferred tax liability	–	(832)
Non-current deferred tax liability	(1,571)	(5,189)
Net deferred tax assets	$2,828	$1,198

The Company has provided a valuation allowance due to the uncertainty of generating future profits that would allow for the realization of such deferred tax assets. The net decrease in the total valuation allowance for the year ended September 30, 2011 was $20.0 million. The net decrease in the total valuation allowance for the year ended September 30, 2010 was $15.1 million. Utilization of the Company’ s net operating loss and tax credit carryforwards may be subject to a substantial annual limitation due to the ownership change limitations imposed by Internal Revenue Code Sections 382 and 383 and similar state provisions. Such an annual limitation could result in the expiration of the Company’ s federal and state net operating loss and tax credit carryforwards before utilization.

As of September 30, 2011, the Company had net operating loss carryforwards for federal, state and foreign tax purposes of approximately $1.5 billion, $784.0 million and $2.0 million, respectively, before consideration of any annual limitation as described above. These federal, state and foreign net operating loss carryforwards expire in various years from fiscal year 2012 through fiscal year 2031, from fiscal year 2012 through fiscal year 2031 and from fiscal year 2012 through fiscal year 2014, respectively. As of September 30, 2011, the Company had research credit carryforwards for federal and state tax purposes of approximately $39.0 million and $25.0 million, respectively. If not utilized, the federal research credit carryforwards will expire in various years from fiscal year 2012 through fiscal year 2024. The state research credit carryforwards will continue indefinitely.

The Company also had manufacturer' s credit carryforwards as of September 30, 2011 for state tax purposes of approximately $119,000, which will expire in fiscal year 2012. The Company' s net operating loss and tax credit carryforwards include net operating loss and research credit carryforwards of approximately $270.0 million and $4.8 million, respectively, generated by FreeMarkets, which are subject to annual limitations which could reduce or defer the utilization of those losses and credits.

The undistributed earnings of the foreign subsidiaries are approximately $48.9 million as of September 30, 2011. The Company has decided to permanently reinvest those earnings and accordingly has not provided for any taxes thereon. Determination of the amount of unrecognized deferred U.S. income tax liability on these undistributed earnings is not practicable.

The aggregate changes in the balances of the Company' s gross unrecognized tax benefits were as follows (in thousands):

	Year Ended September 30, 2011	Year Ended September 30, 2010
Gross unrecognized tax benefits as of October 1	$ 4,698	$ 4,718
Increases related to tax positions from prior fiscal years, including acquisitions	512	–
Decreases related to tax positions from prior fiscal years	–	–
Increases related to tax positions taken during the fiscal year	260	133
Lapses of statutes of limitations	(3,106)	(312)
Changes in unrecognized tax benefits due to foreign currency translation	(555)	159
Total gross unrecognized tax benefits as of September 30	$ 1,809	$ 4,698

The Company does not expect any significant changes to the unrecognized tax benefits in the next twelve months.

As of September 30, 2011, approximately $1.8 million of unrecognized benefits would affect the Company' s effective tax rate if realized. The Company released interest and penalties related to lapses of statute of limitations of uncertain tax positions of $1.0 million during fiscal year 2011. Interest and penalties were insignificant in fiscal years 2010 and 2009. The gross amount of interest and penalties accrued as of September 30, 2011 and 2010 was $568,000 and $1.7 million, respectively. Interest and penalties are recorded in the provision for income taxes in the statement of operations.

The Company has numerous tax audits in progress globally which could affect its unrecognized tax benefits. At this time, the Company cannot reasonably predict the outcomes of those audits or the impacts on its unrecognized tax benefits. The Company believes that it has adequately provided for any reasonably foreseeable outcomes related to the Company' s tax audits. However, there can be no assurances as to the possible outcomes. The Company' s United States federal income tax return is open to examination for the fiscal year ended September 30, 2008 and forward. Globally, the Company' s income tax returns are open to examination among various jurisdictions ranging from fiscal year ended September 30, 2005 and forward.

Note 9−Commitments and Contingencies

Leases

In March 2000, the Company entered into a facility lease agreement for approximately 716,000 square feet in four office buildings and an amenities building on Eleventh Avenue in Sunnyvale, California. The operating lease term commenced in January 2001 through April 2001 and ends in January 2013. The Company has abandoned this facility and currently subleases over three buildings, totaling 571,000 square feet, to third parties.

The majority of these subleases expire in January 2013. The remaining square feet is available for sublease. Minimum monthly lease payments are approximately $3.6 million and escalate annually, with the total future minimum lease payments amounting to $58.8 million over the remaining lease term. As part of this lease agreement, the Company is required to issue standby letters of credit, which are backed by cash equivalents totaling $28.8 million as of September 30, 2011, as a form of security through January 2013. Also, the Company is required by other agreements to hold an additional $540,000 in standby letters of credit and other guarantees, which are cash collateralized. These instruments are issued by one of the Company' s banks in lieu of a cash security deposit required by landlords for domestic and international real estate leases. The total cash collateral of $29.4 million is classified as restricted cash on the Company' s consolidated balance sheet as of September 30, 2011.

In February 2011, the Company entered into a facility lease agreement for approximately 86,000 square feet on Hermosa Court in Sunnyvale, California for its headquarters. The operating lease term commenced in May 2011 and ends in November 2021. The Company moved its headquarters into this facility in June 2011.

The Company occupies approximately 80,000 square feet of office space in Bangalore, India under leases that expire at various times through September 2014. This location consists principally of research and development activities.

The Company occupies 73,000 square feet of office space in Pittsburgh, Pennsylvania under a lease that expires in December 2017. The Company currently subleases approximately 18,000 square feet to a third party. This location consists principally of the Company' s customer support organization and administrative activities.

The Company occupies approximately 42,000 square feet of office space in Atlanta, Georgia under a lease that expires in June 2013. Operations at this location consist principally of the Company' s sales, certain executive management and support activities.

The Company leases certain equipment, software and its facilities under various non-cancelable operating leases with various expiration dates through 2017. Rental expense was $24.6 million, $24.6 million and $24.2 million for the years ended September 30, 2011, 2010 and 2009, respectively. This expense was reduced by sublease income of $13.3 million, $11.3 million and $10.5 million for the years ended September 30, 2011, 2010 and 2009, respectively.

Future minimum lease payments and sublease income under non-cancelable operating leases for the next five years and thereafter are as follows as of September 30, 2011 (in thousands):

Year Ending September 30,	Lease Payments	Contractual Sublease Income
2012	$54,644	$ 16,022
2013	24,941	5,383
2014	8,703	440
2015	7,529	440
2016	6,565	440
Thereafter	18,737	550
Total	$121,119	$ 23,275

Of the total operating lease commitments as of September 30, 2011 noted above, $59.6 million is for occupied properties and $61.5 million is for abandoned properties, which are a component of the restructuring obligation.

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Restructuring costs

The following table details accrued restructuring obligations and related activity for the three years ended September 30, 2011 (in thousands):

	Severance and Benefits	Lease Abandonment Costs	Asset Impairment	Total Restructuring Costs
Accrued restructuring obligations as of October 1, 2008	$660	$ 60,386	$ –	$ 61,046
Cash paid	(4,554)	(18,179)	–	(22,733)
Total charge to operating expense	3,256	6,813	88	10,157
Total charge to discontinued operations	680	–	–	680
Assets impairment applied to asset balances	–	–	(88)	(88)
Accrued restructuring obligations as of September 30, 2009	42	49,020	–	49,062
Cash paid	(42)	(17,072)	–	(17,114)
Total charge to operating expense	–	8,579	–	8,579
Accrued restructuring obligations as of September 30, 2010	–	40,527	–	40,527
Cash paid	–	(18,260)	–	(18,260)
Total charge to operating expense	–	7,436	3,268	10,704
Asset impairment applied to asset balances	–	–	(3,268)	(3,268)
Reclassification from deferred rent obligations	–	2,104	–	2,104
Accrued restructuring obligations as of September 30, 2011	$–	$ 31,807	$ –	$ 31,807
Less: current portion				23,461
Accrued restructuring obligations, less current portion				$ 8,346

Severance and benefits costs

Severance and benefits costs primarily include involuntary termination and health benefits, outplacement costs and payroll taxes for terminated personnel. The Company recorded a charge of $3.9 million for the year ended September 30, 2009 related to severance benefit costs in connection with workforce reductions in the current economic environment to better align its expenses with its revenues.

Lease abandonment and asset impairment costs

Lease abandonment costs incurred to date relate primarily to the abandonment of leased facilities in Sunnyvale, California and Pittsburgh, Pennsylvania.

In the year ended September 30, 2011, the Company moved its headquarters within Sunnyvale, California to Hermosa Court and abandoned its previous headquarters facility on Eleventh Avenue. As a result, the Company recorded $12.3 million of lease abandonment costs and $3.3 million of accelerated depreciation expense at the previous headquarters facility.

In the year ended September 30, 2011, the Company entered into the following sublease agreements, which resulted in a benefit to lease abandonment costs of $4.9 million: (i) approximately 45,000 square feet of space at the Company' s Sunnyvale, California Eleventh Avenue facility through January 2013; (ii) approximately 44,000 square feet of space at the Company' s Sunnyvale, California Eleventh Avenue facility through April 2012; and (iii) an amendment with Juniper Networks, Inc. ("Juniper"), the successor in interest to NetScreen Technologies, Inc. ("NetScreen"), to the sublease dated as of October 18, 2002 between the Company and NetScreen. Pursuant

to the amendment, Juniper agreed to lease approximately 86,000 square feet of additional space at the Company' s Sunnyvale, California Eleventh Avenue facility through January 2013. The Company' s Chief Executive Officer, Robert Calderoni, is also on the Board of Directors of Juniper.

In the year ended September 30, 2010, the Company revised its estimates for sublease commencement dates based on the remaining terms of the lease for the Sunnyvale, California Eleventh Avenue facility and continued soft market conditions in the Northern California real estate market, resulting in a charge of $8.6 million.

In the year ended September 30, 2009, the Company revised its estimates for sublease commencement dates and sublease rental rate projections to reflect continued soft market conditions in the Northern California real estate market, resulting in a charge of $6.8 million.

Total lease abandonment costs include lease liabilities offset by estimated sublease income. As of September 30, 2011, $31.8 million of lease abandonment costs remain accrued and are expected to be paid by fiscal year 2013. The Company' s lease abandonment accrual is net of $23.3 million of sublease income.

Other arrangements

Other than the obligations identified above, the Company does not have commercial commitments under lines of credit, standby repurchase obligations or other such debt arrangements. The Company has no other off-balance sheet arrangements or transactions with unconsolidated limited purpose entities, nor does it have any undisclosed material transactions or commitments involving related persons or entities. The Company does not have any material non-cancelable purchase commitments as of September 30, 2011.

Litigation and other proceedings

Patent litigation

In June 2011, two of the Company' s subsidiaries, Quadrem International Ltd. ("QIL") and Quadrem Netherlands, B.V. ("QNBV"), were sued for patent infringement in the United States District Court for the Southern District of Texas. The former ultimate parent holding company of QIL and QNBV was also named as a defendant in the suit. At least 17 other entities were named as defendants in the suit. In August 2011, QIL and QNBV reached a settlement with plaintiff, which was not material to the consolidated financial statements, and the matter has been dismissed.

In December 2010, the Company' s subsidiary, Quadrem U.S., Inc. ("Quadrem U.S."), was sued for patent infringement in the United States District Court for the Middle District of Pennsylvania. At least 10 other defendants were named as defendants in the suit. In October 2011, Quadrem U.S. was dismissed from the case.

General

From time to time, the Company is involved in a variety of claims, suits, investigations, and proceedings arising from the ordinary course of its business, including actions with respect to intellectual property claims, government investigations, labor and employment claims, breach of contract claims, tax, and other matters. Regardless of the outcome, these proceedings can have an adverse impact on the Company because of defense costs, diversion of management resources, and other factors. In addition, it is possible that an unfavorable resolution of one or more such proceedings could in the future materially and adversely affect our financial position, results of operations, and cash flows in a particular period or subject the Company to an injunction that could seriously harm its business. See the risk factors "Litigation Could Seriously Harm Our Business," "We May be Sued by Third Parties for Alleged Infringement of Their Proprietary Rights," "If the Protection of Our Intellectual Property Is Inadequate, Our Competitors May Gain Access to Our Technology, and We May Lose Customers" and "We Could Be Subject to Potential Claims Related to Our On-Demand Solutions, As Well As Our Supplier Networks," in the Risk Factors section of Part II, Item 1A of this Quarterly Report on Form 10-Q.

Litigation benefit and insurance reimbursement

During the year ended September 30, 2010, the Company received $7.0 million in satisfaction of a court judgment, which was recorded in income.

During the year ended September 30, 2009, the Company recorded $7.5 million of income related to an insurance reimbursement for previously unreimbursed litigation costs.

Indemnification

The Company sells software licenses, access to its on-demand offerings and/or services to its customers under various different contracts (collectively, "Software License and Service Agreements," or "SLSA"). Each SLSA contains the relevant terms of the contractual arrangement with the customer, and may include provisions for indemnifying the customer against losses, expenses and liabilities from damages that may be incurred by or awarded against the customer in the event the Company' s software or services are found to infringe upon a patent, copyright, trade secret, trademark or other proprietary right of a third party. The SLSA generally limits the scope of remedies for such included indemnification obligations in a variety of industry-standard respects, including but not limited to certain product usage limitations and geography-based scope limitations, and a right to replace an infringing product or service or modify them to make them non-infringing. If the Company cannot address the infringement by replacing the product or service, or modifying the product or service, the Company may be allowed to cancel the license or service and return certain of the fees paid by the customer.

Note 10−Segment Information

The Company' s chief operating decision-maker currently reviews financial information presented on a consolidated basis, accompanied by disaggregated information about revenues for purposes of allocating resources and evaluating financial performance. Accordingly, management considers the Company to have a single operating segment, compared to the prior year periods presented below where three operating segments were reportable. The prior year information below is presented on a basis consistent with the determination of one operating segment in the current year. Management evaluates performance based on several factors including revenues and operating income. The results are based on the Company' s method of internal reporting, which may not allocate income and expenses (such as amortization of intangible assets, stock-based compensation and other items included in the table below) that management does not believe are indicative of the ongoing operating performance of the Company, and are not necessarily in conformity with GAAP.

The table below reconciles the measure of operating income reported to the Company' s chief operating decision-maker (referred to as the segment operating result) to the Company' s (loss) income from continuing operations before income taxes (in thousands):

	Year Ended September 30,		
	2011	2010	2009
Segment operating result	$79,536	$65,600	$59,002
Amortization of intangible assets	(12,912)	(4,506)	(6,050)
Stock-based compensation	(57,875)	(46,831)	(32,653)
Transaction costs	(2,471)	(663)	−
Tax accrual reversal	−	3,089	−
Litigation benefit	−	7,000	−
Restructuring costs	(10,704)	(8,579)	(10,157)
Other-than-temporary decline in long-term investment	−	−	(1,414)
Purchase accounting adjustment to revenues	−	−	(355)
Operating (loss) income	$(4,426)	$15,110	$8,373
Interest and other income (expense), net	2,039	(617)	(5,613)
(Loss) income from continuing operations before income taxes	$(2,387)	$14,493	$2,760

Network revenues consist of network-related software access and transaction fees. Subscription software application revenues consist mainly of software access subscription fees. Maintenance revenues consist primarily of Ariba Buyer and Ariba Sourcing product maintenance fees. Services and other revenues consist of fees for implementation services, consulting services, training, education, premium support, and other miscellaneous items. Revenues by similar product and service groups are as follows (in thousands):

	Year Ended September 30,		
	2011	2010	2009
Network revenues	$119,747	$40,995	$32,197
Subscription software application revenues	155,951	132,965	119,008
Total subscription software revenues	$275,698	$173,960	$151,205
Maintenance revenues	59,426	66,829	71,001
Services and other revenues	108,721	79,610	63,499
Total revenues	$443,845	$320,399	$285,705

The Company markets its products in the United States and in foreign countries through its direct sales force and indirect sales channels. Revenues are attributed to countries based on the location of the Company' s customers, with some internal reallocation for multi-national customers. Revenue by geographic area is as follows (in thousands):

	Year Ended September 30,		
	2011	2010	2009
North America	$275,992	$230,920	$200,902
EMEA	91,544	67,878	67,925
Rest of World	76,309	21,601	16,878
Total revenues	$443,845	$320,399	$285,705

Long-lived assets by geographic area are as follows (in thousands):

	September 30,	
	2011	2010
Long-lived assets:		
United States	$29,185	$14,633
International	3,621	1,325
Total	$32,806	$15,958

Note 11−Stockholders' Equity

1999 Equity Incentive Plan

The Company' s Board of Directors approved the 1999 Equity Incentive Plan (the "Incentive Plan") on April 20, 1999. The Incentive Plan was amended on October 4, 2001, March 11, 2009 and December 3, 2010. Any shares not issued under the Company' s 1996 Stock Plan (the "1996 Stock Plan") and any shares repurchased pursuant to the 1996 Stock Plan will also be available for grant under the Incentive Plan. The number of shares reserved under the Incentive Plan automatically increased on January 1 of each year until 2005 by the lesser of 3.3 million shares or 5% of the total number of shares of common stock outstanding on that date and was increased by 5.3 million shares on March 11, 2009. Under the Incentive Plan, eligible employees, outside directors and consultants may be granted stock options, stock appreciation rights, restricted shares or stock units. The exercise price for incentive stock options and nonstatutory options may not be less than 100% and 85%, respectively, of the fair value of common stock at the option grant date. As of September 30, 2011, 11.9 million shares are available for grant under the Incentive Plan (including shares transferred from the 1996 Stock Plan since September 22, 1999). As of September 30, 2011, there were 261,000 shares outstanding in connection with options granted under the Incentive Plan, including shares transferred from the 1996 Stock Plan since September 22, 1999.

Employee Stock Purchase Plan

The Company' s Board of Directors adopted the Employee Stock Purchase Plan (the "Purchase Plan") on April 20, 1999. The Purchase Plan was amended on August 1, 2006 and on March 11, 2009. Under the Purchase Plan, eligible employees may purchase common stock in an amount not to exceed 1,000 shares per period. The purchase price per share equals 85% of the common stock' s fair value at the end of the defined purchase period. As of September 30, 2011, there have been 6.0 million shares issued under the Purchase Plan and 1.1 million shares are available for future issuance.

FreeMarkets Stock Plans

On July 1, 2004, the Company assumed the FreeMarkets, Inc. Second Amended and Restated Stock Incentive Plan and Broad Based Equity Incentive Plan (the "FreeMarkets Plans"). The FreeMarkets Plans were not approved by the Company' s stockholders. On October 11, 2007, the Compensation Committee of the Board of Directors of the Company amended and restated the Second Amended and Restated Stock Incentive Plan. This Third Amended and Restated Stock Incentive Plan provides for the grant of stock units representing the equivalent of shares of Ariba' s common stock, the grant of incentive stock options to employees at prices not less than 100% of the fair market value of the common stock on the date of grant and for the grant of nonstatutory stock options to employees, consultants, advisers and outside directors at a price determined by the Board of Directors. The Broad Based Equity Incentive Plan provides for the grant of nonstatutory stock options to employees (other than officers), consultants and advisers at a price determined by the Board of Directors. Options expire not later than ten years from the date of grant. As of September 30, 2011, there were 70,000 shares outstanding in connection with options granted under the FreeMarkets Plans.

A summary of the activity related to the Company' s restricted common stock is presented below for the years ended September 30, 2011, 2010 and 2009:

	Number of Shares	Weighted-Average Grant Date Fair Value
Nonvested at October 1, 2008	6,634,493	$ 10.47
Granted	2,387,997	9.18
Vested	(3,452,430)	10.41
Forfeited	(324,472)	10.65
Nonvested at September 30, 2009	5,245,588	9.90
Granted	4,342,768	12.17
Vested	(3,128,145)	10.16
Forfeited	(252,611)	11.14
Nonvested at September 30, 2010	6,207,600	11.32
Granted	3,609,550	23.41
Vested	(3,575,850)	11.62
Forfeited	(282,742)	15.48
Nonvested at September 30, 2011	5,958,558	$ 18.26

The fair value of stock awards vested was $82.9 million, $37.5 million and $29.2 million for the years ended September 30, 2011, 2010 and 2009, respectively.

The nonvested shares roll forward presented above includes the restricted stock units granted in the years ended September 30, 2011 and 2010. See "Stock-based compensation" in Note 1.

A summary of the activity related to the Company' s stock options is presented below for the years ended September 30, 2011, 2010 and 2009:

	Number of Options	Weighted-Average Exercise Price
Outstanding at October 1, 2008	814,951	$15.00
Exercised	(172,396)	5.36
Forfeited	(58,900)	23.32
Outstanding at September 30, 2009	583,655	16.95
Exercised	(34,566)	9.56
Forfeited	(24,459)	140.40
Outstanding at September 30, 2010	524,630	11.61
Exercised	(147,823)	13.01
Forfeited	(15,769)	49.81
Outstanding at September 30, 2011	361,038	9.14
Exercisable at September 30, 2011	361,038	$9.14

The total intrinsic value of options outstanding and exercisable as of September 30, 2011 was $6.0 million. The total intrinsic value represents the total pretax intrinsic value (the difference between the Company' s closing stock price on the last trading day of the fourth quarter of fiscal 2011 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on September 30, 2011. This amount changes based on the fair market value of the Company' s stock. The total intrinsic value of options exercised for the years ended September 30, 2011, 2010 and 2009 was $339,000, $198,000 and $532,000, respectively. The range of exercise prices and weighted average remaining contractual life for the options outstanding and exercisable is $5.57 to $39.66 and 2.6 years, respectively.

Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss as of September 30, 2011 and 2010 are as follows (in thousands):

	September 30, 2011	September 30, 2010
Foreign currency translation adjustments	$ (1,167)	$ 350
Unrealized loss on securities, net	(2,229)	(2,229)
Accumulated other comprehensive loss	$ (3,396)	$ (1,879)

The income tax effects related to foreign currently translation adjustments and unrealized gains and losses on securities are not material.

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Note 12−Net Income (Loss) Per Share

The following table presents the calculation of basic and diluted net income (loss) per share (in thousands, except per share data):

	Year Ended September 30,		
	2011	2010	2009
(Loss) income from continuing operations	$(2,983)	$13,225	$1,656
Discontinued operations, net of tax	36,240	3,161	6,537
Net income	$33,257	$16,386	$8,193
Weighted-average common shares−basic	91,212	86,617	82,733
Add: Effect of dilutive securities	−	2,604	2,691
Weighted-average common shares−diluted	91,212	89,221	85,424
(Loss) income from continuing operations	$(0.03)	$0.15	$0.02
Discontinued operations, net of tax	0.39	0.04	0.08
Net income per common share−basic	$0.36	$0.19	$0.10
(Loss) income from continuing operations	$(0.03)	$0.15	$0.02
Discontinued operations, net of tax	0.39	0.03	0.08
Net income per common share−diluted	$0.36	$0.18	$0.10

Diluted income per share is computed by dividing income by the weighted-average number of shares of common stock outstanding during the period increased to include the number of additional shares of common stock that would have been outstanding if the potentially dilutive securities had been issued. Potentially dilutive securities include outstanding options, shares to be purchased under the employee stock purchase plan and unvested restricted common stock. The dilutive effect of potentially dilutive securities is reflected in diluted earnings per common share by application of the treasury share method. For the year ended September 30, 2011, the Company excluded approximately 3.6 million of potentially dilutive shares because their effect was anti-dilutive due to the loss from continuing operations recognized in this period.

The Company has concluded that the unvested restricted common stock subject to performance milestones will only be included in basic earnings per share when the underlying shares are issuable to the respective employees. However, if all necessary conditions have not been satisfied by the end of the reporting period, the number of the unvested restricted common stock included in diluted earnings per share shall be based on the number of shares, if any, that would be issuable if the end of the reporting period were the end of the contingency period and if the result would be dilutive.

Note 13−401(k) Savings Plan

Company employees in the United States can participate in the Ariba, Inc. Employees' 401(k) Savings Plan. Participants can generally contribute up to 100% of their eligible compensation annually as defined by the plan document, subject to the section 402(g) limit as defined by the IRS. The Company made a discretionary contribution in the form of common stock with a value of $4.5 million, $4.0 million and $3.4 million in the years ended September 30, 2011, 2010 and 2009, respectively.

Note 14−Selected Quarterly Financial Data (unaudited)

	Fiscal Year 2011 For the Quarter Ended			
	Sept. 30, 2011	June 30, 2011	March 31, 2011	Dec. 31, 2010
	(In thousands, except per share amounts)			
Total revenues	$122,743	$121,917	$108,765	$90,420
Gross profit	77,429	76,182	68,793	59,798
Income (loss) from continuing operations (1)	2,407	(12,283)	(1,591)	8,484
Total discontinued operations	684	349	1,592	33,615
Net income (loss) (1)(2)	3,091	(11,934)	1	42,099
Basic earnings per share (3):				
Income (loss) from continuing operations	$0.02	$(0.13)	$(0.02)	$0.09
Discontinued operations, net of tax	0.01	0.00	0.02	0.38
Net income (loss) per share−basic	$0.03	$(0.13)	$0.00	$0.47
Diluted earnings per share (3):				
Income (loss) from continuing operations	$0.02	$(0.13)	$(0.02)	$0.09
Discontinued operations, net of tax	0.01	0.00	0.02	0.36
Net income (loss) per share−diluted	$0.03	$(0.13)	$0.00	$0.45
(1) Includes the following:				
Restructuring costs (benefit)	$−	$13,396	$231	$(2,923)
Transaction costs	−	−	1,481	990
(2) Includes the following:				
Tax accrual reversal	$−	$−	$−	$(3,942)

(3) Earnings per share amounts for each quarter are computed using the weighted average number of shares outstanding during the quarter and earnings per share amounts for the full year are computed using the weighted average number of shares outstanding during the year. Therefore, the sum of earnings per share each quarter may not equal the full year amount.

	Fiscal Year 2010 For the Quarter Ended			
	Sept. 30, 2010	June 30, 2010	March 31, 2010	Dec. 31, 2009
	(In thousands, except per share amounts)			
Total revenues	$84,893	$83,006	$77,308	$75,192
Gross profit	56,741	54,254	50,433	48,743
Income from continuing operations (1)	3,491	3,650	5,035	1,049
Total discontinued operations	645	624	716	1,176
Net income (1)	4,136	4,274	5,751	2,225
Basic earnings per share (2):				
Income from continuing operations	$0.04	$0.04	$0.06	$0.01
Discontinued operations, net of tax	0.01	0.01	0.01	0.02
Net income per share−basic	$0.05	$0.05	$0.07	$0.03
Diluted earnings per share (2):				
Income from continuing operations	$0.04	$0.04	$0.06	$0.01
Discontinued operations, net of tax	0.01	0.01	0.01	0.02
Net income per share−diluted	$0.05	$0.05	$0.07	$0.03

(1) Includes the following:				
Litigation benefit	$−	$−	$(7,000)	$−
Restructuring costs	−	−	8,579	−
Tax accrual reversal	−	−	(3,089)	−
Transaction costs	663	−	−	−

(2) Earnings per share amounts for each quarter are computed using the weighted average number of shares outstanding during the quarter and earnings per share amounts for the full year are computed using the weighted average number of shares outstanding during the year. Therefore, the sum of earnings per share each quarter may not equal the full year amount.

Note 15−Subsequent Event

On October 19, 2011, the Company acquired b-process, one of the largest e-invoice networks in Europe, for approximately 35 million in cash, a portion of which was deposited in escrow to satisfy potential indemnification claims. The acquisition will give the Company' s customers a wider geographic offering of e-invoice solutions. At the date of issuance of these consolidated financial statements, the initial accounting for this business combination was not complete. As a result, certain disclosures within the guidance for accounting for business combinations have not been provided.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report on Form 10-K, we carried out an evaluation under the supervision and with the participation of our Disclosure Committee and our management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Disclosure controls and procedures are procedures that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act, such as this Form 10-K, is recorded, processed, summarized and reported within the time periods specified by the SEC. Disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

The evaluation of our disclosure controls and procedures included a review of their objectives and design, our implementation of them and their effect on the information generated for use in this Form 10-K. In the course of the controls evaluation, we reviewed any data errors or control problems that we had identified and sought to confirm that appropriate corrective actions, including process improvements, were being undertaken. This type of evaluation is performed on a quarterly basis so that the conclusions of management, including our Chief Executive Officer and Chief Financial Officer, concerning the effectiveness of the disclosure controls can be reported in our periodic reports on Form 10-K and Form 10-Q. Many of the components of our disclosure controls and procedures are also evaluated on an ongoing basis by both our internal audit and finance organizations. The overall goals of these various evaluation activities are to monitor our disclosure controls and procedures and to modify them as necessary. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Management' s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of September 30, 2011 based on the guidelines established in *Internal Control–Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Our internal control over financial reporting includes policies and procedures designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with United States generally accepted accounting principles.

The business of Quadrem International Holdings, Ltd. ("Quadrem") has been excluded from management' s assessment of internal control over financial reporting as of September 30, 2011 because it was acquired on January 27, 2011. Quadrem is a 100% owned subsidiary whose total assets and total revenues represent approximately 12% and 15%, respectively, of the related consolidated financial statement amounts as of and for the year ended September 30, 2011.

Based on the results of our evaluation, our management concluded that our internal control over financial reporting was effective as of September 30, 2011. The Company’ s independent registered public accounting firm that audited the financial statements included in this Annual Report issued an attestation report on the Company’ s internal control over financial reporting, included on page 86 of this Form 10-K.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company’ s internal control over financial reporting.

Management Certifications

The certifications of our Chief Executive Officer and Chief Financial Officer required in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 are attached as exhibits to this Annual Report on Form 10-K.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, do not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Ariba, Inc.

We have audited Ariba, Inc.' s and subsidiaries' internal control over financial reporting as of September 30, 2011, based on criteria established in Internal Control−Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Ariba, Inc.' s and subsidiaries' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying "Management' s Report on Internal Control over Financial Reporting." Our responsibility is to express an opinion on the company' s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company' s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company' s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company' s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying "Management' s Report on Internal Control over Financial Reporting," management' s assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of the business of Quadrem International Holdings, Ltd. ("Quadrem"), which is included in the September 30, 2011 consolidated financial statements of Ariba, Inc. and subsidiaries and constituted approximately 12% and 15% of consolidated assets and revenues, respectively, as of and for the year ended September 30, 2011. Our audit of internal control over financial reporting of Ariba, Inc. and subsidiaries also did not include an evaluation of the internal control over financial reporting of Quadrem.

In our opinion, Ariba, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of September 30, 2011, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Ariba, Inc. and subsidiaries as of September 30, 2011 and 2010, and the related consolidated statements of operations and comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended September 30, 2011 of Ariba, Inc. and subsidiaries and our report dated November 10, 2011 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Pittsburgh, Pennsylvania
November 10, 2011

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information concerning our executive officers required by this Item is incorporated by reference herein to the section entitled "Executive Officers of the Registrant" in Part I, Item 1 of this Form 10-K. The information concerning our directors, compliance with Section 16(a) of the Securities Exchange Act of 1934, as amended, code of ethics and corporate governance required by this Item are incorporated herein by reference to information contained in sections of the Proxy Statement for our 2012 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of our fiscal year ended September 30, 2011 (the "2012 Proxy Statement") entitled "Proposal No. 1−Election of Directors," "Corporate Governance" and "Section 16(a) Beneficial Ownership Reporting Compliance."

ITEM 11. EXECUTIVE COMPENSATION

See the information set forth in the section entitled "Executive Compensation and Related Information" in the 2012 Proxy Statement, which is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

See the information set forth in Part I, Item 5 of this Form 10-K and the section entitled "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" in the 2012 Proxy Statement, which is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

See the information set forth in the section entitled "Related Person Disclosure" and "Corporate Governance" in the 2012 Proxy Statement, which is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

See the information set forth in the section entitled "Ratification of Appointment of Independent Registered Public Accounting Firm" in the 2012 Proxy Statement, which is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1. FINANCIAL STATEMENTS

See Item 8 of this Form 10-K.

2. FINANCIAL STATEMENT SCHEDULES

Schedules have been omitted since they are either not required, not applicable, or the information has otherwise been included.

3. EXHIBITS

The exhibits listed below in the accompanying "Exhibit Index" are filed as part of, or incorporated by reference into, this Form 10-K.

Exhibit No.	Description
2.4	Asset Purchase and Sale Agreement, dated October 5, 2010, by and between the Registrant and Accenture LLP and Accenture Global Services Limited (which is incorporated herein by reference to Exhibit 2.4 of the Registrant' s Form 10-K dated November 23, 2010).
2.5	Stock Purchase Agreement, dated November 18, 2010, among the Registrant, Quadrem International Holdings, Ltd. and Charlotte, Ltd., as stockholders' representative (which is incorporated herein by reference to Exhibit 2.5 of the Registrant' s Form 10-Q dated February 3, 2011).
3.1	Amended and Restated Certificate of Incorporation of the Registrant including all amendments to date (which is incorporated herein by reference to Exhibit 3.1 to the Registrant' s Form 10-K dated December 29, 2000).
3.2	Amended and Restated Bylaws of the Registrant (which are incorporated herein by reference to Exhibit 3.2 to the Registrant' s Form 8-K filed on March 16, 2009).
4.2	Specimen Certificate of the Registrant' s common stock (which is incorporated herein by reference to Exhibit 4.2 to the Registrant' s Form S-1 Registration No. 333-76953).
10.1	Form of Indemnification Agreement entered into between the Registrant and its directors and executive officers (which is incorporated herein by reference to Exhibit 10.1 to the Registrant' s Form S-1 Registration No. 333-76953).
10.2‡	1999 Equity Incentive Plan, as amended and restated effective December 3, 2010 (which is incorporated herein by reference to Exhibit 99.1 to the Registrant' s Form S-8 dated February 16, 2011).
10.3‡	Employee Stock Purchase Plan, as amended and restated effective February 1, 2009.
10.4‡	Third Amended and Restated Stock Incentive Plan of FreeMarkets, Inc. (which is incorporated herein by reference to Exhibit 10.10 to the Registrant' s Form 10-K dated November 15, 2007).
10.5‡	2001 Broad Based Equity Incentive Plan of FreeMarkets, Inc. (which is incorporated herein by reference to Exhibit 10.5 to the Registrant' s Form 10-K dated November 23, 2010).
10.6	Lease Agreement, dated March 15, 2000, by and between Moffett Park Drive LLC and the Registrant (which is incorporated herein by reference to Exhibit 10.10 to the Registrant' s Form 10-Q dated May 15, 2000).

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Exhibit No.	Description
10.7	First Amendment to Lease, dated as of January 12, 2001, by and between Moffett Park Drive LLC and the Registrant (which is incorporated herein by reference to Exhibit 10.7 to the Registrant' s Form 10-K dated November 25, 2009).
10.8	Second Amendment to Lease, dated as of October 31, 2002, by and between Moffett Park Drive LLC and the Registrant (which is incorporated herein by reference to Exhibit 10.8 to the Registrant' s Form 10-K dated November 25, 2009).
10.9	Third Amendment to Lease, dated as of October 25, 2004, by and between Moffett Park Drive LLC and the Registrant (which is incorporated herein by reference to Exhibit 10.7 to the Registrant' s Form 10-Q dated February 9, 2005).
10.10	Fourth Amendment to Lease, dated as of July 6, 2007, by and between Moffett Park Drive LLC and the Registrant (which is incorporated herein by reference to Exhibit 10.10 to the Registrant' s Form 10-K dated November 25, 2009).
10.11	Letter, dated as of September 11, 2000, by and between Moffett Park Drive LLC and the Registrant re: Moffett Park Drive LLC/Ariba/Tenant Improvements (which is incorporated herein by reference to Exhibit 10.11 to the Registrant' s Form 10-K dated November 25, 2009).
10.12	Lease Agreement, dated October 21, 1998, by and between FreeMarkets, Inc. and One Oliver Associates Limited Partnership (which is incorporated herein by reference to Exhibit 10.12 to the Registrant' s Form 10-K dated November 23, 2010).
10.13	First Amendment to Lease, dated March 30, 1999, by and between FreeMarkets, Inc. and One Oliver Associates Limited Partnership (which is incorporated herein by reference to Exhibit 10.13 to the Registrant' s Form 10-K dated November 23, 2010).
10.14	Second Amendment to Lease, dated September 1999, by and between FreeMarkets, Inc. and One Oliver Associates Limited Partnership (which is incorporated herein by reference to Exhibit 10.14 to the Registrant' s Form 10-K dated November 23, 2010).
10.15	Third Amendment to Lease, dated March 2000, by and between FreeMarkets, Inc. and One Oliver Associates Limited Partnership (which is incorporated herein by reference to Exhibit 10.15 to the Registrant' s Form 10-K dated November 23, 2010).
10.16	Fourth Amendment to Lease, dated July 10, 2002, by and between FreeMarkets, Inc. and One Oliver Associates Limited Partnership (which is incorporated herein by reference to Exhibit 10.16 to the Registrant' s Form 10-K dated November 25, 2009).
10.17	Fifth Amendment to Lease, dated October 31, 2004, by and between Ariba, Inc. and One Oliver Associates Limited Partnership (which is incorporated herein by reference to Exhibit 10.17 to the Registrant' s Form 10-K dated November 25, 2009).
10.18	Sixth Amendment to Lease by and between One Oliver Associates L.P. and the Registrant, effective as of January 1, 2007 (which is incorporated herein by reference to Exhibit 10.38 to the Registrant' s Form 8-K dated February 20, 2007).
10.19	Sublease, dated October 18, 2002, by and between Netscreen Technologies, Inc. and the Registrant (which is incorporated herein by reference to Exhibit 10.35 to the Registrant' s Form 10-Q dated April 10, 2003).
10.20	First Amendment to Sublease, dated as of June 15, 2007, by and between Juniper Networks, Inc. and the Registrant (which is incorporated herein by reference to Exhibit 10.45 to the Registrant' s Form 10-Q dated August 8, 2007).

10.21	Letter Agreement, dated April 9, 2008, by and between Juniper Networks, Inc. and the Registrant (which is incorporated herein by reference to Exhibit 10.21 to the Registrant' s Form 10-K dated November 25, 2009).

Exhibit No.	Description
10.22	Letter Agreement, dated November 9, 2007, by and between Juniper Networks, Inc. and the Registrant (which is incorporated herein by reference to Exhibit 10.22 to the Registrant' s Form 10-K dated November 25, 2009).
10.23	Consent to Sublease, dated as of October 25, 2004, by and between Moffett Park Drive LLC, Motorola, Inc. and the Registrant (which is incorporated herein by reference to Exhibit 10.8 to the Registrant' s Form 10-Q dated February 9, 2005).
10.24	Second Amendment to and Restatement of Sublease, dated as of October 21, 2004, by and between Motorola, Inc. and the Registrant (which is incorporated herein by reference to Exhibit 10.11 to the Registrant' s Form 10-Q dated February 9, 2005).
10.25	Third Amendment of Sublease, dated as of March 31, 2008, by and between Motorola, Inc. and the Registrant (which is incorporated herein by reference to Exhibit 10.25 to the Registrant' s Form 10-K dated November 25, 2009).
10.26	Settlement and License Agreement, effective as of January 19, 2008, by and between Sky Technologies, LLC, Ariba, Inc. and Procuri, Inc. (which is incorporated herein by reference to Exhibit 10.40 to Ariba, Inc.' s Form 8-K dated January 24, 2008).
10.27‡	Offer Letter, dated November 22, 2000, by and between the Registrant and Robert M. Calderoni (which is incorporated herein by reference to Exhibit 10.17 to Registrant' s Form 10-Q dated February 14, 2001).
10.28‡	Amendment to Offer Letter, dated July 18, 2001, by and between Registrant and Robert M. Calderoni (which is incorporated herein by reference to Exhibit 10.18 to the Registrant' s Form 10-K/A dated December 31, 2001).
10.29‡	Offer Letter, dated April 10, 2002, by and between the Registrant and Kevin Costello (which is incorporated herein by reference to Exhibit 10.29 to the Registrant' s Form 10-Q dated August 14, 2002).
10.30‡	Ariba, Inc.−Compensation Program for Non-Employee Directors, as amended and restated effective October 1, 2011.
10.31‡	Employment Agreement, dated July 21, 2008, by and between the Registrant and Ahmed Rubaie (which is incorporated herein by reference to Exhibit 10.53 to Ariba, Inc.' s Form 10-Q dated August 6, 2008).
10.32‡	Amendment to Employment Agreement, dated July 21, 2008, by and between the Registrant and Ahmed Rubaie (which is incorporated herein by reference to Exhibit 10.1 to Ariba, Inc.' s Form 8-K dated October 16, 2008).
10.33‡†	Amended and Restated Severance Agreement, dated August 25, 2008, by and between the Registrant and Robert M. Calderoni (which is incorporated herein by reference to Exhibit 10.39 to the Registrant' s Form 10-K dated November 18, 2008).
10.34‡†	Amended and Restated Severance Agreement, dated September 5, 2008, by and between the Registrant and Kevin Costello (which is incorporated herein by reference to Exhibit 10.40 to the Registrant' s Form 10-K dated November 18, 2008).
10.35‡†	Amended and Restated Employment Agreement, dated August 15, 2008, by and between the Registrant and Kent Parker (which is incorporated herein by reference to Exhibit 10.41 to the Registrant' s Form 10-K dated November 18, 2008).
10.36‡	Ariba Bonus Plan−Executive Officers, adopted on December 22, 2008 (which is incorporated herein by reference to Exhibit 10.42 to Ariba, Inc.' s Form 10-Q dated February 6, 2009).

Exhibit No.	Description
10.37‡†	Ariba, Inc. 1999 Equity Incentive Plan: Notice of Stock Unit Award and Agreement (FY 2009 Performance Stock Units), by and between Ariba, Inc. and Ahmed Rubaie (which is incorporated herein by reference to Exhibit 10.43 to Ariba, Inc.' s Form 10-Q dated February 6, 2009).
10.38‡†	Ariba, Inc.: 1999 Equity Incentive Plan: Notice of Stock Unit Award and Agreement (FY 2009 Performance Stock Units), by and between Ariba, Inc. and Kent Parker (which is incorporated herein by reference to Exhibit 10.44 to Ariba, Inc.' s Form 10-Q dated February 6, 2009).
10.39‡†	Ariba, Inc. 1999 Equity Incentive Plan: Notice of Stock Unit Award and Agreement (FY 2009 Performance Stock Units), by and between Ariba, Inc. and Kevin Costello (which is incorporated herein by reference to Exhibit 10.45 to Ariba, Inc.' s Form 10-Q dated February 6, 2009).
10.40‡†	Ariba, Inc. 1999 Equity Incentive Plan: Notice of Stock Unit Award and Agreement (FY 2009 Performance Stock Units), by and between Ariba, Inc. and Robert Calderoni (which is incorporated herein by reference to Exhibit 10.46 to Ariba, Inc.' s Form 10-Q dated February 6, 2009).
10.41‡†	Ariba, Inc. 1999 Equity Incentive Plan: Notice of Stock Unit Award and Agreement (FY 2010 Performance Stock Units), by and between Ariba, Inc. and Ahmed Rubaie (which is incorporated herein by reference to Exhibit 10.41 to the Registrant' s Form 10-Q dated February 5, 2010).
10.42‡†	Ariba, Inc.: 1999 Equity Incentive Plan: Notice of Stock Unit Award and Agreement (FY 2010 Performance Stock Units), by and between Ariba, Inc. and Kent Parker (which is incorporated herein by reference to Exhibit 10.42 to the Registrant' s Form 10-Q dated February 5, 2010).
10.43‡†	Ariba, Inc. 1999 Equity Incentive Plan: Notice of Stock Unit Award and Agreement (FY 2010 Performance Stock Units), by and between Ariba, Inc. and Kevin Costello (which is incorporated herein by reference to Exhibit 10.43 to the Registrant' s Form 10-Q dated February 5, 2010).
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10.46‡†	Ariba, Inc. 1999 Equity Incentive Plan: Notice of Stock Unit Award and Agreement (FY 2011 Performance Stock Units), by and between Ariba, Inc. and Ahmed Rubaie (which is incorporated herein by reference to Exhibit 10.46 to the Registrant' s Form 10-Q dated February 23, 2011).
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10.48‡†	Ariba, Inc. 1999 Equity Incentive Plan: Notice of Stock Unit Award and Agreement (FY 2011 Performance Stock Units), by and between Ariba, Inc. and Kevin Costello (which is incorporated herein by reference to Exhibit 10.48 to the Registrant' s Form 10-Q dated February 23, 2011).
10.49‡†	Ariba, Inc. 1999 Equity Incentive Plan: Notice of Stock Unit Award and Agreement (FY 2011 Performance Stock Units), by and between Ariba, Inc. and Robert Calderoni (which is incorporated herein by reference to Exhibit 10.49 to the Registrant' s Form 10-Q dated February 23, 2011).
10.50	Lease Agreement Between W2005 RPS Realty, LLC and Ariba, Inc, as Tenant, dated January 6, 2011 (which is incorporated herein by reference to Exhibit 10.50 to the Registrant' s Form 10-Q dated May 6, 2011).

Exhibit No.	Description
10.51	Fourth Amendment to Sublease, dated as of March 1, 2011, By and Between Ariba, Inc. and Motorola Mobility, Inc. (which is incorporated herein by reference to Exhibit 10.50 to the Registrant' s Form 10-Q dated May 6, 2011).
10.52‡	Employment and Transition Agreement, dated as of October 25, 2011, By and Between Ariba, Inc. and Robert M. Calderoni (which is incorporated herein by reference to Exhibit 10.1 to the Registrant' s Form 8-K dated October 27, 2011).
10.53‡	Retention Benefit Agreement, dated as of October 25, 2011, By and Between Ariba, Inc. and Robert M. Calderoni (which is incorporated herein by reference to Exhibit 10.2 to the Registrant' s Form 8-K dated October 27, 2011).
14.1	Code of Business Conduct (which is incorporated herein by reference to Exhibit 14.1 to the Registrant' s Form 10-K dated December 1, 2006).
21.1	Subsidiaries.
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
24.1	Power of Attorney (incorporated by reference to the signature page of this Form 10-K).
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a) or 15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a) or 15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive Data Files pursuant to Rule 405 of Regulation S-T (XBRL).

‡ Management contract or compensatory plan or arrangement.

† A request for confidential treatment has been filed with respect to certain portions of this exhibit. Omitted portions have been filed separately with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Form 10-K to be signed on its behalf by the undersigned thereunto duly authorized on November 10, 2011.

ARIBA, INC.

By: /s/ AHMED RUBAIE

Ahmed Rubaie
Executive Vice President and
Chief Financial Officer
(Principal Financial and Accounting Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Robert M. Calderoni and Ahmed Rubaie, and each of them, his true and lawful attorneys-in-fact, each with the power of substitution, for him in any and all capacities, to sign any amendments to this Report on Form 10-K, and to file the same, with Exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/S/ ROBERT M. CALDERONI **Robert M. Calderoni**	Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	November 10, 2011
/S/ AHMED RUBAIE **Ahmed Rubaie**	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	November 10, 2011
/S/ HARRIET EDELMAN **Harriet Edelman**	Director	November 10, 2011
/S/ ROBERT D. JOHNSON **Robert D. Johnson**	Director	November 10, 2011
/S/ RICHARD A. KASHNOW **Richard Kashnow**	Director	November 10, 2011
/S/ ROBERT E. KNOWLING, JR. **Robert E. Knowling, Jr.**	Director	November 10, 2011
/S/ THOMAS F. MONAHAN **Thomas F. Monahan**	Director	November 10, 2011
/S/ KARL E. NEWKIRK **Karl E. Newkirk**	Director	November 10, 2011
/S/ RICHARD F. WALLMAN	Director	November 10, 2011

Richard F. Wallman

EXHIBIT INDEX

Exhibit No.	Description
2.4	Asset Purchase and Sale Agreement, dated October 5, 2010, by and between the Registrant and Accenture LLP and Accenture Global Services Limited (which is incorporated herein by reference to Exhibit 2.4 of the Registrant' s Form 10-K dated November 23, 2010).
2.5	Stock Purchase Agreement, dated November 18, 2010, among the Registrant, Quadrem International Holdings, Ltd. and Charlotte, Ltd., as stockholders' representative (which is incorporated herein by reference to Exhibit 2.5 of the Registrant' s Form 10-Q dated February 3, 2011).
3.1	Amended and Restated Certificate of Incorporation of the Registrant including all amendments to date (which is incorporated herein by reference to Exhibit 3.1 to the Registrant' s Form 10-K dated December 29, 2000).
3.2	Amended and Restated Bylaws of the Registrant (which are incorporated herein by reference to Exhibit 3.2 to the Registrant' s Form 8-K filed on March 16, 2009).
4.2	Specimen Certificate of the Registrant' s common stock (which is incorporated herein by reference to Exhibit 4.2 to the Registrant' s Form S-1 Registration No. 333-76953).
10.1	Form of Indemnification Agreement entered into between the Registrant and its directors and executive officers (which is incorporated herein by reference to Exhibit 10.1 to the Registrant' s Form S-1 Registration No. 333-76953).
10.2‡	1999 Equity Incentive Plan, as amended and restated effective December 3, 2010 (which is incorporated herein by reference to Exhibit 99.1 to the Registrant' s Form S-8 dated February 16, 2011).
10.3‡	Employee Stock Purchase Plan, as amended and restated effective February 1, 2009.
10.4‡	Third Amended and Restated Stock Incentive Plan of FreeMarkets, Inc. (which is incorporated herein by reference to Exhibit 10.10 to the Registrant' s Form 10-K dated November 15, 2007).
10.5‡	2001 Broad Based Equity Incentive Plan of FreeMarkets, Inc. (which is incorporated herein by reference to Exhibit 10.5 to the Registrant' s Form 10-K dated November 23, 2010).
10.6	Lease Agreement, dated March 15, 2000, by and between Moffett Park Drive LLC and the Registrant (which is incorporated herein by reference to Exhibit 10.10 to the Registrant' s Form 10-Q dated May 15, 2000).
10.7	First Amendment to Lease, dated as of January 12, 2001, by and between Moffett Park Drive LLC and the Registrant (which is incorporated herein by reference to Exhibit 10.7 to the Registrant' s Form 10-K dated November 25, 2009).
10.8	Second Amendment to Lease, dated as of October 31, 2002, by and between Moffett Park Drive LLC and the Registrant (which is incorporated herein by reference to Exhibit 10.8 to the Registrant' s Form 10-K dated November 25, 2009).
10.9	Third Amendment to Lease, dated as of October 25, 2004, by and between Moffett Park Drive LLC and the Registrant (which is incorporated herein by reference to Exhibit 10.7 to the Registrant' s Form 10-Q dated February 9, 2005).
10.10	Fourth Amendment to Lease, dated as of July 6, 2007, by and between Moffett Park Drive LLC and the Registrant (which is incorporated herein by reference to Exhibit 10.10 to the Registrant' s Form 10-K dated November 25, 2009).
10.11	Letter, dated as of September 11, 2000, by and between Moffett Park Drive LLC and the Registrant re: Moffett Park Drive LLC/Ariba/Tenant Improvements (which is incorporated herein by reference to Exhibit 10.11 to the Registrant' s Form 10-K dated November 25, 2009).

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Exhibit No.	Description
10.12	Lease Agreement, dated October 21, 1998, by and between FreeMarkets, Inc. and One Oliver Associates Limited Partnership (which is incorporated herein by reference to Exhibit 10.12 to the Registrant' s Form 10-K dated November 23, 2010).
10.13	First Amendment to Lease, dated March 30, 1999, by and between FreeMarkets, Inc. and One Oliver Associates Limited Partnership (which is incorporated herein by reference to Exhibit 10.13 to the Registrant' s Form 10-K dated November 23, 2010).
10.14	Second Amendment to Lease, dated September 1999, by and between FreeMarkets, Inc. and One Oliver Associates Limited Partnership (which is incorporated herein by reference to Exhibit 10.14 to the Registrant' s Form 10-K dated November 23, 2010).
10.15	Third Amendment to Lease, dated March 2000, by and between FreeMarkets, Inc. and One Oliver Associates Limited Partnership (which is incorporated herein by reference to Exhibit 10.15 to the Registrant' s Form 10-K dated November 23, 2010).
10.16	Fourth Amendment to Lease, dated July 10, 2002, by and between FreeMarkets, Inc. and One Oliver Associates Limited Partnership (which is incorporated herein by reference to Exhibit 10.16 to the Registrant' s Form 10-K dated November 25, 2009).
10.17	Fifth Amendment to Lease, dated October 31, 2004, by and between Ariba, Inc. and One Oliver Associates Limited Partnership (which is incorporated herein by reference to Exhibit 10.17 to the Registrant' s Form 10-K dated November 25, 2009).
10.18	Sixth Amendment to Lease by and between One Oliver Associates L.P. and the Registrant, effective as of January 1, 2007 (which is incorporated herein by reference to Exhibit 10.38 to the Registrant' s Form 8-K dated February 20, 2007).
10.19	Sublease, dated October 18, 2002, by and between Netscreen Technologies, Inc. and the Registrant (which is incorporated herein by reference to Exhibit 10.35 to the Registrant' s Form 10-Q dated April 10, 2003).
10.20	First Amendment to Sublease, dated as of June 15, 2007, by and between Juniper Networks, Inc. and the Registrant (which is incorporated herein by reference to Exhibit 10.45 to the Registrant' s Form 10-Q dated August 8, 2007).
10.21	Letter Agreement, dated April 9, 2008, by and between Juniper Networks, Inc. and the Registrant (which is incorporated herein by reference to Exhibit 10.21 to the Registrant' s Form 10-K dated November 25, 2009).
10.22	Letter Agreement, dated November 9, 2007, by and between Juniper Networks, Inc. and the Registrant (which is incorporated herein by reference to Exhibit 10.22 to the Registrant' s Form 10-K dated November 25, 2009).
10.23	Consent to Sublease, dated as of October 25, 2004, by and between Moffett Park Drive LLC, Motorola, Inc. and the Registrant (which is incorporated herein by reference to Exhibit 10.8 to the Registrant' s Form 10-Q dated February 9, 2005).
10.24	Second Amendment to and Restatement of Sublease, dated as of October 21, 2004, by and between Motorola, Inc. and the Registrant (which is incorporated herein by reference to Exhibit 10.11 to the Registrant' s Form 10-Q dated February 9, 2005).
10.25	Third Amendment of Sublease, dated as of March 31, 2008, by and between Motorola, Inc. and the Registrant (which is incorporated herein by reference to Exhibit 10.25 to the Registrant' s Form 10-K dated November 25, 2009).

10.26	Settlement and License Agreement, effective as of January 19, 2008, by and between Sky Technologies, LLC, Ariba, Inc. and Procuri, Inc. (which is incorporated herein by reference to Exhibit 10.40 to Ariba, Inc.' s Form 8-K dated January 24, 2008).

Exhibit No.	Description
10.27‡	Offer Letter, dated November 22, 2000, by and between the Registrant and Robert M. Calderoni (which is incorporated herein by reference to Exhibit 10.17 to Registrant' s Form 10-Q dated February 14, 2001).
10.28‡	Amendment to Offer Letter, dated July 18, 2001, by and between Registrant and Robert M. Calderoni (which is incorporated herein by reference to Exhibit 10.18 to the Registrant' s Form 10-K/A dated December 31, 2001).
10.29‡	Offer Letter, dated April 10, 2002, by and between the Registrant and Kevin Costello (which is incorporated herein by reference to Exhibit 10.29 to the Registrant' s Form 10-Q dated August 14, 2002).
10.30‡	Ariba, Inc.−Compensation Program for Non-Employee Directors, as amended and restated effective October 1, 2011.
10.31‡	Employment Agreement, dated July 21, 2008, by and between the Registrant and Ahmed Rubaie (which is incorporated herein by reference to Exhibit 10.53 to Ariba, Inc.' s Form 10-Q dated August 6, 2008).
10.32‡	Amendment to Employment Agreement, dated July 21, 2008, by and between the Registrant and Ahmed Rubaie (which is incorporated herein by reference to Exhibit 10.1 to Ariba, Inc.' s Form 8-K dated October 16, 2008).
10.33‡†	Amended and Restated Severance Agreement, dated August 25, 2008, by and between the Registrant and Robert M. Calderoni (which is incorporated herein by reference to Exhibit 10.39 to the Registrant' s Form 10-K dated November 18, 2008).
10.34‡†	Amended and Restated Severance Agreement, dated September 5, 2008, by and between the Registrant and Kevin Costello (which is incorporated herein by reference to Exhibit 10.40 to the Registrant' s Form 10-K dated November 18, 2008).
10.35‡†	Amended and Restated Employment Agreement, dated August 15, 2008, by and between the Registrant and Kent Parker (which is incorporated herein by reference to Exhibit 10.41 to the Registrant' s Form 10-K dated November 18, 2008).
10.36‡	Ariba Bonus Plan−Executive Officers, adopted on December 22, 2008 (which is incorporated herein by reference to Exhibit 10.42 to Ariba, Inc.' s Form 10-Q dated February 6, 2009).
10.37‡†	Ariba, Inc. 1999 Equity Incentive Plan: Notice of Stock Unit Award and Agreement (FY 2009 Performance Stock Units), by and between Ariba, Inc. and Ahmed Rubaie (which is incorporated herein by reference to Exhibit 10.43 to Ariba, Inc.' s Form 10-Q dated February 6, 2009).
10.38‡†	Ariba, Inc.: 1999 Equity Incentive Plan: Notice of Stock Unit Award and Agreement (FY 2009 Performance Stock Units), by and between Ariba, Inc. and Kent Parker (which is incorporated herein by reference to Exhibit 10.44 to Ariba, Inc.' s Form 10-Q dated February 6, 2009).
10.39‡†	Ariba, Inc. 1999 Equity Incentive Plan: Notice of Stock Unit Award and Agreement (FY 2009 Performance Stock Units), by and between Ariba, Inc. and Kevin Costello (which is incorporated herein by reference to Exhibit 10.45 to Ariba, Inc.' s Form 10-Q dated February 6, 2009).
10.40‡†	Ariba, Inc. 1999 Equity Incentive Plan: Notice of Stock Unit Award and Agreement (FY 2009 Performance Stock Units), by and between Ariba, Inc. and Robert Calderoni (which is incorporated herein by reference to Exhibit 10.46 to Ariba, Inc.' s Form 10-Q dated February 6, 2009).
10.41‡†	Ariba, Inc. 1999 Equity Incentive Plan: Notice of Stock Unit Award and Agreement (FY 2010 Performance Stock Units), by and between Ariba, Inc. and Ahmed Rubaie (which is incorporated herein by reference to Exhibit 10.41 to the Registrant' s Form 10-Q dated February 5, 2010).

Exhibit No.	Description
10.42‡†	Ariba, Inc.: 1999 Equity Incentive Plan: Notice of Stock Unit Award and Agreement (FY 2010 Performance Stock Units), by and between Ariba, Inc. and Kent Parker (which is incorporated herein by reference to Exhibit 10.42 to the Registrant' s Form 10-Q dated February 5, 2010).
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21.1	Subsidiaries.
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
24.1	Power of Attorney (incorporated by reference to the signature page of this Form 10-K).
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a) or 15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit No.	Description
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a) or 15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive Data Files pursuant to Rule 405 of Regulation S-T (XBRL).

‡ Management contract or compensatory plan or arrangement.

† A request for confidential treatment has been filed with respect to certain portions of this exhibit. Omitted portions have been filed separately with the Securities and Exchange Commission.

Exhibit 10.3

ARIBA, INC.

EMPLOYEE STOCK PURCHASE PLAN

ADOPTED EFFECTIVE JUNE 23, 1999
AMENDED AND RESTATED EFFECTIVE AUGUST 1, 2006
AMENDED AND RESTATED EFFECTIVE FEBRUARY 1, 2009

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ARIBA, INC.

EMPLOYEE STOCK PURCHASE PLAN

SECTION 1. PURPOSE OF THE PLAN.

The Board adopted the Plan effective as of June 23, 1999, and most recently amended and restated the Plan effective as of February 1, 2009. The purpose of the Plan is to provide Eligible Employees with an opportunity to increase their proprietary interest in the success of the Company by purchasing Stock from the Company on favorable terms and to pay for such purchases through payroll deductions. The Plan is intended to qualify for favorable tax treatment under section 423 of the Code.

SECTION 2. ADMINISTRATION OF THE PLAN.

(a) **Committee Composition**. The Committee shall administer the Plan. The Committee shall consist exclusively of one or more members of the Board, who shall be appointed by the Board.

(b) **Committee Responsibilities**. The Committee shall interpret the Plan and make all other policy decisions relating to the operation of the Plan. The Committee may adopt such rules, guidelines and forms as it deems appropriate to implement the Plan. The Committee' s determinations under the Plan shall be final and binding on all persons.

SECTION 3. STOCK OFFERED UNDER THE PLAN.

(a) **Authorized Shares**. The number of shares of Stock available for purchase under the Plan shall be 7,166,666 (subject to adjustment pursuant to Subsection (b) below).[1]

(b) **Anti-Dilution Adjustments**. The aggregate number of shares of Stock offered under the Plan and the 1,000-share limitation described in Section 8(c) shall be adjusted proportionately for any increase or decrease in the number of outstanding shares of Stock resulting from a subdivision or consolidation of shares or the payment of a stock dividend, any other increase or decrease in such shares effected without receipt or payment of consideration by the Company, the distribution of the shares of a Subsidiary to the Company' s stockholders, or a similar event.

(c) **Reorganizations**. Any other provision of the Plan notwithstanding, immediately prior to the effective time of a Corporate Reorganization, the Offering Period then in progress shall terminate and shares shall be purchased pursuant to Section 8, unless the Plan is continued or assumed by the surviving corporation or its parent corporation. The Plan shall in no event be construed to restrict in any way the Company' s right to undertake a dissolution, liquidation, merger, consolidation or other reorganization.

SECTION 4. ENROLLMENT AND PARTICIPATION.

(a) **Offering Periods**. While the Plan is in effect, two Offering Periods shall commence in each calendar year. The Offering Periods shall consist of the six-month periods commencing on each February 1 and August 1. However, the Committee may determine that the first Offering Period applicable to the Eligible Employees of a new Participating Company shall commence on any date specified by the Committee, provided that an Offering Period shall in no event be longer than 27 months.

(b) **Enrollment**. In the case of any individual who qualifies as an Eligible Employee on the first day of any Offering Period, he or she may elect to become a Participant on such day by filing the prescribed

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1 This number reflects adjustments for stock splits through January 31, 2009. It consists of the initial reserve of 1,333,333 shares, plus the automatic annual increases specified by the Plan for years 2000 through 2005, plus the increase of 1,500,000 shares approved by the Board on January 15, 2009, subject to the approval of the stockholders at the 2009 annual meeting.

enrollment form with the Company. The enrollment form shall be filed at the prescribed location not later than one business day prior to the first day of such Offering Period.

(c) **Duration of Participation**. Once enrolled in the Plan, a Participant shall continue to participate in the Plan until he or she:

(i) Withdraws from the Plan under Section 6(a);

(ii) Reaches the end of the Offering Period in which his or her employee contributions were discontinued under Section 9(b); or

(iii) Ceases to be an Eligible Employee.

A Participant whose employee contributions were discontinued automatically under Section 9(b) shall automatically resume participation at the beginning of the earliest Offering Period ending in the next calendar year, if he or she then is an Eligible Employee. In all other cases, a former Participant may again become a Participant, if he or she then is an Eligible Employee, by following the procedure described in Subsection (b) above.

SECTION 5. EMPLOYEE CONTRIBUTIONS.

(a) **Commencement of Payroll Deductions**. A Participant may purchase shares of Stock under the Plan solely by means of payroll deductions. Payroll deductions may commence on the first day of any Offering Period, provided that the Participant has filed the prescribed enrollment form with the Company at the prescribed location at least one business day prior to the first day of such Offering Period.

(b) **Amount of Payroll Deductions**. An Eligible Employee shall designate on the enrollment form the portion of his or her Compensation that he or she elects to have withheld for the purchase of Stock. Such portion shall be a whole percentage of the Eligible Employee' s Compensation, but not less than 1% nor more than 15%.

(c) **Changing Withholding Rate**. If a Participant wishes to change the rate of payroll withholding, he or she may do so by filing a new enrollment form with the Company at the prescribed location. The new withholding rate may be effective on the first day of any Offering Period, provided that the Participant has filed the prescribed enrollment form with the Company at the prescribed location at least one business day prior to the first day of such Offering Period. The new withholding rate shall be a whole percentage of the Eligible Employee' s Compensation, but not less than 1% nor more than 15%. A Participant shall not change the rate of payroll withholding or discontinue employee contributions during an Offering Period, but the Participant may at any time withdraw from the Plan pursuant to Section 6(a).

SECTION 6. WITHDRAWAL FROM THE PLAN.

(a) **Withdrawal**. A Participant may elect to withdraw from the Plan by filing the prescribed form with the Company at the prescribed location at any time before the last day of an Offering Period. As soon as reasonably practicable thereafter, payroll deductions shall cease and the entire amount credited to the Participant' s Plan Account shall be refunded to him or her in cash, without interest. No partial withdrawals shall be permitted.

(b) **Re-Enrollment After Withdrawal**. A former Participant who has withdrawn from the Plan shall not be a Participant until he or she re-enrolls in the Plan under Section 4(b). Re-enrollment may be effective only at the commencement of an Offering Period.

SECTION 7. CHANGE IN EMPLOYMENT STATUS.

(a) **Termination of Employment**. Termination of employment as an Eligible Employee for any reason, including death, shall be treated as an automatic withdrawal from the Plan under Section 6(a). (A transfer from one Participating Company to another shall not be treated as a termination of employment.)

(b) **Leave of Absence**. For purposes of the Plan, employment shall not be deemed to terminate when the Participant goes on a military leave, a sick leave or another *bona fide* leave of absence, if the leave was approved by the Company in writing. Employment, however, shall be deemed to terminate 90 days after the Participant goes on a leave, unless a contract or statute guarantees his or her right to return to work. Employment shall be deemed to terminate in any event when the approved leave ends, unless the Participant immediately returns to work.

(c) **Death**. In the event of the Participant' s death, the amount credited to his or her Plan Account shall be paid to a beneficiary designated by him or her for this purpose on the prescribed form or, if none, to the Participant' s estate. Such form shall be valid only if it was filed with the Company at the prescribed location before the Participant' s death.

SECTION 8. PLAN ACCOUNTS AND PURCHASE OF SHARES.

(a) **Plan Accounts**. The Company shall maintain a Plan Account on its books in the name of each Participant. Whenever an amount is deducted from the Participant' s Compensation under the Plan, such amount shall be credited to the Participant' s Plan Account. Amounts credited to Plan Accounts shall not be trust funds and may be commingled with the Company' s general assets and applied to general corporate purposes. No interest shall be credited to Plan Accounts.

(b) **Purchase Price**. The Purchase Price for each share of Stock purchased at the close of an Offering Period shall be equal to 85% of the Fair Market Value of such share on the last trading day in such Offering Period.

(c) **Number of Shares Purchased**. As of the last day of each Offering Period, each Participant shall be deemed to have elected to purchase the number of shares of Stock calculated in accordance with this Subsection (c), unless the Participant has previously elected to withdraw from the Plan in accordance with Section 6(a). The amount then in the Participant' s Plan Account shall be divided by the Purchase Price, and the number of shares that results shall be purchased from the Company with the funds in the Participant' s Plan Account. The foregoing notwithstanding, no Participant shall purchase more than 1,000 shares of Stock with respect to any Offering Period nor more than the amounts of Stock set forth in Sections 3(a) and 9(b). Any fractional share shall be rounded down to the next lower whole share.

(d) **Available Shares Insufficient**. In the event that the aggregate number of shares that all Participants elect to purchase during an Offering Period exceeds the maximum number of shares remaining available for issuance under Section 3, then the number of shares to which each Participant is entitled shall be determined by multiplying the number of shares available for issuance by a fraction. The numerator of such fraction is the number of shares that such Participant has elected to purchase, and the denominator of such fraction is the number of shares that all Participants have elected to purchase.

(e) **Issuance of Stock**. Certificates representing the shares of Stock purchased by a Participant under the Plan shall be issued to him or her as soon as reasonably practicable after the close of the applicable Offering Period, except that the Committee may determine that such shares shall be held for each Participant' s benefit by a broker designated by the Committee (unless the Participant has elected that certificates be issued to him or her). Shares may be registered in the name of the Participant or jointly in the name of the Participant and his or her spouse as joint tenants with right of survivorship or as community property. The Committee may impose such restrictions on the transfer or resale of issued shares as it may deem advisable.

(f) **Tax Withholding**. To the extent required by applicable federal, state, local or foreign law, a Participant shall make arrangements satisfactory to the Company for the satisfaction of any withholding tax obligations that arise in connection with the Plan. The Company shall not be required to issue any shares of Stock under the Plan until such obligations are satisfied.

(g) **Unused Cash Balances**. Any amount remaining in the Participant' s Plan Account that represents the Purchase Price for any fractional share, or for whole shares that could not be purchased by reason of Subsection (c) above, Section 3 or Section 9(b), shall be refunded to the Participant in cash, without interest.

SECTION 9. LIMITATIONS ON STOCK OWNERSHIP.

(a) **Five Percent Limit**. Any other provision of the Plan notwithstanding, no Participant shall be granted a right to purchase Stock under the Plan if such Participant, immediately after his or her election to purchase such Stock, would own stock possessing more than 5% of the total combined voting power or value of all classes of stock of the Company or any parent or Subsidiary of the Company. For purposes of this Subsection (a), the following rules shall apply:

(i) Ownership of stock shall be determined after applying the attribution rules of section 424(d) of the Code;

(ii) Each Participant shall be deemed to own any stock that he or she has a right or option to purchase under this or any other plan; and

(iii) Each Participant shall be deemed to have the right to purchase 1,000 shares of Stock under this Plan with respect to each Offering Period.

(b) **Dollar Limit**. Any other provision of the Plan notwithstanding, no Participant shall purchase Stock with a Fair Market Value in excess of (i) $25,000 minus (ii) the Fair Market Value of any Stock that the Participant previously purchased in the current calendar year (under this Plan and all other employee stock purchase plans of the Company or any parent or Subsidiary of the Company). For all purposes under this Subsection (b), the Fair Market Value of Stock shall be determined as of the beginning of the Offering Period in which such Stock is purchased. Employee stock purchase plans not described in Section 423 of the Code shall be disregarded. If a Participant is precluded by this Subsection (b) from purchasing additional Stock under the Plan, then his or her employee contributions shall automatically be discontinued and shall automatically resume at the beginning of the last Offering Period that will commence in the current calendar year (if he or she then is an Eligible Employee).

SECTION 10. RIGHTS NOT TRANSFERABLE.

The rights of any Participant under the Plan, or any Participant' s interest in any Stock or moneys to which he or she may be entitled under the Plan, shall not be transferable by voluntary or involuntary assignment or by operation of law, or in any other manner other than by beneficiary designation or the laws of descent and distribution. If a Participant in any manner attempts to transfer, assign or otherwise encumber his or her rights or interest under the Plan, other than by beneficiary designation or the laws of descent and distribution, then such act shall be treated as an election by the Participant to withdraw from the Plan under Section 6(a).

SECTION 11. NO RIGHTS AS AN EMPLOYEE.

Nothing in the Plan or in any right granted under the Plan shall confer upon the Participant any right to continue in the employ of a Participating Company for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Participating Companies or of the Participant, which rights are hereby expressly reserved by each, to terminate his or her employment at any time and for any reason, with or without cause.

SECTION 12. NO RIGHTS AS A STOCKHOLDER.

A Participant shall have no rights as a stockholder with respect to any shares of Stock that he or she may have a right to purchase under the Plan until such shares have been purchased on the last day of the applicable Offering Period.

SECTION 13. SECURITIES LAW REQUIREMENTS.

Shares of Stock shall not be issued under the Plan unless the issuance and delivery of such shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company' s securities may then be traded.

SECTION 14. AMENDMENT OR DISCONTINUANCE.

The Board shall have the right to amend, suspend or terminate the Plan at any time and without notice. Except as provided in Section 3, any increase in the aggregate number of shares of Stock that may be issued under the Plan shall be subject to the approval of the Company' s stockholders. In addition, any other amendment of the Plan shall be subject to the approval of the Company' s stockholders to the extent required by any applicable law or regulation.

SECTION 15. DEFINITIONS.

(a) "**Board**" means the Board of Directors of the Company, as constituted from time to time.

(b) "**Code**" means the Internal Revenue Code of 1986, as amended.

(c) "**Committee**" means a committee of the Board, as described in Section 2.

(d) "**Company**" means Ariba, Inc., a Delaware corporation.

(e) "**Compensation**" means (i) the total compensation paid in cash to a Participant by a Participating Company, including salaries, wages, bonuses, incentive compensation, commissions, overtime pay and shift premiums, plus (ii) any pre-tax contributions made by the Participant under section 401(k) or 125 of the Code. "Compensation" shall exclude all non-cash items, moving or relocation allowances, cost-of-living equalization payments, car allowances, tuition reimbursements, imputed income attributable to cars or life insurance, severance pay, fringe benefits, contributions or benefits received under employee benefit plans, income attributable to the exercise of stock options, and similar items. The Committee shall determine whether a particular item is included in Compensation.

(f) "**Corporate Reorganization**" means:

(i) The consummation of a merger or consolidation of the Company with or into another entity or any other corporate reorganization; or

(ii) The sale, transfer or other disposition of all or substantially all of the Company' s assets or the complete liquidation or dissolution of the Company.

(g) "**Eligible Employee**" means any employee of a Participating Company if his or her customary employment is for more than five months per calendar year and for more than 20 hours per week. The foregoing notwithstanding, an individual shall not be considered an Eligible Employee if his or her participation in the Plan is prohibited by the law of any country that has jurisdiction over him or her or if he or she is subject to a collective bargaining agreement that does not provide for participation in the Plan.

(h) "**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

(i) "**Fair Market Value**" means the price at which Stock was last sold in the principal U.S. market for Stock on the applicable date or, if the applicable date was not a trading day, on the last trading day prior to the applicable date. If Stock is no longer traded on a public U.S. securities market, the Fair Market Value shall be determined by the Committee in good faith on such basis as it deems appropriate. The Committee' s determination shall be conclusive and binding on all persons.

(j) "**Offering Period**" means a period with respect to which the right to purchase Stock may be granted under the Plan, as determined pursuant to Section 4(a).

(k) "**Participant**" means an Eligible Employee who participates in the Plan, as provided in Section 4.

(l) "**Participating Company**" means (i) the Company and (ii) each present or future Subsidiary designated by the Committee as a Participating Company.

(m) "**Plan**" means this Ariba, Inc. Employee Stock Purchase Plan, as it may be amended from time to time.

(n) "**Plan Account**" means the account established for each Participant pursuant to Section 8(a).

(o) "**Purchase Price**" means the price at which Participants may purchase Stock under the Plan, as determined pursuant to Section 8(b).

(p) "**Stock**" means the Common Stock of the Company.

(q) "**Subsidiary**" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

Exhibit 10.30

ARIBA, INC. COMPENSATION PROGRAM FOR NON-EMPLOYEE DIRECTORS

AMENDED AND RESTATED EFFECTIVE OCTOBER 1, 2011

A. Cash Compensation

1. Board retainer: $50,000 per year, paid in quarterly installments.

2. Lead Independent Director retainer: $30,000 per year, paid in quarterly installments.

3. Committee chair retainer: $15,000 per year for the Audit Committee chair, $15,000 per year for the Compensation Committee chair, and $5,000 per year for the Corporate Governance and Nominating Committee chair, paid in quarterly installments.

4. Committee meeting fee: For each committee meeting in excess of 24 total committee meetings during a fiscal year, payment of $1,500 for each such meeting in excess of 24, paid quarterly.

B. Equity Compensation

1. Annual restricted stock unit grant: restricted stock units with a fair market value of $220,000, as calculated in accordance with Part C below. All of the units vest on the first anniversary of the grant, with immediate full vesting in the event of a change in control. The units will be settled by issuing shares on the first permissible trading day after they vest, unless a deferral program is adopted. The units will be granted by the Compensation Committee under the EIP in conjunction with the Annual Meeting of stockholders. For new directors in their first year of directorship, the grant for the first year of service shall be made when service commences. The units shall vest on the same date as the units granted to the continuing directors during that period. The fair market value of this grant shall be prorated based upon the amount of time to be served from the grant date until the vesting date.

2. Voluntary exchange of cash retainers and meeting fees for stock options, shares or units, as contemplated by Article 13 of the EIP:

   (a) An election to exchange cash for options, shares or units must be made in writing, must be filed with the Company before the first day of the first quarter to which the election applies and must remain in effect until revoked or amended in writing.

   (b) Any amendment or revocation of an election must be filed with the Company before the first day of the first quarter to which it applies.

   (c) An election to exchange cash for options, shares or units may apply to all or any part (but not less than 50%) of the cash compensation earned during each period to which the election applies.

   (d) The options, shares or units will automatically be granted as of the last day of the quarter for which the cash compensation would have been paid, absent the director' s election.

   (e) For purposes of the exchange of cash for options, the value of the options will be calculated as of the date of grant by applying the formula and assumptions used by the Company' s independent auditors in preparing the Company' s financial statements.

   (f) For purposes of the exchange of cash for shares or units, the fair market value of the shares will be calculated in accordance with Part C below.

   (g) The options will have an exercise price per share equal to 100% of the fair market value per share of the Company' s Common Stock on the date of grant.

   (h) The term of the options will be 10 years, except that they will terminate 12 months after the director' s service terminates for any reason.

(i) The options will be immediately exercisable and fully vested.

(j) The shares or units will be fully vested.

C. Calculation of Fair Market Value of Shares

Whenever the fair market value of shares of the Company' s Common Stock is to be calculated for purposes of granting restricted shares or restricted stock units under this program, the fair market value will be deemed to be equal to the average of the closing prices of the Company' s Common Stock on the 30 consecutive trading days immediately preceding the date of grant.

Exhibit 21.1

SUBSIDIARIES

(as of September 30, 2011)

Alliente, Inc. (Delaware)
Ariba Australia Pty Ltd. (Australia)
Ariba Belgium N.V. (Belgium)
Ariba Canada, Inc. (Canada)
Ariba (China) Limited (Hong Kong)
Ariba Czech s.r.o. (Czech Republic)
Ariba Deutschland GmbH (Germany)
Ariba France, S.A.S. (France)
Ariba Holdings, Inc. (Cayman Islands)
Ariba Iberia, S.L. (Spain)
Ariba India Pvt. Ltd. (India)
Ariba International, Inc. (Delaware)
Ariba International Holdings, Inc. (Delaware)
Ariba International Singapore Pte. Ltd. (Singapore)
Ariba International Sweden AB (Sweden)
Ariba Investment Company, Inc. (Delaware)
Ariba Italia Srl (Italy)
Ariba Middle East & North Africa FZ-LLC (UAE)
Ariba Singapore Pte. Ltd. (Singapore)
Ariba Slovak Republic s.r.o. (Slovak Republic)
Ariba Software Technology Services (Shanghai) Co. Ltd. (China)
Ariba Switzerland GmbH (Switzerland)
Ariba Technologies India Pvt. Ltd. (India)
Ariba Technologies Ireland Ltd. (Ireland)
Ariba Technologies Netherlands B.V. (Netherlands)
Ariba UK Limited (UK)
EssCubed Procurement Pty. Ltd. (South Africa)
FreeMarkets International Holding Inc. de Mexico, de S. de R. L. de C. V. (Mexico)
FreeMarkets Ltda. (Brazil)
MKT Portal Electronico Ltda.
Nihon Ariba K.K. (Japan)
NL Quotaholder 1 B.V. (Netherlands)
NL Quotaholder 2 B.V. (Netherlands)
Procuri Europe Ltd. (UK)
Quadrem Africa Pty. Ltd. (South Africa)
Quadrem Asia Pte. Ltd. (Singapore)
Quadrem Australia Pty. Ltd. (Australia)
Quadrem Brazil Ltda. (Brazil)
Quadrem Canada Ltd. (Canada)
Quadrem Chile Ltda. (Chile)
Quadrem China Ltd. (China)
Quadrem Colombia SAS (Colombia)
Quadrem Continental, Inc. (Delaware)

Quadrem Europe S.A.S. (France)
Quadrem International Ltd. (Bermuda)
Quadrem Mexico S. de R. de C.V. (Mexico)
Quadrem Netherlands B.V. (Netherlands)
Quadrem Overseas Cooperatief U.A. (Netherlands)
Quadrem Peru S.A.C. (Peru)
Quadrem U.S., Inc. (Delaware)
SC Consultoria en Cadeia de Suprimentos Ltda.
Surplus Record, Inc. (Delaware)
Tradex Technologies, Inc. (Delaware)

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-172303, 333-159947, 333-142810, 333-117437, 333-107864, 333-84916, 333-61064, 333-89119, and 333-81773) and Form S-3 (No. 333-171897) of Ariba, Inc. and subsidiaries of our reports dated November 10, 2011, with respect to the consolidated financial statements of Ariba, Inc. and subsidiaries and the effectiveness of internal control over financial reporting of Ariba, Inc. and subsidiaries, included in this Annual Report (Form 10-K) for the year ended September 30, 2011.

/s/ Ernst & Young LLP

Pittsburgh, Pennsylvania
November 10, 2011

Exhibit 31.1

CERTIFICATION

I, Robert M. Calderoni, certify that:

1. I have reviewed this annual report on Form 10-K of Ariba, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and
5. The registrant' s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors:
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date: November 10, 2011

/S/ ROBERT M. CALDERONI

Robert M. Calderoni
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Ahmed Rubaie, certify that:

1. I have reviewed this annual report on Form 10-K of Ariba, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and
5. The registrant' s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors:
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date: November 10, 2011

/S/ AHMED RUBAIE

Ahmed Rubaie

Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Ariba, Inc. (the "Company") on Form 10-K for the year ended September 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Robert M. Calderoni, as Chief Executive Officer of the Company, and Ahmed Rubaie, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/S/ ROBERT M. CALDERONI

Robert M. Calderoni
Chief Executive Officer

Date: November 10, 2011

/S/ AHMED RUBAIE

Ahmed Rubaie
Executive Vice President and Chief Financial Officer

Date: November 10, 2011

Fair Value (Narrative) (Details) (USD $)	12 Months Ended		
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2009
Other-than-temporary impairment in accretion of investments	$ 463,000		
Other-than-temporary impairment of investments		499,000	1,400,000
Temporary [Member] | Auction Rate Securities [Member]			
Decline in fair value of investments	2,000,000		
Other-than-temporary impairment of investments	2,000,000		
Commercial Papers And Credit Derivative Products [Member] | Auction Rate Securities [Member]			
Investments, par value	3,400,000	3,400,000	
Discount factor basis point	1,150		
Other Than Temporary [Member] | Auction Rate Securities [Member]			
Other-than-temporary impairment of investments	1,500,000		
Maximum [Member] | Student Loan Securities [Member] | Auction Rate Securities [Member]			
Discount factor basis point	300		
Minimum [Member] | Student Loan Securities [Member] | Auction Rate Securities [Member]			
Discount factor basis point	150		
Student Loan Securities [Member] | Auction Rate Securities [Member]			
Investments, par value	17,500,000	17,500,000	
Auction Rate Securities [Member]			
Investment maturity date range start	2016		
Investment maturity date range end	2047		
Other-than-temporary impairment in accretion of investments	463,000		
Other-than-temporary impairment of investments	$ 3,500,000		

Consolidated Balance Sheets (Parenthetical) (USD $) In Thousands, except Per Share data	Sep. 30, 2011	Sep. 30, 2010
Consolidated Balance Sheets		
Accounts receivable, allowances	$ 2,653	$ 2,537
Convertible preferred stock, par value	$ 0.002	$ 0.002
Convertible preferred stock, shares authorized	20,000	20,000
Convertible preferred stock, shares issued	0	0
Convertible preferred stock, shares outstanding	0	0
Common stock, par value	$ 0.002	$ 0.002
Common stock, shares authorized	1,500,000	1,500,000
Common stock, shares issued	99,658	93,872
Common stock, shares outstanding	99,658	93,872

Consolidated Statements Of Operations And Comprehensive Income (USD $) In Thousands, except Per Share data	12 Months Ended		
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2009
Revenues:			
Subscription and maintenance	$ 335,124	$ 240,789	$ 222,206
Services and other	108,721	79,610	63,499
Total revenues	443,845	320,399	285,705
Cost of revenues:			
Subscription and maintenance	70,525	51,049	47,907
Services and other	79,110	54,777	42,223
Amortization of acquired technology and customer intangible assets	12,008	4,402	5,550
Total cost of revenues	161,643	110,228	95,680
Gross profit	282,202	210,171	190,025
Operating expenses:			
Sales and marketing	162,120	114,513	96,307
Research and development	60,468	46,041	43,483
General and administrative	52,432	32,824	38,732
Litigation benefit		(7,000)	
Insurance reimbursement			(7,527)
Amortization of other intangible assets	904	104	500
Restructuring costs	10,704	8,579	10,157
Total operating expenses	286,628	195,061	181,652
Operating (loss) income	(4,426)	15,110	8,373
Interest and other income (expense), net	2,039	(617)	(5,613)
(Loss) income from continuing operations before income taxes	(2,387)	14,493	2,760
Provision for income taxes	596	1,268	1,104
(Loss) income from continuing operations	(2,983)	13,225	1,656
Discontinued operations, net of tax:			
(Loss) income from discontinued operations	(2,924)	3,161	6,537
Gain on sale of discontinued operations	39,164		
Total discontinued operations	36,240	3,161	6,537
Net income	33,257	16,386	8,193
Basic earnings per share:			
(Loss) income from continuing operations	$ (0.03)	$ 0.15	$ 0.02
Discontinued operations, net of tax	$ 0.39	$ 0.04	$ 0.08
Net income per common share-basic	$ 0.36	$ 0.19	$ 0.10
Diluted earnings per share:			
(Loss) income from continuing operations	$ (0.03)	$ 0.15	$ 0.02
Discontinued operations, net of tax	$ 0.39	$ 0.03	$ 0.08
Net income per common share-diluted	$ 0.36	$ 0.18	$ 0.10

Weighted average shares used in computing net income per common share-basic	91,212	86,617	82,733
Weighted average shares used in computing net income per share-diluted	91,212	89,221	85,424
Comprehensive income:			
Net income	33,257	16,386	8,193
Unrealized gain (loss) on investments, net		1,895	(609)
Foreign currency translation adjustment	(1,517)	(86)	15
Other comprehensive (loss) income	(1,517)	1,809	(594)
Comprehensive income	$ 31,740	$ 18,195	$ 7,599

Stockholders' Equity (Summary Of Stock Options) (Details) (USD $)	12 Months Ended		
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2009
Stockholders' Equity			
Number of Options, Outstanding at beginning of period	524,630	583,655	814,951
Number of Options, Exercised	(147,823)	(34,566)	(172,396)
Number of Options, Forfeited	(15,769)	(24,459)	(58,900)
Number of Options, Outstanding at end of period	361,038	524,630	583,655
Number of Options, Exercisable at end of period	361,038		
Weighted-Average Exercise Price, Outstanding at beginning of period	$ 11.61	$ 16.95	$ 15.00
Weighted-Average Exercise Price, Exercised	$ 13.01	$ 9.56	$ 5.36
Weighted-Average Exercise Price, Forfeited	$ 49.81	$ 140.40	$ 23.32
Weighted-Average Exercise Price, Outstanding at end of period	$ 9.14	$ 11.61	$ 16.95
Weighted-Average Exercise Price, Exercisable at end of period	$ 9.14		

Goodwill And Other Intangible Assets (Narrative) (Details) (USD $)	12 Months Ended		
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2009
Goodwill	$ 482,825,000	$ 406,507,000	
Amortization of other intangible assets	12,912,000	4,506,000	6,050,000
Amortization of contracts and related customer relationship and existing software technology	12,008,000	4,402,000	5,550,000
Amortization of trade name/trademark and non-competition agreements	904,000	104,000	500,000
Future amortization expense for fiscal year 2012	17,100,000		
Future amortization expense for fiscal year 2013	17,100,000		
Future amortization expense for fiscal year 2014	13,900,000		
Future amortization expense for fiscal year 2015	10,500,000		
Future amortization expense for fiscal year 2016	3,000,000		
Sourcing Services Business [Member]			
Increase (decrease) in carrying value of goodwill	(11,800,000)		
Quadrem International Holdings, Ltd. [Member]			
Increase (decrease) in carrying value of goodwill	$ 88,100,000		

Description Of Business And Summary Of Significant Accounting Policies (Tables)	12 Months Ended Sep. 30, 2011
Description Of Business And Summary Of Significant Accounting Policies	
Schedule Of Allocation Of Stock-Based Compensation Expense	

	Year Ended September 30,		
	2011	**2010**	**2009**
Cost of revenues—subscription and maintenance	$4,055	$3,288	$2,405
Cost of revenues—services and other	4,745	4,386	2,912
Sales and marketing	27,979	22,297	13,026
Research and development	8,923	5,565	4,825
General and administrative	12,173	11,294	9,485
Discontinued operations	802	1,535	1,288
Total	$58,677	$48,365	$33,941

Document And Entity Information (USD $) In Billions, except Share data	12 Months Ended Sep. 30, 2011	Oct. 31, 2011	Mar. 31, 2011
Document And Entity Information			
Document Type	10-K		
Amendment Flag	false		
Document Period End Date	Sep. 30, 2011		
Document Fiscal Year Focus	2011		
Document Fiscal Period Focus	FY		
Trading Symbol	arba		
Entity Registrant Name	ARIBA INC		
Entity Central Index Key	0001084755		
Current Fiscal Year End Date	--09-30		
Entity Filer Category	Large Accelerated Filer		
Entity Current Reporting Status	Yes		
Entity Well-known Seasoned Issuer	Yes		
Entity Voluntary Filers	No		
Entity Public Float			$ 3.3
Entity Common Stock, Shares Outstanding		99,730,000	

Investments (Summary Of Cash Equivalents And Available-For-Sale Securities) (Details) (USD $) In Thousands	Sep. 30, 2011	Sep. 30, 2010
Amortized Cost	$ 192,250	$ 195,306
Gross Unrealized Gains		
Gross Unrealized Losses	(2,020)	(2,242)
Fair Value	190,230	193,064
Money Market Funds [Member]		
Amortized Cost	27,578	70,325
Gross Unrealized Gains		
Gross Unrealized Losses		
Fair Value	27,578	70,325
Certificates Of Deposit And Other Bank Deposits [Member]		
Amortized Cost	107,751	82,007
Gross Unrealized Gains		
Gross Unrealized Losses		
Fair Value	107,751	82,007
Non-United States Government Securities [Member]		
Amortized Cost	37,453	19,098
Gross Unrealized Gains		
Gross Unrealized Losses		
Fair Value	37,453	19,098
United States Government And Agency Securities [Member]		
Amortized Cost		4,194
Gross Unrealized Gains		
Gross Unrealized Losses		
Fair Value		4,194
Auction Rate Securities [Member]		
Amortized Cost	19,468	19,682
Gross Unrealized Gains		
Gross Unrealized Losses	(2,020)	(2,242)
Fair Value	17,448	17,440
Included In Cash And Cash Equivalents [Member]		
Amortized Cost	135,330	152,332
Gross Unrealized Gains		
Gross Unrealized Losses		
Fair Value	135,330	152,332
Included In Short-Term Investments [Member]		
Amortized Cost	28,319	18,449
Gross Unrealized Gains		
Gross Unrealized Losses		
Fair Value	28,319	18,449

Included In Long-Term Investments [Member]		
Amortized Cost	28,601	24,525
Gross Unrealized Gains		
Gross Unrealized Losses	(2,020)	(2,242)
Fair Value	$ 26,581	$ 22,283

Balance Sheet Components (Tables)	12 Months Ended Sep. 30, 2011

Balance Sheet Components

Schedule Of Changes In The Allowance For Doubtful Accounts

Classification	Balance at Beginning of Period	Additions Expense	Deductions/ Write-offs (a)	Balance at End of Period
Year ended September 30, 2011				
Allowance for doubtful accounts	$ 2,537	$575	$ (459)	$ 2,653
Year ended September 30, 2010				
Allowance for doubtful accounts	$ 2,691	$684	$ (838)	$ 2,537
Year ended September 30, 2009				
Allowance for doubtful accounts	$ 1,938	$1,378	$ (625)	$ 2,691

(a)Amounts written off as uncollectible or recovered by payment.

Schedule Of Property And Equipment And Their Related Useful Lives

	September 30, 2011	September 30, 2010
Computer equipment and software (2 to 3 years)	$57,781	$43,655
Office equipment (2 years)	2,404	2,020
Furniture and fixtures (5 years)	2,702	17,101
Leasehold improvements (lesser of lease term or economic life)	20,876	22,980
	83,763	85,756
Less accumulated depreciation and amortization	(50,957)	(69,798)

Total property and equipment, net	$32,806	$15,958

Schedule Of Accrued Liabilities

	September 30,	
	2011	2010
Accrued taxes	$5,111	$2,783
Deferred rent obligations—current portion	4,713	4,646
Other accrued liabilities	14,469	10,969
Accrued liabilities	$24,293	$18,398

Investments (Narrative) (Details) (USD $)	12 Months Ended		
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2009
Gross Unrealized Losses	$ (2,020,000)	$ (2,242,000)	
Other-than-temporary impairment		499,000	1,400,000
Accretion	463,000		
Auction Rate Securities [Member]			
Gross Unrealized Losses	$ (2,020,000)	$ (2,242,000)	

Fair Value	12 Months Ended Sep. 30, 2011

Fair Value

Fair Value

Note 6—Fair Value

As of September 30, 2011 and 2010, the fair value measurements of the Company's cash equivalents, short-term investments, long-term investments and restricted cash consisted of the following and are categorized in the table below based upon the fair value hierarchy (in thousands):

	Level 1	Level 2	Level 3	Total
September 30, 2011:				
Money market funds	$27,578	$—	$—	$27,578
Certificates of deposit and other bank deposits	137,121	—	—	137,121
Non-United States government securities	37,453	—	—	37,453
Auction rate securities	—	—	17,448	17,448
Total cash equivalents, investments and restricted cash	$202,152	$—	$17,448	$219,600
September 30, 2010:				
Money market funds	$70,325	$—	$—	$70,325
Certificates of deposit and other bank deposits	111,248	—	—	111,248
Non-United States government securities	19,098	—	—	19,098
United States government and agency securities	4,194	—	—	4,194
Auction rate securities	—	—	17,440	17,440
Total cash equivalents, investments and restricted cash	$204,865	$—	$17,440	$222,305

The table below presents reconciliations for market securities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) (in thousands):

Beginning balance as of October 1, 2009	$17,676
Realized losses	(724)
Unrealized gains	1,895
Redemptions	(1,650)
Accretion and other	243
Ending fair value as of September 30, 2010	$17,440
Unrealized gains	222
Redemptions	(450)
Accretion and other	236
Ending fair value as of September 30, 2011	$17,448

Auction Rate Securities

The Company holds several interest-bearing ARS that represent investments in pools of assets, including student loans and credit derivative products. As of September 30, 2011, the Company held $17.5 million in par value of student loan securities that failed to settle in auctions commencing February 2008 and $3.4 million in par value of commercial paper and credit derivative products that failed to settle in auctions commencing August 2007. These ARS investments were intended to provide liquidity via an auction process that resets the applicable interest rate at predetermined calendar intervals, allowing investors to either roll over their holdings or gain immediate liquidity by selling such interests at par. The continuing uncertainties in the credit markets have affected all of the Company's holdings in ARS investments and auctions for our investments in these securities have failed to settle on their respective settlement dates. Consequently, the investments are not currently liquid and the Company will not be able to access these funds until such time as either a future auction of these investments is successful or a buyer is found outside of the auction process. Given the failures in the auction markets, as well as the lack of any correlation of these instruments to other observable market data, there are no longer observable inputs available as defined by Levels 1 and 2 of the fair value hierarchy by which to value these securities. Therefore, these auction rate securities are classified within Level 3 and their valuation requires substantial judgment and estimation of factors that are not currently observable in the market due to the lack of trading in the securities.

Contractual maturity dates for these ARS investments range from 2016 to 2047. The ARS backed by student loans are guaranteed by the United States government and have credit ratings of AAA to A.

Currently, we have no intent to sell these ARS investments prior to recovery to par value, nor are we aware of any factors that would make such a sale of the ARS investments more likely than not. As of September 30, 2011, the Company has classified the entire ARS investment balance as long-term investments on its consolidated balance sheet because of its current inability to predict that these investments will be available for settlement within the next twelve months. Since auction failures in 2008, the Company has modified its current investment strategy and increased its investments in more liquid money market instruments.

Historically, the fair value of ARS investments approximates par value due to the frequent resets through the auction process. While the Company continues to earn interest on its ARS investments at the contractual rate, these investments are not currently trading and therefore do not currently have a readily determinable market value. Accordingly, the estimated fair value of ARS no longer approximates par value.

The Company has used a discounted cash flow ("DCF") model to determine the estimated fair value of its investment in ARS as of September 30, 2011. Significant estimates used in the DCF models were the credit quality of the instruments, the types of instruments and an illiquidity discount factor. The assumptions used in preparing the discounted cash flow model include estimates for interest rates, timing and amount of cash flows and expected holding periods of the ARS. The discount factor used for the $17.5 million of student loan securities and $3.4 million of credit derivative products was adjusted between 150 and 300 basis points ("bps") for the student loan securities and 1,150 bps for the credit derivative product, respectively, to reflect the then current market conditions for instruments with similar credit quality at the date of valuation and the risk in the marketplace for these investments that has arisen due to the lack of an active market for these instruments. Based on the assessment of fair value through September 30, 2011, the Company determined there was a decline in the fair value of its ARS investments of $3.5 million, of which $2.0 million was deemed temporary. As a result of the credit rating reduction to below investment grade related to one of its ARS, the Company recorded an other-than-temporary impairment of $1.4 million in the year ended September 30, 2009 and $499,000 in the year ended September 30, 2010, partially offset by $463,000 of accretion recorded through September 30, 2011. Based upon its analysis of this impairment, the Company determined that the other-than-temporary loss of $1.5 million was principally related to the credit loss on the investment. Additionally, the Company evaluated the factors related to other than credit loss, which were determined to be immaterial to the consolidated financial statements.

The Company reviews its impairments in accordance with the changes issued by the FASB to fair value accounting and the recognition and presentation of other-than-temporary impairments, in order to determine the classification of the impairment as "temporary" or "other-than-temporary". A temporary impairment charge results in an unrealized loss being recorded in the other comprehensive income (loss) component of stockholders' equity. Such an unrealized loss does not affect net income (loss) for the applicable accounting period. An other-than-temporary impairment charge is recorded as a realized loss in the consolidated statement of operations. The differentiating factors between temporary and other-than-temporary impairment are primarily the length of the time and the extent to which the market value has been less than cost, the financial condition and near-term prospects of the issuer and the Company's intent and ability to retain its investment for a period of time sufficient to allow for the recovery in market value to par. If the issuers of the ARS are unable to successfully close future auctions or refinance their debt in the near term and/or the credit ratings of these instruments deteriorate, the Company may, in the near future, conclude that an additional other-than-temporary impairment charge is required related to these investments. Such other-than-temporary impairment may be greater than the $2.0 million currently accounted for as a temporary decline or may be greater than the $1.5 million other-than-temporary impairment recorded through September 30, 2011.

Investments (Tables)	12 Months Ended Sep. 30, 2011

Investments

Summary Of Cash Equivalents And Available-For-Sale Securities

	September 30, 2011			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Money market funds	$27,578	$ —	$—	$27,578
Certificates of deposit and other bank deposits	107,751	—	—	107,751
Non- United States government securities	37,453	—	—	37,453
Auction rate securities	19,468	—	(2,020)	17,448
	$192,250	$ —	$(2,020)	$190,230
Included in cash and cash equivalents	$135,330	$ —	$—	$135,330
Included in short-term investments	28,319	—	—	28,319
Included in long-term investments	28,601	—	(2,020)	26,581
	$192,250	$ —	$(2,020)	$190,230

	September 30, 2010			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Money market funds	$70,325	$ —	$—	$70,325
Certificates of deposit and other bank deposits	82,007	—	—	82,007
Non- United States	19,098	—	—	19,098

government securities				
United States government and agency securities	4,194	—	—	4,194
Auction rate securities	19,682	—	(2,242)	17,440
	$195,306	$ —	$(2,242)	$193,064
Included in cash and cash equivalents	$152,332	$ —	$—	$152,332
Included in short-term investments	18,449	—	—	18,449
Included in long-term investments	24,525	—	(2,242)	22,283
	$195,306	$ —	$(2,242)	$193,064

Summary Of Available-For-Sale Securities Based On Contractual Maturities

	September 30,	
	2011	2010
Due in one year or less	$28,319	$18,449
Due after one year through two years	9,133	4,843
Due after two years through three years	—	—
Due after three years	17,448	17,440
	$54,900	$40,732

Acquisition (Schedule Of Pro Forma Information) (Details) (USD $) In Thousands, except Per Share data	12 Months Ended		
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2009
Acquisition			
Total revenues	$ 473,744	$ 391,988	$ 326,350
Net income (loss)	$ 35,384	$ 16,088	$ (3,403)
Net income (loss) per share-basic	$ 0.38	$ 0.18	$ (0.04)
Net income (loss) per share-diluted	$ 0.38	$ 0.18	$ (0.04)
Weighted average shares-basic	92,073	89,200	85,316
Weighted average shares-diluted	92,073	91,804	85,316

Discontinued Operations (Narrative) (Details) (USD $)	1 Months Ended	12 Months Ended	
	Nov. 15, 2010	Sep. 30, 2011	Sep. 30, 2010
Discontinued Operations			
Proceeds from sale of discontinued operations	$ 51,000,000	$ 51,000,000	
Gain on sale of discontinued operations	39,500,000		
Estimated income tax effect from discontinued operations	289,000		
Goodwill related to discontinued operations			$ 11,800,000

Acquisition (Tables)

Acquisition (Tables)	12 Months Ended Sep. 30, 2011

Acquisition

Summary Of Fair Values Of The Assets Acquired And Liabilities Assumed

Cash and cash equivalents	$19,582
Accounts receivable	13,607
Prepaid expenses and other assets	2,062
Property and equipment	2,319
Restricted cash, non-current	127
Goodwill	88,108
Other intangible assets	61,400
Total assets acquired	$187,205
Accounts payable	$1,326
Accrued liabilities	4,971
Accrued compensation and related liabilities	3,727
Deferred revenue	5,192
Other liabilities	371
Total liabilities assumed	$15,587
Net assets acquired	$171,618

Schedule Of Acquired Intangible Assets

	Estimated useful life (years)	Fair value	Estimated annual amortization	Statement of operations classification
Other intangible assets				
Existing software technology	4	$9,900	$ 2,475	Cost of revenues
Contracts and related customer relationships	5	46,200	9,240	Cost of revenues
Trade names/ trademarks	4	5,300	1,325	Operating expense
		$61,400		

Schedule Of Pro Forma Information

	Year Ended September 30, 2011	2010	2009
Total revenues	$473,744	$391,988	$326,350
Net income (loss)	$35,384	$16,088	$(3,403)
Net income (loss) per share—basic	$0.38	$0.18	$(0.04)
Net income (loss) per share—diluted	$0.38	$0.18	$(0.04)
Weighted average shares—basic	92,073	89,200	85,316
Weighted average shares—diluted	92,073	91,804	85,316

Stockholders' Equity

12 Months Ended
Sep. 30, 2011

Stockholders' Equity

Stockholders' Equity

Note 11—Stockholders' Equity

1999 Equity Incentive Plan

The Company's Board of Directors approved the 1999 Equity Incentive Plan (the "Incentive Plan") on April 20, 1999. The Incentive Plan was amended on October 4, 2001, March 11, 2009 and December 3, 2010. Any shares not issued under the Company's 1996 Stock Plan (the "1996 Stock Plan") and any shares repurchased pursuant to the 1996 Stock Plan will also be available for grant under the Incentive Plan. The number of shares reserved under the Incentive Plan automatically increased on January 1 of each year until 2005 by the lesser of 3.3 million shares or 5% of the total number of shares of common stock outstanding on that date and was increased by 5.3 million shares on March 11, 2009. Under the Incentive Plan, eligible employees, outside directors and consultants may be granted stock options, stock appreciation rights, restricted shares or stock units. The exercise price for incentive stock options and nonstatutory options may not be less than 100% and 85%, respectively, of the fair value of common stock at the option grant date. As of September 30, 2011, 11.9 million shares are available for grant under the Incentive Plan (including shares transferred from the 1996 Stock Plan since September 22, 1999). As of September 30, 2011, there were 261,000 shares outstanding in connection with options granted under the Incentive Plan, including shares transferred from the 1996 Stock Plan since September 22, 1999.

Employee Stock Purchase Plan

The Company's Board of Directors adopted the Employee Stock Purchase Plan (the "Purchase Plan") on April 20, 1999. The Purchase Plan was amended on August 1, 2006 and on March 11, 2009. Under the Purchase Plan, eligible employees may purchase common stock in an amount not to exceed 1,000 shares per period. The purchase price per share equals 85% of the common stock's fair value at the end of the defined purchase period. As of September 30, 2011, there have been 6.0 million shares issued under the Purchase Plan and 1.1 million shares are available for future issuance.

FreeMarkets Stock Plans

On July 1, 2004, the Company assumed the FreeMarkets, Inc. Second Amended and Restated Stock Incentive Plan and Broad Based Equity Incentive Plan (the "FreeMarkets Plans"). The FreeMarkets Plans were not approved by the Company's stockholders. On October 11, 2007, the Compensation Committee of the Board of Directors of the Company amended and restated the Second Amended and Restated Stock Incentive Plan. This Third Amended and Restated Stock Incentive Plan provides for the grant of stock units representing the equivalent of shares of Ariba's common stock, the grant of incentive stock options to employees at prices not less than 100% of the fair market value of the common stock on the date of grant and for the grant of nonstatutory stock options to employees, consultants, advisers and outside directors at a price determined by the Board of Directors. The Broad Based Equity Incentive Plan provides for the grant of nonstatutory stock options to employees (other than officers), consultants and advisers at a price determined by the Board of Directors. Options expire not later than ten years from the date of grant. As of September 30, 2011, there were 70,000 shares outstanding in connection with options granted under the FreeMarkets Plans.

A summary of the activity related to the Company's restricted common stock is presented below for the years ended September 30, 2011, 2010 and 2009:

	Number of Shares	Weighted-Average Grant Date Fair Value
Nonvested at October 1, 2008	6,634,493	$ 10.47
Granted	2,387,997	9.18
Vested	(3,452,430)	10.41
Forfeited	(324,472)	10.65
Nonvested at September 30, 2009	5,245,588	9.90
Granted	4,342,768	12.17
Vested	(3,128,145)	10.16
Forfeited	(252,611)	11.14
Nonvested at September 30, 2010	6,207,600	11.32
Granted	3,609,550	23.41
Vested	(3,575,850)	11.62
Forfeited	(282,742)	15.48
Nonvested at September 30, 2011	5,958,558	$ 18.26

The fair value of stock awards vested was $82.9 million, $37.5 million and $29.2 million for the years ended September 30, 2011, 2010 and 2009, respectively.

The nonvested shares roll forward presented above includes the restricted stock units granted in the years ended September 30, 2011 and 2010. See "Stock-based compensation" in Note 1.

A summary of the activity related to the Company's stock options is presented below for the years ended September 30, 2011, 2010 and 2009:

	Number of Options	Weighted-Average Exercise Price
Outstanding at October 1, 2008	814,951	$15.00
Exercised	(172,396)	5.36
Forfeited	(58,900)	23.32
Outstanding at September 30, 2009	583,655	16.95
Exercised	(34,566)	9.56
Forfeited	(24,459)	140.40
Outstanding at September 30, 2010	524,630	11.61
Exercised	(147,823)	13.01
Forfeited	(15,769)	49.81
Outstanding at September 30, 2011	361,038	9.14
Exercisable at September 30, 2011	361,038	$9.14

The total intrinsic value of options outstanding and exercisable as of September 30, 2011 was $6.0 million. The total intrinsic value represents the total pretax intrinsic value (the difference between the Company's closing stock price on the last trading day of the fourth quarter of fiscal 2011 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on September 30, 2011. This amount changes based on the fair market value of the Company's stock. The total intrinsic value of options exercised for the years ended September 30, 2011, 2010 and 2009 was $339,000, $198,000 and $532,000, respectively. The range of exercise prices and weighted average remaining contractual life for the options outstanding and exercisable is $5.57 to $39.66 and 2.6 years, respectively.

Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss as of September 30, 2011 and 2010 are as follows (in thousands):

	September 30, 2011	**September 30, 2010**
Foreign currency translation adjustments	$ (1,167)	$ 350
Unrealized loss on securities, net	(2,229)	(2,229)
Accumulated other comprehensive loss	$ (3,396)	$ (1,879)

The income tax effects related to foreign currently translation adjustments and unrealized gains and losses on securities are not material.

Discontinued Operations	12 Months Ended Sep. 30, 2011

Discontinued Operations

Discontinued Operations

Note 2—Discontinued Operations

On November 15, 2010, the Company sold its sourcing services and BPO services assets (collectively, the "Sourcing Services Business") to Accenture for approximately $51.0 million in cash, resulting in a gain of approximately $39.5 million, less estimated income taxes of $289,000. The assets of the Sourcing Services Business include the Company's category expertise, sourcing process expertise and strategic sourcing execution resources. As of September 30, 2010, the assets of the Sourcing Services Business were comprised of goodwill of $11.8 million. The following table summarizes the financial information for the Sourcing Services Business operations for the years ended September 30, 2011, 2010 and 2009 (in thousands, except per share amounts):

	Year Ended September 30,		
	2011	2010	2009
Revenues from discontinued operations	$13,092	$40,747	$53,267
(Loss) income from discontinued operations before income taxes	(2,924)	3,311	6,659
Provision for income taxes	—	150	122
Net (loss) income from discontinued operations	(2,924)	3,161	6,537
Gain on sale of discontinued operations, net of tax	$39,164	$—	$—

Selected Quarterly Financial Data (unaudited) (Tables)

Selected Quarterly Financial Data (unaudited)

Schedule Of Selected Financial Data

12 Months Ended Sep. 30, 2011

	Fiscal Year 2011 For the Quarter Ended			
	Sept. 30, 2011	**June 30, 2011**	**March 31, 2011**	**Dec. 31, 2010**
	(In thousands, except per share amounts)			
Total revenues	$122,743	$121,917	$108,765	$90,420
Gross profit	77,429	76,182	68,793	59,798
Income (loss) from continuing operations (1)	2,407	(12,283)	(1,591)	8,484
Total discontinued operations	684	349	1,592	33,615
Net income (loss) (1)(2)	3,091	(11,934)	1	42,099
Basic earnings per share (3):				
Income (loss) from continuing operations	$0.02	$(0.13)	$(0.02)	$0.09
Discontinued operations, net of tax	0.01	0.00	0.02	0.38
Net income (loss) per share—basic	$0.03	$(0.13)	$0.00	$0.47
Diluted earnings per share (3):				
Income (loss) from continuing operations	$0.02	$(0.13)	$(0.02)	$0.09
Discontinued operations, net of tax	0.01	0.00	0.02	0.36
Net income (loss) per share—diluted	$0.03	$(0.13)	$0.00	$0.45

(1) Includes the following:				
Restructuring costs (benefit)	$ —	$ 13,396	$ 231	$ (2,923)
Transaction costs	—	—	1,481	990
(2) Includes the following:				
Tax accrual reversal	$ —	$ —	$ —	$ (3,942)

(3) Earnings per share amounts for each quarter are computed using the weighted average number of shares outstanding during the quarter and earnings per share amounts for the full year are computed using the weighted average number of shares outstanding during the year. Therefore, the sum of earnings per share each quarter may not equal the full year amount.

	Fiscal Year 2010 For the Quarter Ended			
	Sept. 30, 2010	**June 30, 2010**	**March 31, 2010**	**Dec. 31, 2009**
	(In thousands, except per share amounts)			
Total revenues	$84,893	$83,006	$77,308	$75,192
Gross profit	56,741	54,254	50,433	48,743
Income from continuing operations (1)	3,491	3,650	5,035	1,049
Total discontinued operations	645	624	716	1,176
Net income (1)	4,136	4,274	5,751	2,225
Basic earnings per share (2):				
Income from continuing operations	$0.04	$0.04	$0.06	$0.01
Discontinued operations, net of tax	0.01	0.01	0.01	0.02

Net income per share—basic	$0.05	$0.05	$0.07	$0.03
Diluted earnings per share (2):				
Income from continuing operations	$0.04	$0.04	$0.06	$0.01
Discontinued operations, net of tax	0.01	0.01	0.01	0.02
Net income per share—diluted	$0.05	$0.05	$0.07	$0.03

(1) Includes the following:

Litigation benefit	$ —	$ —	$ (7,000)	$ —
Restructuring costs	—	—	8,579	—
Tax accrual reversal	—	—	(3,089)	—
Transaction costs	663	—	—	—

(2) Earnings per share amounts for each quarter are computed using the weighted average number of shares outstanding during the quarter and earnings per share amounts for the full year are computed using the weighted average number of shares outstanding during the year. Therefore, the sum of earnings per share each quarter may not equal the full year amount.

Income Taxes

Income Taxes

Income Taxes

12 Months Ended
Sep. 30, 2011

Note 8—Income Taxes

The provision for income taxes for the years ended September 30, 2011, 2010 and 2009 was comprised of the following (in thousands):

	Current	Deferred	Total
2011:			
Federal	$—	$—	$—
State	214	—	214
Foreign	1,357	(975)	382
Total	$1,571	$ (975)	$596
2010:			
Federal	$—	$—	$—
State	118	—	118
Foreign	1,620	(470)	1,150
Total	$1,738	$ (470)	$1,268
2009:			
Federal	$—	$—	$—
State	42	—	42
Foreign	1,076	(14)	1,062
Total	$1,118	$ (14)	$1,104

The Company's (loss) income from continuing operations before income taxes for the years ended September 30, 2011, 2010 and 2009 consisted of the following components (in thousands):

	2011	2010	2009
Domestic	$(23,603)	$11,577	$566
Foreign	21,216	2,916	2,194
(Loss) income from continuing operations before income taxes	$(2,387)	$14,493	$2,760

The reconciliation between the amount computed by applying the United States federal statutory tax rate of 35% to the income from continuing operations before income taxes and actual income tax expense for the years ended September 30, 2011, 2010 and 2009 is as follows (in thousands):

	2011	2010	2009
Computed tax benefit	$(835)	$5,073	$966
State taxes, net of federal benefit	(818)	864	427
Nondeductible expenses and other permanent differences	8,236	5,102	805
Foreign taxes	(7,043)	105	274
Provision to return adjustments	5,039	3,712	4,337
Other	999	494	161
Change in valuation allowance	(4,982)	(14,082)	(5,866)

Provision for income taxes	$596	$1,268	$1,104

Included in tax expense from discontinued operations is a decrease in valuation allowance and corresponding utilization of net operating losses of $15.0 million, $1.0 million, and $2.0 million for the years ended September 30, 2011, 2010, and 2009, respectively.

The tax effects of temporary differences that give rise to significant portions of net deferred tax assets as of September 30, 2011 and 2010 are as follows (in thousands):

	2011	**2010**
Deferred Tax Assets		
Accruals and allowances	$68,750	$65,906
Capitalized research and experimentation costs	64,880	81,868
Depreciation and amortization	73,305	85,193
Credit carryforwards	64,850	64,871
Net operating loss and other carryforwards	588,123	584,934
Deferred tax assets	859,908	882,772
Valuation allowance	(855,509)	(875,553)
Deferred tax assets, net of valuation allowance	4,399	7,219
Deferred Tax Liabilities		
Unremitted earnings of foreign subsidiaries	—	(832)
Acquired intangibles	(1,571)	(5,189)
Net deferred tax assets	2,828	1,198
Recorded As:		
Current deferred tax asset	$31,879	$39,298
Valuation allowance	(30,130)	(38,852)
Net current deferred tax asset	1,749	446
Non-current deferred tax asset	828,031	843,475
Valuation allowance	(825,381)	(836,702)
Net non-current deferred tax asset	2,650	6,773
Current deferred tax liability	—	(832)
Non-current deferred tax liability	(1,571)	(5,189)
Net deferred tax assets	$2,828	$1,198

The Company has provided a valuation allowance due to the uncertainty of generating future profits that would allow for the realization of such deferred tax assets. The net decrease in the total valuation allowance for the year ended September 30, 2011 was $20.0 million. The net decrease in the total valuation allowance for the year ended September 30, 2010 was $15.1 million. Utilization of the Company's net operating loss and tax credit carryforwards may be subject to a substantial annual limitation due to the ownership change limitations imposed by Internal Revenue Code Sections 382 and 383 and similar state provisions. Such an annual limitation could result in the expiration of the Company's federal and state net operating loss and tax credit carryforwards before utilization.

As of September 30, 2011, the Company had net operating loss carryforwards for federal, state and foreign tax purposes of approximately $1.5 billion, $784.0 million and $2.0 million, respectively, before consideration of any annual limitation as described above. These federal, state and foreign net operating loss carryforwards expire in various years from fiscal year 2012 through fiscal year 2031, from fiscal year 2012 through fiscal year 2031 and from fiscal year 2012 through fiscal year 2014, respectively. As of September 30, 2011, the Company had research credit carryforwards for federal and state tax purposes of approximately $39.0 million and $25.0 million, respectively. If not utilized, the federal research credit carryforwards will expire in various years from fiscal year 2012 through fiscal year 2024. The state research credit carryforwards will continue indefinitely. The Company also had manufacturer's credit carryforwards as of September 30, 2011 for state tax purposes of approximately $119,000, which will expire in fiscal year 2012. The Company's net operating loss and tax credit carryforwards include net operating loss and research credit carryforwards of approximately $270.0 million and $4.8 million, respectively, generated by FreeMarkets, which are subject to annual limitations which could reduce or defer the utilization of those losses and credits.

The undistributed earnings of the foreign subsidiaries are approximately $48.9 million as of September 30, 2011. The Company has decided to permanently reinvest those earnings and accordingly has not provided for any taxes thereon. Determination of the amount of unrecognized deferred U.S. income tax liability on these undistributed earnings is not practicable.

The aggregate changes in the balances of the Company's gross unrecognized tax benefits were as follows (in thousands):

	Year Ended September 30, 2011	Year Ended September 30, 2010
Gross unrecognized tax benefits as of October 1	$ 4,698	$ 4,718
Increases related to tax positions from prior fiscal years, including acquisitions	512	—
Decreases related to tax positions from prior fiscal years	—	—
Increases related to tax positions taken during the fiscal year	260	133
Lapses of statutes of limitations	(3,106)	(312)
Changes in unrecognized tax benefits due to foreign currency translation	(555)	159
Total gross unrecognized tax benefits as of September 30	$ 1,809	$ 4,698

The Company does not expect any significant changes to the unrecognized tax benefits in the next twelve months.

As of September 30, 2011, approximately $1.8 million of unrecognized benefits would affect the Company's effective tax rate if realized. The Company released interest and penalties related to lapses of statute of limitations of uncertain tax positions of $1.0 million during fiscal year 2011. Interest and penalties were insignificant in fiscal years 2010 and 2009. The gross amount of interest and penalties accrued as of September 30, 2011 and 2010 was $568,000 and $1.7 million, respectively. Interest and penalties are recorded in the provision for income taxes in the statement of operations.

The Company has numerous tax audits in progress globally which could affect its unrecognized tax benefits. At this time, the Company cannot reasonably predict the outcomes of those audits or the impacts on its unrecognized tax benefits. The Company believes that it has adequately provided for any reasonably foreseeable outcomes related to the Company's tax audits. However, there can be no assurances as to the possible outcomes. The Company's United States federal income tax return is open to examination for the fiscal year ended September 30, 2008 and forward. Globally, the Company's income tax returns are open to examination among various jurisdictions ranging from fiscal year ended September 30, 2005 and forward.

401(k) Savings Plan	12 Months Ended Sep. 30, 2011
401(k) Savings Plan	
401(k) Savings Plan	**Note 13—401(k) Savings Plan** Company employees in the United States can participate in the Ariba, Inc. Employees' 401(k) Savings Plan. Participants can generally contribute up to 100% of their eligible compensation annually as defined by the plan document, subject to the section 402(g) limit as defined by the IRS. The Company made a discretionary contribution in the form of common stock with a value of \$4.5 million, \$4.0 million and \$3.4 million in the years ended September 30, 2011, 2010 and 2009, respectively.

Net Income (Loss) Per Share (Details) (USD $) In Thousands, except Share data	3 Months Ended								12 Months Ended		
	Sep. 30, 2011	Jun. 30, 2011	Mar. 31, 2011	Dec. 31, 2010	Sep. 30, 2010	Jun. 30, 2010	Mar. 31, 2010	Dec. 31, 2009	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2009
Net Income (Loss) Per Share											
(Loss) income from continuing operations	$ 2,407 [1]	$ (12,283) [1]	$ (1,591) [1]	$ 8,484 [1]	$ 3,491 [2]	$ 3,650 [2]	$ 5,035 [2]	$ 1,049 [2]	$ (2,983)	$ 13,225	$ 1,656
Discontinued operations, net of tax	684	349	1,592	33,615	645	624	716	1,176	36,240	3,161	6,537
Net income	$ 3,091 [1],[3]	$ (11,934) [1],[3]	$ 1 [1],[3]	$ 42,099 [1],[3]	$ 4,136 [2]	$ 4,274 [2]	$ 5,751 [2]	$ 2,225 [2]	$ 33,257	$ 16,386	$ 8,193
Weighted-average common shares-basic									91,212,000	86,617,000	82,733,000
Add: Effect of dilutive securities										2,604,000	2,691,000
Weighted-average common shares-diluted									91,212,000	89,221,000	85,424,000
(Loss) income from continuing operations	$ 0.02 [4]	$ (0.13) [4]	$ (0.02) [4]	$ 0.09 [4]	$ 0.04 [5]	$ 0.04 [5]	$ 0.06 [5]	$ 0.01 [5]	$ (0.03)	$ 0.15	$ 0.02
Discontinued operations, net of tax	$ 0.01 [4]	$ 0.00 [4]	$ 0.02 [4]	$ 0.38 [4]	$ 0.01 [5]	$ 0.01 [5]	$ 0.01 [5]	$ 0.02 [5]	$ 0.39	$ 0.04	$ 0.08
Net income per common share-basic	$ 0.03 [4]	$ (0.13) [4]	$ 0.00 [4]	$ 0.47 [4]	$ 0.05 [5]	$ 0.05 [5]	$ 0.07 [5]	$ 0.03 [5]	$ 0.36	$ 0.19	$ 0.10
(Loss) income from continuing operations	$ 0.02 [4]	$ (0.13) [4]	$ (0.02) [4]	$ 0.09 [4]	$ 0.04 [5]	$ 0.04 [5]	$ 0.06 [5]	$ 0.01 [5]	$ (0.03)	$ 0.15	$ 0.02
Discontinued operations, net of tax	$ 0.01 [4]	$ 0.00 [4]	$ 0.02 [4]	$ 0.36 [4]	$ 0.01 [5]	$ 0.01 [5]	$ 0.01 [5]	$ 0.02 [5]	$ 0.39	$ 0.03	$ 0.08
Net income per common share-diluted	$ 0.03 [4]	$ (0.13) [4]	$ 0.00 [4]	$ 0.45 [4]	$ 0.05 [5]	$ 0.05 [5]	$ 0.07 [5]	$ 0.03 [5]	$ 0.36	$ 0.18	$ 0.10
Potential anti-dilutive securities excluded from computation of earnings per share amount									3,600,000		

[1] (1) Includes the following: Restructuring costs (benefit) $ — $ 13,396 $ 231 $ (2,923) Transaction costs — — 1,481 990

[2] (1) Includes the following: Litigation benefit $ — $ — $ (7,000) $ — Restructuring costs — — 8,579 — Tax accrual reversal — — (3,089) — Transaction costs 663 — — —

[3] (2) Includes the following: Tax accrual reversal $ — $ — $ — $ (3,942)

[4] Earnings per share amounts for each quarter are computed using the weighted average number of shares outstanding during the quarter and earnings per share amounts for the full year are computed using the weighted average number of shares outstanding during the year. Therefore, the sum of earnings per share each quarter may not equal the full year amount.

[5] (2) Earnings per share amounts for each quarter are computed using the weighted average number of shares outstanding during the quarter and earnings per share amounts for the full year are computed using the weighted average number of shares outstanding during the year. Therefore, the sum of earnings per share each quarter may not equal the full year amount.

Commitments And Contingencies	12 Months Ended Sep. 30, 2011
Commitments And Contingencies	
Commitments And Contingencies	

Note 9—Commitments and Contingencies

Leases

In March 2000, the Company entered into a facility lease agreement for approximately 716,000 square feet in four office buildings and an amenities building on Eleventh Avenue in Sunnyvale, California. The operating lease term commenced in January 2001 through April 2001 and ends in January 2013. The Company has abandoned this facility and currently subleases over three buildings, totaling 571,000 square feet, to third parties. The majority of these subleases expire in January 2013. The remaining square feet is available for sublease. Minimum monthly lease payments are approximately $3.6 million and escalate annually, with the total future minimum lease payments amounting to $58.8 million over the remaining lease term. As part of this lease agreement, the Company is required to issue standby letters of credit, which are backed by cash equivalents totaling $28.8 million as of September 30, 2011, as a form of security through January 2013. Also, the Company is required by other agreements to hold an additional $540,000 in standby letters of credit and other guarantees, which are cash collateralized. These instruments are issued by one of the Company's banks in lieu of a cash security deposit required by landlords for domestic and international real estate leases. The total cash collateral of $29.4 million is classified as restricted cash on the Company's consolidated balance sheet as of September 30, 2011.

In February 2011, the Company entered into a facility lease agreement for approximately 86,000 square feet on Hermosa Court in Sunnyvale, California for its headquarters. The operating lease term commenced in May 2011 and ends in November 2021. The Company moved its headquarters into this facility in June 2011.

The Company occupies approximately 80,000 square feet of office space in Bangalore, India under leases that expire at various times through September 2014. This location consists principally of research and development activities.

The Company occupies 73,000 square feet of office space in Pittsburgh, Pennsylvania under a lease that expires in December 2017. The Company currently subleases approximately 18,000 square feet to a third party. This location consists principally of the Company's customer support organization and administrative activities.

The Company occupies approximately 42,000 square feet of office space in Atlanta, Georgia under a lease that expires in June 2013. Operations at this location consist principally of the Company's sales, certain executive management and support activities.

The Company leases certain equipment, software and its facilities under various non-cancelable operating leases with various expiration dates through 2017. Rental expense was $24.6 million, $24.6 million and $24.2 million for the years ended September 30, 2011, 2010 and 2009, respectively. This expense was reduced by sublease income of $13.3 million, $11.3 million and $10.5 million for the years ended September 30, 2011, 2010 and 2009, respectively.

Future minimum lease payments and sublease income under non-cancelable operating leases for the next five years and thereafter are as follows as of September 30, 2011 (in thousands):

Year Ending September 30,	Lease Payments	Contractual Sublease Income
2012	$54,644	$ 16,022
2013	24,941	5,383
2014	8,703	440
2015	7,529	440
2016	6,565	440
Thereafter	18,737	550
Total	$121,119	$ 23,275

Of the total operating lease commitments as of September 30, 2011 noted above, $59.6 million is for occupied properties and $61.5 million is for abandoned properties, which are a component of the restructuring obligation.

Restructuring costs

The following table details accrued restructuring obligations and related activity for the three years ended September 30, 2011 (in thousands):

	Severance and Benefits	Lease Abandonment Costs	Asset Impairment	Total Restructuring Costs
Accrued restructuring obligations as of October 1, 2008	$660	$ 60,386	$ —	$ 61,046
Cash paid	(4,554)	(18,179)	—	(22,733)
Total charge to operating expense	3,256	6,813	88	10,157
Total charge to discontinued operations	680	—	—	680
Assets impairment applied to asset balances	—	—	(88)	(88)
Accrued restructuring obligations as of September 30, 2009	42	49,020	—	49,062
Cash paid	(42)	(17,072)	—	(17,114)
Total charge to operating expense	—	8,579	—	8,579
Accrued restructuring obligations as of September 30, 2010	—	40,527	—	40,527
Cash paid	—	(18,260)	—	(18,260)
Total charge to operating expense	—	7,436	3,268	10,704

Asset impairment applied to asset balances	—	—	(3,268)	(3,268)
Reclassification from deferred rent obligations	—	2,104	—	2,104
Accrued restructuring obligations as of September 30, 2011	$—	$ 31,807	$ —	$ 31,807
Less: current portion				23,461
Accrued restructuring obligations, less current portion				$ 8,346

Severance and benefits costs

Severance and benefits costs primarily include involuntary termination and health benefits, outplacement costs and payroll taxes for terminated personnel. The Company recorded a charge of $3.9 million for the year ended September 30, 2009 related to severance benefit costs in connection with workforce reductions in the current economic environment to better align its expenses with its revenues.

Lease abandonment and asset impairment costs

Lease abandonment costs incurred to date relate primarily to the abandonment of leased facilities in Sunnyvale, California and Pittsburgh, Pennsylvania.

In the year ended September 30, 2011, the Company moved its headquarters within Sunnyvale, California to Hermosa Court and abandoned its previous headquarters facility on Eleventh Avenue. As a result, the Company recorded $12.3 million of lease abandonment costs and $3.3 million of accelerated depreciation expense at the previous headquarters facility.

In the year ended September 30, 2011, the Company entered into the following sublease agreements, which resulted in a benefit to lease abandonment costs of $4.9 million: (i) approximately 45,000 square feet of space at the Company's Sunnyvale, California Eleventh Avenue facility through January 2013; (ii) approximately 44,000 square feet of space at the Company's Sunnyvale, California Eleventh Avenue facility through April 2012; and (iii) an amendment with Juniper Networks, Inc. ("Juniper"), the successor in interest to NetScreen Technologies, Inc. ("NetScreen"), to the sublease dated as of October 18, 2002 between the Company and NetScreen. Pursuant to the amendment, Juniper agreed to lease approximately 86,000 square feet of additional space at the Company's Sunnyvale, California Eleventh Avenue facility through January 2013. The Company's Chief Executive Officer, Robert Calderoni, is also on the Board of Directors of Juniper.

In the year ended September 30, 2010, the Company revised its estimates for sublease commencement dates based on the remaining terms of the lease for the Sunnyvale, California Eleventh Avenue facility and continued soft market conditions in the Northern California real estate market, resulting in a charge of $8.6 million.

In the year ended September 30, 2009, the Company revised its estimates for sublease commencement dates and sublease rental rate projections to reflect continued soft market conditions in the Northern California real estate market, resulting in a charge of $6.8 million.

Total lease abandonment costs include lease liabilities offset by estimated sublease income. As of September 30, 2011, $31.8 million of lease abandonment costs remain accrued and are expected to be paid by fiscal year 2013. The Company's lease abandonment accrual is net of $23.3 million of sublease income.

Other arrangements

Other than the obligations identified above, the Company does not have commercial commitments under lines of credit, standby repurchase obligations or other such debt arrangements. The Company has no other off-balance sheet arrangements or transactions with unconsolidated limited purpose entities, nor does it have any undisclosed material transactions or commitments involving related persons or entities. The Company does not have any material non-cancelable purchase commitments as of September 30, 2011.

Litigation and other proceedings

Patent litigation

In June 2011, two of the Company's subsidiaries, Quadrem International Ltd. ("QIL") and Quadrem Netherlands, B.V. ("QNBV"), were sued for patent infringement in the United States District Court for the Southern District of Texas. The former ultimate parent holding company of QIL and QNBV was also named as a defendant in the suit. At least 17 other entities were named as defendants in the suit. In August 2011, QIL and QNBV reached a settlement with plaintiff, which was not material to the consolidated financial statements, and the matter has been dismissed.

In December 2010, the Company's subsidiary, Quadrem U.S., Inc. ("Quadrem U.S."), was sued for patent infringement in the United States District Court for the Middle District of Pennsylvania. At least 10 other defendants were named as defendants in the suit. In October 2011, Quadrem U.S. was dismissed from the case.

General

From time to time, the Company is involved in a variety of claims, suits, investigations, and proceedings arising from the ordinary course of its business, including actions with respect to intellectual property claims, government investigations, labor and employment claims, breach of contract claims, tax, and other matters. Regardless of the outcome, these proceedings can have an adverse impact on the Company because of defense costs, diversion of management resources, and other factors. In addition, it is possible that an unfavorable resolution of one or more such proceedings could in the future materially and adversely affect our financial position, results of operations, and cash flows in a particular period or subject the Company to an injunction that could seriously harm its business. See the risk factors "Litigation Could Seriously Harm Our Business," "We May be Sued by Third Parties for Alleged Infringement of Their Proprietary Rights," "If the Protection of Our Intellectual Property Is Inadequate, Our Competitors May Gain Access to Our Technology, and We May Lose Customers" and "We Could Be Subject to Potential Claims Related to Our On-Demand Solutions, As Well As Our Supplier Networks," in the Risk Factors section of Part II, Item 1A of this Quarterly Report on Form 10-Q.

Litigation benefit and insurance reimbursement

During the year ended September 30, 2010, the Company received $7.0 million in satisfaction of a court judgment, which was recorded in income.

During the year ended September 30, 2009, the Company recorded $7.5 million of income related to an insurance reimbursement for previously unreimbursed litigation costs.

Indemnification

The Company sells software licenses, access to its on-demand offerings and/or services to its customers under various different contracts (collectively, "Software License and Service Agreements," or "SLSA"). Each SLSA contains the relevant terms of the contractual arrangement with the customer, and may include provisions for indemnifying the customer against losses, expenses and liabilities from damages that may be incurred by or awarded against the customer in the event the Company's software or services are found to infringe upon a patent, copyright, trade secret, trademark or other proprietary right of a third party. The SLSA generally limits the scope of remedies for such included indemnification obligations in a variety of industry-standard respects, including but not limited to certain product usage limitations and geography-based scope limitations, and a right to replace an infringing product or service or modify them to make them non-infringing. If the Company cannot address the infringement by replacing the product or service, or modifying the product or service, the Company may be allowed to cancel the license or service and return certain of the fees paid by the customer.

Segment Information (Tables)	12 Months Ended Sep. 30, 2011

Segment Information

Reconciliation Of Segment Information To The Company's Net Income Before Income

	Year Ended September 30,		
	2011	2010	2009
Segment operating result	$79,536	$65,600	$59,002
Amortization of intangible assets	(12,912)	(4,506)	(6,050)
Stock-based compensation	(57,875)	(46,831)	(32,653)
Transaction costs	(2,471)	(663)	—
Tax accrual reversal	—	3,089	—
Litigation benefit	—	7,000	—
Restructuring costs	(10,704)	(8,579)	(10,157)
Other-than-temporary decline in long-term investment	—	—	(1,414)
Purchase accounting adjustment to revenues	—	—	(355)
Operating (loss) income	$(4,426)	$15,110	$8,373
Interest and other income (expense), net	2,039	(617)	(5,613)
(Loss) income from continuing operations before income taxes	$(2,387)	$14,493	$2,760

Schedule Of Revenues By Product And Service Groups

	Year Ended September 30,		
	2011	2010	2009
Network revenues	$119,747	$40,995	$32,197
Subscription software	155,951	132,965	119,008

application revenues			
Total subscription software revenues	$275,698	$173,960	$151,205
Maintenance revenues	59,426	66,829	71,001
Services and other revenues	108,721	79,610	63,499
Total revenues	$443,845	$320,399	$285,705

Revenue By Geographic Area

	Year Ended September 30,		
	2011	2010	2009
North America	$275,992	$230,920	$200,902
EMEA	91,544	67,878	67,925
Rest of World	76,309	21,601	16,878
Total revenues	$443,845	$320,399	$285,705

Information Regarding Long-Lived Assets In Geographic Area

	September 30,	
	2011	2010
Long-lived assets:		
United States	$29,185	$14,633
International	3,621	1,325
Total	$32,806	$15,958

Goodwill And Other Intangible Assets	12 Months Ended Sep. 30, 2011

Goodwill And Other Intangible Assets

Goodwill And Other Intangible Assets

Note 7—Goodwill and Other Intangible Assets

The Company's goodwill balance as of September 30, 2011 and 2010 was $482.8 million and $406.5 million, respectively. The changes in the carrying amount of goodwill during fiscal year 2011 were an increase of $88.1 million from the Quadrem acquisition (see Note 3) and a decrease of $11.8 million from the sale of the Sourcing Services Business (see Note 2). There were no changes to the carrying amount of goodwill during fiscal year 2010.

The table below reflects changes or activity in the balances related to other intangible assets for the years ended September 30, 2011 and 2010 (in thousands):

		September 30, 2011			September 30, 2010		
	Useful Life	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Other Intangible Assets							
Existing software technology	48 months	$23,200	$(14,971)	$8,229	$13,300	$(13,300)	$—
Contracts and related customer relationships	60 to 72 months	127,081	(78,063)	49,018	80,881	(67,727)	13,154
Trade names/ trademarks	48 months	7,500	(3,094)	4,406	2,200	(2,200)	—
Non-competition agreements	24 months	600	(600)	—	600	(600)	—
Total		$158,381	$(96,728)	$61,653	$96,981	$(83,827)	$13,154

Amortization of other intangible assets for the year ended September 30, 2011 totaled $12.9 million. Of the total, amortization of $12.0 million related to contracts and related customer relationship and existing software technology was recorded as cost of revenues in the year ended September 30, 2011. Amortization of $904,000 related to trade name/trademark and non-competition agreements was recorded as operating expense in the year ended September 30, 2011.

Amortization of other intangible assets for the year ended September 30, 2010 totaled $4.5 million. Of the total, amortization of $4.4 million related to contracts and related customer relationship and existing software technology was recorded as cost of revenues in the year ended September 30, 2010. Amortization of $104,000 related to trade name/trademark and non-competition agreements was recorded as operating expense in the year ended September 30, 2010.

Amortization of other intangible assets for the year ended September 30, 2009 totaled $6.1 million. Of the total, amortization of $5.6 million related to contracts and related customer relationship and existing software technology was recorded as cost of revenues in the year ended September 30, 2009. Amortization of $500,000 related to trade name/trademark and non-competition agreements was recorded as operating expense in the year ended September 30, 2009.

The Company anticipates amortization of existing other intangible assets to total $17.1 million in fiscal year 2012, $17.1 million in fiscal year 2013, $13.9 million in fiscal year 2014, $10.5 million in fiscal year 2015 and $3.0 million in fiscal year 2016.

Fair Value (Reconciliations For Market Securities Measured At Fair Value On Recurring Basis) (Details) (USD $) In Thousands	12 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010
Fair Value		
Beginning balance	$ 17,440	$ 17,676
Realized losses		(724)
Unrealized gains (losses)	222	1,895
Redemptions	(450)	(1,650)
Accretion and other	236	243
Ending fair value	$ 17,448	$ 17,440

Consolidated Statements Of Cash Flows (USD $) In Thousands	12 Months Ended Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2009
Operating activities:			
Net income	$ 33,257	$ 16,386	$ 8,193
Less income from discontinued operations, net of tax	(36,240)	(3,161)	(6,537)
(Loss) income from continuing operations	(2,983)	13,225	1,656
Adjustments to reconcile (loss) income from continuing operations to net cash provided by operating activities:			
Provisions for doubtful accounts	575	684	1,378
Depreciation	10,294	7,912	7,661
Amortization of intangible assets	12,912	4,506	6,050
Stock-based compensation	57,875	46,831	32,653
Restructuring costs	10,704	8,579	10,157
Other-than-temporary impairment of long-term investments		724	1,414
Impairment of property and equipment			4,277
Changes in operating assets and liabilities:			
Accounts receivable	2,587	(2,805)	7,930
Prepaid expenses and other assets	(7,710)	2,312	(3,094)
Accounts payable	(3,775)	3,560	(4,485)
Accrued compensation and related liabilities	10,143	3,229	6,207
Accrued liabilities	(6,712)	(3,558)	(1,910)
Deferred revenue	13,465	(5,896)	8,857
Restructuring obligations	(18,260)	(17,114)	(22,821)
Net cash provided by continuing operations	79,115	62,189	55,930
Net cash (used in) provided by discontinued operations	(3,352)	4,820	10,039
Net cash provided by operating activities	75,763	67,009	65,969
Investing activities:			
Cash paid for acquisitions, net of cash acquired	(64,288)		
Proceeds from sale of discontinued operations	51,000		
Purchases of property and equipment	(28,101)	(9,452)	(6,583)
Proceeds from maturities and sales of investments	27,985	18,091	15,950
Purchases of investments	(42,155)	(22,328)	(32,772)
Allocation from restricted cash, net			400
Net cash used in investing activities	(55,559)	(13,689)	(23,005)
Financing activities:			
Proceeds from issuance of common stock	6,906	4,208	4,114
Repurchase of common stock	(13,025)	(5,865)	(2,621)
Net cash (used in) provided by financing activities	(6,119)	(1,657)	1,493
Effect of exchange rate changes on cash and cash equivalents	(79)	(151)	(380)
Net increase in cash and cash equivalents	14,006	51,512	44,077
Cash and cash equivalents at beginning of year	182,393	130,881	86,804
Cash and cash equivalents at end of year	196,399	182,393	130,881

Supplemental disclosures of cash flow information:

Net cash paid for income taxes	$ 3,073	$ 874	$ 1,459

Acquisition	12 Months Ended Sep. 30, 2011

Acquisition

Acquisition

Note 3—Acquisition

On January 27, 2011, the Company acquired 100% of the business of Quadrem International Holdings, Ltd. This business ("Quadrem") consists of a global electronic marketplace to facilitate the procurement of goods and services by companies from their supplier communities. The Company believes the acquisition of Quadrem will enable us to further expand our network volume and reach, accelerate growth, and extend better commerce to more companies in more regions of the globe.

The fair value of consideration was $171.6 million, consisting of (i) $83.8 million in cash; (ii) $64.7 million in Ariba common stock (2.6 million shares valued at the closing price of Ariba common stock on the acquisition date); and (iii) a contingent payment valued at $23.1 million.

The cash includes $40.0 million which has been deposited in escrow to satisfy potential indemnification claims. Of this amount, $25.0 million will be released to Quadrem's former shareholders upon the achievement of certain performance conditions ("Performance Conditions") to the extent it is not used to satisfy indemnification claims. The Performance Conditions include, subject to certain terms and conditions, certain customers (i) making specified cash payments to Ariba; and (ii) using the Quadrem network to facilitate purchasing and invoicing activities with respect to specified customers or business and/or operating units. The remaining $15.0 million is expected to be released to Quadrem's former shareholders over approximately a three-year time period to the extent it is not used to satisfy indemnification claims.

The contingent payment, which is separate from the amounts deposited in escrow referred to above, ranges from zero to $25.0 million and is subject to the achievement of the Performance Conditions. If the Performance Conditions are met in full, after the third anniversary of the acquisition date, Ariba will pay the $25.0 million contingent payment in cash, or at its election, Ariba stock. The fair value of the contingent payment was estimated by applying the income approach and is based on significant unobservable inputs (Level 3 inputs) that include the probability of the Performance Conditions being achieved and a discount rate. As of September 30, 2011, the assumptions used to develop the inputs did not change from the acquisition date. The liability of $23.1 million as of the acquisition date, classified in other-long term liabilities on the consolidated balance sheet, was increased by $440,000 during the year ended September 30, 2011 as a result of accretion, which was recorded in interest and other income (expense), net on the consolidated statement of operations.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date (in thousands):

Cash and cash equivalents	$19,582
Accounts receivable	13,607
Prepaid expenses and other assets	2,062
Property and equipment	2,319
Restricted cash, non-current	127
Goodwill	88,108

Other intangible assets	61,400
Total assets acquired	$187,205
Accounts payable	$1,326
Accrued liabilities	4,971
Accrued compensation and related liabilities	3,727
Deferred revenue	5,192
Other liabilities	371
Total liabilities assumed	$15,587
Net assets acquired	$171,618

Goodwill related to the Quadrem acquisition consists largely of the further expansion and growth expected from combining the operations of Ariba and Quadrem. The Company expects that a majority of goodwill will be deductible for United States income tax purposes.

Identified intangible assets will be amortized to cost of revenues and operating expense based upon the nature of the asset ratably over the estimated useful life, as detailed in the table below (in thousands, except year amounts).

	Estimated useful life (years)	Fair value	Estimated annual amortization	Statement of operations classification
Other intangible assets				
Existing software technology	4	$9,900	$ 2,475	Cost of revenues
Contracts and related customer relationships	5	46,200	9,240	Cost of revenues
Trade names/trademarks	4	5,300	1,325	Operating expense
		$61,400		

The Company has evaluated and continues to evaluate pre-acquisition contingencies relating to Quadrem that existed as of the acquisition date. The Company has preliminarily determined that certain of these pre-acquisition contingencies are probable in nature and estimable as of the acquisition date and, accordingly, has recorded its best estimates for these contingencies as a part of the purchase price allocation. The Company continues to gather information and evaluate pre-acquisition contingencies that it has assumed. If the Company makes changes to the amounts recorded or identify additional pre-acquisition contingencies during the remainder of the measurement period, such amounts recorded will be included in the purchase price allocation. No material adjustments were made during the year ended September 30, 2011.

Acquisition-related costs of $2.5 million were included in general and administrative expense in Ariba's consolidated statement of operations for the year ended September 30, 2011. Quadrem's results of operations have been included in our consolidated financial statements from the acquisition date.

Revenues, net income and earnings per share for the combined entity had the acquisition date been October 1, 2011, 2010 and 2009 (the beginning of the periods presented below) are as follows (in thousands, except per share amounts). This pro forma information is not intended to represent or be indicative of the combined results of operations or financial position that we would have reported had the acquisition been completed as of these dates and for the periods presented, and should not be taken as representative of our consolidated results of operations or financial condition following the acquisition.

	Year Ended September 30,		
	2011	2010	2009
Total revenues	$473,744	$391,988	$326,350
Net income (loss)	$35,384	$16,088	$(3,403)
Net income (loss) per share—basic	$0.38	$0.18	$(0.04)
Net income (loss) per share—diluted	$0.38	$0.18	$(0.04)
Weighted average shares—basic	92,073	89,200	85,316
Weighted average shares—diluted	92,073	91,804	85,316

Acquisition (Narrative) (Details) (USD $) Share data in Millions, unless otherwise specified	3 Months Ended			12 Months Ended				3 Months Ended	12 Months Ended			
	Mar. 31, 2011	Dec. 31, 2010	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011 Maximum [Member] Quadrem International Holdings, Ltd. [Member] Performance Condition [Member]	Sep. 30, 2011 Minimum [Member] Quadrem International Holdings, Ltd. [Member] Performance Condition [Member]	Jan. 27, 2011 Quadrem International Holdings, Ltd. [Member]	Sep. 30, 2011 Quadrem International Holdings, Ltd. [Member]	Sep. 30, 2011 Quadrem International Holdings, Ltd. [Member] Escrow Deposit [Member]	Sep. 30, 2011 Quadrem International Holdings, Ltd. [Member] Performance Condition [Member]	Sep. 30, 2011 Quadrem International Holdings, Ltd. [Member] Remaining Three Years Time Period For Release Of Amount [Member]
Effective date of acquisition								January 27, 2011				
Percentage of business acquired								100.00%				
Acquired entity name								Quadrem International Holdings, Ltd				
Acquired entity description								This business ("Quadrem") consists of a global electronic marketplace to facilitate the procurement of goods and services by companies from their supplier communities.				
Reason for business acquisition								The Company believes the acquisition of Quadrem will enable us to further expand our network volume and reach, accelerate growth, and extend better commerce to more companies in more regions of the globe.				
Contingent consideration, fair value								$ 171,600,000				
Contingent consideration, cash								83,800,000				
Contingent consideration, share value								64,700,000				
Contingent consideration, shares								2.6				
Contingent payment, payable in cash or shares								23,100,000				
Contingent payment range						25,000,000	0					
Potential cash indemnification claims										40,000,000	25,000,000	15,000,000
Liability as of the acquisition date									23,100,000			
Increase in liability				236,000	243,000				440,000			
Acquisition-related costs	$ 1,481,000	$ 990,000	$ 663,000	$ 2,471,000	$ 663,000				$ 2,500,000			

Commitments And Contingencies (Tables)	12 Months Ended Sep. 30, 2011
Commitments And Contingencies	
Summary Of Future Minimum Lease Payments And Sublease Income Under Noncancelable Operating Leases	

Year Ending September 30,	Lease Payments	Contractual Sublease Income
2012	$54,644	$ 16,022
2013	24,941	5,383
2014	8,703	440
2015	7,529	440
2016	6,565	440
Thereafter	18,737	550
Total	$121,119	$ 23,275

Summary Of Accrued Restructuring Obligations And Related Activity

	Severance and Benefits	Lease Abandonment Costs	Asset Impairment	Total Restructuring Costs
Accrued restructuring obligations as of October 1, 2008	$660	$ 60,386	$ —	$ 61,046
Cash paid	(4,554)	(18,179)	—	(22,733)
Total charge to operating expense	3,256	6,813	88	10,157
Total charge to discontinued operations	680	—	—	680
Assets impairment applied to asset balances	—	—	(88)	(88)
Accrued restructuring obligations as of September 30, 2009	42	49,020	—	49,062
Cash paid	(42)	(17,072)	—	(17,114)
Total charge to operating expense	—	8,579	—	8,579
Accrued restructuring obligations as of September 30, 2010	—	40,527	—	40,527

Cash paid	—	(18,260)	—	(18,260)
Total charge to operating expense	—	7,436	3,268	10,704
Asset impairment applied to asset balances	—	—	(3,268)	(3,268)
Reclassification from deferred rent obligations	—	2,104	—	2,104
Accrued restructuring obligations as of September 30, 2011	$—	$ 31,807	$ —	$ 31,807
Less: current portion				23,461
Accrued restructuring obligations, less current portion				$ 8,346

Income Taxes (Reconciliation Of Income Tax Computed At U.S. Federal Statutory Tax Rate And Actual Income Tax Expense) (Details) (USD $) In Thousands	12 Months Ended		
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2009
Income Taxes			
Computed tax benefit	$ (835)	$ 5,073	$ 966
State taxes, net of federal benefit	(818)	864	427
Nondeductible expenses and other permanent differences	8,236	5,102	805
Foreign taxes	(7,043)	105	274
Provision to return adjustments	5,039	3,712	4,337
Other	999	494	161
Change in valuation allowance	(4,982)	(14,082)	(5,866)
Total	$ 596	$ 1,268	$ 1,104

Income Taxes (Summary Of Aggregate Changes In Unrecognized Tax Benefits) (Details) (USD $) In Thousands	12 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010
Income Taxes		
Gross unrecognized tax benefits as of October 1	$ 4,698	$ 4,718
Increases related to tax positions from prior fiscal years, including acquisitions	512	
Decreases related to tax positions from prior fiscal years		
Increases related to tax positions taken during the fiscal year	260	133
Lapses of statutes of limitations	(3,106)	(312)
Changes in unrecognized tax benefits due to foreign currency translation	(555)	159
Total gross unrecognized tax benefits as of September 30	$ 1,809	$ 4,698

Fair Value (Fair Value Measurements Of Assets) (Details) (USD $) In Thousands	Sep. 30, 2011	Sep. 30, 2010
Total cash equivalents, investments and restricted cash	$ 219,600	$ 222,305
Level 1 [Member]		
Total cash equivalents, investments and restricted cash	202,152	204,865
Level 1 [Member] | Money Market Funds [Member]		
Total cash equivalents, investments and restricted cash	27,578	70,325
Level 1 [Member] | Certificates Of Deposit And Other Bank Deposits [Member]		
Total cash equivalents, investments and restricted cash	137,121	111,248
Level 1 [Member] | Non-United States Government Securities [Member]		
Total cash equivalents, investments and restricted cash	37,453	19,098
Level 1 [Member] | United States Government And Agency Securities [Member]		
Total cash equivalents, investments and restricted cash		4,194
Level 2 [Member]		
Total cash equivalents, investments and restricted cash		
Level 2 [Member] | Money Market Funds [Member]		
Total cash equivalents, investments and restricted cash		
Level 2 [Member] | Certificates Of Deposit And Other Bank Deposits [Member]		
Total cash equivalents, investments and restricted cash		
Level 2 [Member] | Non-United States Government Securities [Member]		
Total cash equivalents, investments and restricted cash		
Level 2 [Member] | United States Government And Agency Securities [Member]		
Total cash equivalents, investments and restricted cash		
Level 2 [Member] | Auction Rate Securities [Member]		
Total cash equivalents, investments and restricted cash		
Level 3 [Member]		
Total cash equivalents, investments and restricted cash	17,448	17,440
Level 3 [Member] | Money Market Funds [Member]		
Total cash equivalents, investments and restricted cash		
Level 3 [Member] | Certificates Of Deposit And Other Bank Deposits [Member]		
Total cash equivalents, investments and restricted cash		
Level 3 [Member] | Non-United States Government Securities [Member]		
Total cash equivalents, investments and restricted cash		
Level 3 [Member] | United States Government And Agency Securities [Member]		
Total cash equivalents, investments and restricted cash		
Level 3 [Member] | Auction Rate Securities [Member]		
Total cash equivalents, investments and restricted cash	17,448	17,440
Money Market Funds [Member]		
Total cash equivalents, investments and restricted cash	27,578	70,325
Certificates Of Deposit And Other Bank Deposits [Member]		
Total cash equivalents, investments and restricted cash	137,121	111,248
Non-United States Government Securities [Member]		

Total cash equivalents, investments and restricted cash	37,453	19,098
United States Government And Agency Securities [Member]		
Total cash equivalents, investments and restricted cash		4,194
Auction Rate Securities [Member]		
Total cash equivalents, investments and restricted cash	$ 17,448	$ 17,440

Segment Information (Narrative) (Details)	12 Months Ended Sep. 30, 2011
Segment Information	
Segment reporting, factors used to identify entity's reportable segments	The Company's chief operating decision-maker currently reviews financial information presented on a consolidated basis, accompanied by disaggregated information about revenues for purposes of allocating resources and evaluating financial performance. Accordingly, management considers the Company to have a single operating segment, compared to the prior year periods presented below where three operating segments were reportable. The prior year information below is presented on a basis consistent with the determination of one operating segment in the current year. Management evaluates performance based on several factors including revenues and operating income. The results are based on the Company's method of internal reporting, which may not allocate income and expenses (such as amortization of intangible assets, stock-based compensation and other items included in the table below) that management does not believe are indicative of the ongoing operating performance of the Company, and are not necessarily in conformity with GAAP.
Description of products and services	Network revenues consist of network-related software access and transaction fees. Subscription software application revenues consist mainly of software access subscription fees. Maintenance revenues consist primarily of Ariba Buyer and Ariba Sourcing product maintenance fees. Services and other revenues consist of fees for implementation services, consulting services, training, education, premium support, and other miscellaneous items.

Balance Sheet Components	12 Months Ended Sep. 30, 2011

Balance Sheet Components

Balance Sheet Components

Note 4—Balance Sheet Components

Changes in the allowance for doubtful accounts for the years ended September 30, 2011, 2010 and 2009 are as follows (in thousands):

Classification	Balance at Beginning of Period	Additions Expense	Deductions/ Write-offs (a)	Balance at End of Period
Year ended September 30, 2011				
Allowance for doubtful accounts	$ 2,537	$575	$ (459)	$ 2,653
Year ended September 30, 2010				
Allowance for doubtful accounts	$ 2,691	$684	$ (838)	$ 2,537
Year ended September 30, 2009				
Allowance for doubtful accounts	$ 1,938	$1,378	$ (625)	$ 2,691

(a) Amounts written off as uncollectible or recovered by payment.

Property and equipment and their related useful lives consisted of the following as of September 30, 2011 and 2010 (in thousands):

	September 30, 2011	September 30, 2010
Computer equipment and software (2 to 3 years)	$57,781	$43,655
Office equipment (2 years)	2,404	2,020
Furniture and fixtures (5 years)	2,702	17,101
Leasehold improvements (lesser of lease term or economic life)	20,876	22,980
	83,763	85,756
Less accumulated depreciation and amortization	(50,957)	(69,798)
Total property and equipment, net	$32,806	$15,958

Depreciation expense related to property and equipment totaled $13.6 million, $7.9 million and $7.7 million for the years ended September 30, 2011, 2010 and 2009, respectively. The year ended September 30, 2011 includes $3.3 million of accelerated depreciation classified in restructuring costs.

Accrued liabilities consisted of the following as of September 30, 2011 and 2010 (in thousands):

	September 30, 2011	September 30, 2010

Accrued taxes	$5,111	$2,783
Deferred rent obligations—current portion	4,713	4,646
Other accrued liabilities	14,469	10,969
Accrued liabilities	$24,293	$18,398

Subsequent Event (Details) (B-Process [Member], EUR €) In Millions	Oct. 19, 2010
B-Process [Member]	
Cash paid in acquisition	€ 35.0

Acquisition (Schedule Of Acquired Intangible Assets) (Details) (USD $) In Thousands, unless otherwise specified		12 Months Ended			3 Months Ended			12 Months Ended	
	Jan. 27, 2011 Quadrem International Holdings, Ltd. [Member]	Sep. 30, 2011 Quadrem International Holdings, Ltd. [Member] Scenario, Forecast [Member] Cost Of Revenues [Member] Existing Software Technology [Member]	Sep. 30, 2011 Quadrem International Holdings, Ltd. [Member] Scenario, Forecast [Member] Cost Of Revenues [Member] Contracts And Related Customer Relationships [Member]	Sep. 30, 2011 Quadrem International Holdings, Ltd. [Member] Scenario, Forecast [Member] Operating Expense [Member] Trade Names/ Trademarks [Member]	Jan. 27, 2011 Quadrem International Holdings, Ltd. [Member] Cost Of Revenues [Member] Existing Software Technology [Member] years	Jan. 27, 2011 Quadrem International Holdings, Ltd. [Member] Cost Of Revenues [Member] Contracts And Related Customer Relationships [Member] years	Jan. 27, 2011 Quadrem International Holdings, Ltd. [Member] Operating Expense [Member] Trade Names/ Trademarks [Member] years	Sep. 30, 2011 Existing Software Technology [Member] months	Sep. 30, 2011 Trade Names/ Trademarks [Member] months
Other intangible assets, estimated useful life					4	5	4	48	48
Other intangible assets, fair value	$ 61,400				$ 9,900	$ 46,200	$ 5,300		
Other intangible assets, estimated annual amortization		$ 2,475	$ 9,240	$ 1,325					

Fair Value (Tables)

12 Months Ended Sep. 30, 2011

Fair Value

Fair Value Measurements Of Assets

	Level 1	Level 2	Level 3	Total
September 30, 2011:				
Money market funds	$27,578	$—	$—	$27,578
Certificates of deposit and other bank deposits	137,121	—	—	137,121
Non-United States government securities	37,453	—	—	37,453
Auction rate securities	—	—	17,448	17,448
Total cash equivalents, investments and restricted cash	$202,152	$—	$17,448	$219,600
September 30, 2010:				
Money market funds	$70,325	$—	$—	$70,325
Certificates of deposit and other bank deposits	111,248	—	—	111,248
Non-United States government securities	19,098	—	—	19,098
United States government and agency securities	4,194	—	—	4,194
Auction rate securities	—	—	17,440	17,440
Total cash equivalents, investments and restricted cash	$204,865	$—	$17,440	$222,305

Reconciliations For Market Securities Measured At Fair Value On Recurring Basis

Beginning balance as of October 1, 2009	$17,676
Realized losses	(724)
Unrealized gains	1,895
Redemptions	(1,650)
Accretion and other	243
Ending fair value as of September 30, 2010	$17,440
Unrealized gains	222
Redemptions	(450)
Accretion and other	236
Ending fair value as of September 30, 2011	$17,448

Segment Information (Schedule Of Revenues By Product And Service Groups) (Details) (USD $) In Thousands	3 Months Ended								12 Months Ended		
	Sep. 30, 2011	Jun. 30, 2011	Mar. 31, 2011	Dec. 31, 2010	Sep. 30, 2010	Jun. 30, 2010	Mar. 31, 2010	Dec. 31, 2009	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2009
Segment Information											
Network revenues									$ 119,747	$ 40,995	$ 32,197
Subscription software application revenues									155,951	132,965	119,008
Total subscription software revenues									275,698	173,960	151,205
Maintenance revenues									59,426	66,829	71,001
Services and other revenues									108,721	79,610	63,499
Total revenues	$ 122,743	$ 121,917	$ 108,765	$ 90,420	$ 84,893	$ 83,006	$ 77,308	$ 75,192	$ 443,845	$ 320,399	$ 285,705

Commitments And Contingencies (Summary Of Future Minimum Lease Payments And Sublease Income Under Noncancelable Operating Leases) (Details) (USD $) In Thousands	Sep. 30, 2011
Commitments And Contingencies	
Lease Payments, 2012	$ 54,644
Lease Payments, 2013	24,941
Lease Payments, 2014	8,703
Lease Payments, 2015	7,529
Lease Payments, 2016	6,565
Lease Payments, Thereafter	18,737
Lease Payments, Total	121,119
Contractual Sublease Income, 2012	16,022
Contractual Sublease Income, 2013	5,383
Contractual Sublease Income, 2014	440
Contractual Sublease Income, 2015	440
Contractual Sublease Income, 2016	440
Contractual Sublease Income, Thereafter	550
Contractual Sublease Income, Total	$ 23,275

Stockholders' Equity (Tables)	12 Months Ended Sep. 30, 2011

Stockholders' Equity

Summary Of Restricted Common Stock

	Number of Shares	Weighted-Average Grant Date Fair Value
Nonvested at October 1, 2008	6,634,493	$ 10.47
Granted	2,387,997	9.18
Vested	(3,452,430)	10.41
Forfeited	(324,472)	10.65
Nonvested at September 30, 2009	5,245,588	9.90
Granted	4,342,768	12.17
Vested	(3,128,145)	10.16
Forfeited	(252,611)	11.14
Nonvested at September 30, 2010	6,207,600	11.32
Granted	3,609,550	23.41
Vested	(3,575,850)	11.62
Forfeited	(282,742)	15.48
Nonvested at September 30, 2011	5,958,558	$ 18.26

Summary Of Stock Options

	Number of Options	Weighted-Average Exercise Price
Outstanding at October 1, 2008	814,951	$15.00
Exercised	(172,396)	5.36
Forfeited	(58,900)	23.32
Outstanding at September 30, 2009	583,655	16.95
Exercised	(34,566)	9.56
Forfeited	(24,459)	140.40
Outstanding at September 30, 2010	524,630	11.61
Exercised	(147,823)	13.01
Forfeited	(15,769)	49.81
Outstanding at September 30, 2011	361,038	9.14
Exercisable at September 30, 2011	361,038	$9.14

Components Of Accumulated Other Comprehensive Loss

	September 30, 2011	September 30, 2010

Foreign currency translation adjustments	$ (1,167)	$ 350
Unrealized loss on securities, net	(2,229)	(2,229)
Accumulated other comprehensive loss	$ (3,396)	$ (1,879)

Acquisition (Summary Of Fair Values Of The Assets Acquired And Liabilities Assumed) (Details) (Quadrem International Holdings, Ltd. [Member], USD $) In Thousands	Jan. 27, 2011
Quadrem International Holdings, Ltd. [Member]	
Cash and cash equivalents	$ 19,582
Accounts receivable	13,607
Prepaid expenses and other assets	2,062
Property and equipment	2,319
Restricted cash, non-current	127
Goodwill	88,108
Other intangible assets	61,400
Total assets acquired	187,205
Accounts payable	1,326
Accrued liabilities	4,971
Accrued compensation and related liabilities	3,727
Deferred revenue	5,192
Other liabilities	371
Total liabilities assumed	15,587
Net assets acquired	$ 171,618

Income Taxes (Tables)

12 Months Ended Sep. 30, 2011

Income Taxes

Components Of Provision For Income Taxes

	Current	Deferred	Total
2011:			
Federal	$—	$—	$—
State	214	—	214
Foreign	1,357	(975)	382
Total	$1,571	$(975)	$596
2010:			
Federal	$—	$—	$—
State	118	—	118
Foreign	1,620	(470)	1,150
Total	$1,738	$(470)	$1,268
2009:			
Federal	$—	$—	$—
State	42	—	42
Foreign	1,076	(14)	1,062
Total	$1,118	$(14)	$1,104

Schedule Of Income From Continuing Operations Before Income Taxes

	2011	2010	2009
Domestic	$(23,603)	$11,577	$566
Foreign	21,216	2,916	2,194
(Loss) income from continuing operations before income taxes	$(2,387)	$14,493	$2,760

Reconciliation Of Income Tax Computed At U.S. Federal Statutory Tax Rate And Actual Income Tax Expense

	2011	2010	2009
Computed tax benefit	$(835)	$5,073	$966
State taxes, net of federal benefit	(818)	864	427
Nondeductible expenses and other permanent differences	8,236	5,102	805
Foreign taxes	(7,043)	105	274
Provision to return adjustments	5,039	3,712	4,337
Other	999	494	161

Change in valuation allowance	(4,982)	(14,082)	(5,866)
Provision for income taxes	$596	$1,268	$1,104

Schedule Of Deferred Tax Assets And Liabilities

	2011	2010
Deferred Tax Assets		
Accruals and allowances	$68,750	$65,906
Capitalized research and experimentation costs	64,880	81,868
Depreciation and amortization	73,305	85,193
Credit carryforwards	64,850	64,871
Net operating loss and other carryforwards	588,123	584,934
Deferred tax assets	859,908	882,772
Valuation allowance	(855,509)	(875,553)
Deferred tax assets, net of valuation allowance	4,399	7,219
Deferred Tax Liabilities		
Unremitted earnings of foreign subsidiaries	—	(832)
Acquired intangibles	(1,571)	(5,189)
Net deferred tax assets	2,828	1,198
Recorded As:		
Current deferred tax asset	$31,879	$39,298
Valuation allowance	(30,130)	(38,852)

Net current deferred tax asset	1,749	446
Non-current deferred tax asset	828,031	843,475
Valuation allowance	(825,381)	(836,702)
Net non-current deferred tax asset	2,650	6,773
Current deferred tax liability	—	(832)
Non-current deferred tax liability	(1,571)	(5,189)
Net deferred tax assets	$2,828	$1,198

Summary Of Aggregate Changes In Unrecognized Tax Benefit

	Year Ended September 30, 2011	Year Ended September 30, 2010
Gross unrecognized tax benefits as of October 1	$ 4,698	$ 4,718
Increases related to tax positions from prior fiscal years, including acquisitions	512	—
Decreases related to tax positions from prior fiscal years	—	—
Increases related to tax positions taken during the fiscal year	260	133
Lapses of statutes of limitations	(3,106)	(312)
Changes in unrecognized tax benefits due to foreign currency translation	(555)	159
Total gross unrecognized	$ 1,809	$ 4,698

tax benefits as of September 30		

Net Income (Loss) Per Share	12 Months Ended Sep. 30, 2011

Net Income (Loss) Per Share

Net Income (Loss) Per Share

Note 12—Net Income (Loss) Per Share

The following table presents the calculation of basic and diluted net income (loss) per share (in thousands, except per share data):

	Year Ended September 30,		
	2011	2010	2009
(Loss) income from continuing operations	$(2,983)	$13,225	$1,656
Discontinued operations, net of tax	36,240	3,161	6,537
Net income	$33,257	$16,386	$8,193
Weighted-average common shares—basic	91,212	86,617	82,733
Add: Effect of dilutive securities	—	2,604	2,691
Weighted-average common shares—diluted	91,212	89,221	85,424
(Loss) income from continuing operations	$(0.03)	$0.15	$0.02
Discontinued operations, net of tax	0.39	0.04	0.08
Net income per common share—basic	$0.36	$0.19	$0.10
(Loss) income from continuing operations	$(0.03)	$0.15	$0.02
Discontinued operations, net of tax	0.39	0.03	0.08
Net income per common share—diluted	$0.36	$0.18	$0.10

Diluted income per share is computed by dividing income by the weighted-average number of shares of common stock outstanding during the period increased to include the number of additional shares of common stock that would have been outstanding if the potentially dilutive securities had been issued. Potentially dilutive securities include outstanding options, shares to be purchased under the employee stock purchase plan and unvested restricted common stock. The dilutive effect of potentially dilutive securities is reflected in diluted earnings per common share by application of the treasury share method. For the year ended September 30, 2011, the Company excluded approximately 3.6 million of potentially dilutive shares because their effect was anti-dilutive due to the loss from continuing operations recognized in this period.

The Company has concluded that the unvested restricted common stock subject to performance milestones will only be included in basic earnings per share when the underlying shares are issuable to the respective employees. However, if all necessary conditions have not been satisfied by the end of the reporting period, the number of the unvested restricted common stock included in diluted earnings per share shall be based on the number of shares, if any, that would be issuable if the end of the reporting period were the end of the contingency period and if the result would be dilutive.

Income Taxes (Components Of Provision For Income Taxes) (Details) (USD $) In Thousands	12 Months Ended		
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2009
Income Taxes			
Federal, Current			
State, Current	214	118	42
Foreign, Current	1,357	1,620	1,076
Total, Current	1,571	1,738	1,118
Federal, Deferred			
State, Deferred			
Foreign, Deferred	(975)	(470)	(14)
Total, Deferred	(975)	(470)	(14)
Federal, Total			
State, Total	214	118	42
Foreign, Total	382	1,150	1,062
Total	$ 596	$ 1,268	$ 1,104

401(k) Savings Plan (Narrative) (Details) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2009
Maximum annual contribution from participants, percentage	100.00%		
Employees 401 (K) Savings Plan [Member]			
Employer contribution to 401(k) plans	$ 4.5	$ 4.0	$ 3.4

Commitments And Contingencies (Narrative) (Details) (USD $)	1 Months Ended	3 Months Ended	12 Months Ended										1 Months Ended					12 Months Ended					
	Mar. 31, 2000 sqft	Mar. 31, 2010	Sep. 30, 2011 years sqft	Sep. 30, 2010	Sep. 30, 2009	Sep. 30, 2010 Insurance Reimbursement [Member]	Sep. 30, 2009 Insurance Reimbursement [Member]	Sep. 30, 2011 Aggregate Over Remaining Lease Term [Member]	Sep. 30, 2011 January 2013 [Member] Sunnyvale, California Eleventh Avenue [Member] sqft	Sep. 30, 2011 April 2012 [Member] Sunnyvale, California Eleventh Avenue [Member] sqft	Sep. 30, 2011 Abandoned Properties [Member]	Sep. 30, 2011 Occupied Properties [Member]	Feb. 28, 2011 Sunnyvale, California [Member] sqft	Mar. 31, 2000 Sunnyvale, California [Member]	Sep. 30, 2011 Sunnyvale, California [Member]	Sep. 30, 2011 Bangalore, India [Member] sqft	Sep. 30, 2011 Pittsburgh, Pennsylvania [Member] sqft	Sep. 30, 2011 Atlanta, Georgia [Member] sqft	Sep. 30, 2011 Northern California Real Estate Market [Member]	Sep. 30, 2010 Northern California Real Estate Market [Member]	Sep. 30, 2009 Northern California Real Estate Market [Member]	Sep. 30, 2011 Sunnyvale, California Eleventh Avenue [Member] sqft	Sep. 30, 2011 Performance Guarantee [Member]
Lease agreement area	716,000												86,000			80,000	73,000	42,000					
Subleased agreement area			571,000						45,000	44,000							18,000					86,000	
Sublease expiration date									January 2013	April 2012												January 2013	
Minimum monthly lease payments			$ 3,600,000					$ 58,800,000															
Letter of credit			28,800,000																				
Other leases agreement																							540,000
Total cash collateral			29,400,000																				
Lease expiration date			2017										November 2021	January 2013		September 2014	December 2017	June 2013					
Operating rental expense			24,600,000	24,600,000	24,200,000																		
Sublease income			13,300,000	11,300,000	10,500,000																	4,900,000	
Charges resulting from revised estimates for sublease commencement dates																				8,600,000	6,800,000		
Lease payments			121,119,000								61,500,000	59,600,000											
Severance benefit costs					3,900,000																		
Lease abandonment costs															12,300,000				31,800,000				
Accelerated depreciation expense															3,300,000								
Accrued lease termination costs																			23,300,000				
Litigation benefit		$ (7,000,000)		$ 7,000,000		$ 7,000,000	$ 7,500,000																

Investments	12 Months Ended Sep. 30, 2011

Investments

Investments

Note 5—Investments

The following is a summary of cash equivalents and available-for-sale securities as of September 30, 2011 and 2010 (in thousands):

	September 30, 2011			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Money market funds	$27,578	$ —	$—	$27,578
Certificates of deposit and other bank deposits	107,751	—	—	107,751
Non- United States government securities	37,453	—	—	37,453
Auction rate securities	19,468	—	(2,020)	17,448
	$192,250	$ —	$(2,020)	$190,230
Included in cash and cash equivalents	$135,330	$ —	$—	$135,330
Included in short-term investments	28,319	—	—	28,319
Included in long-term investments	28,601	—	(2,020)	26,581
	$192,250	$ —	$(2,020)	$190,230

	September 30, 2010			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Money market funds	$70,325	$ —	$—	$70,325
Certificates of deposit and other bank deposits	82,007	—	—	82,007
Non- United States government securities	19,098	—	—	19,098
United States government and agency securities	4,194	—	—	4,194
Auction rate securities	19,682	—	(2,242)	17,440
	$195,306	$ —	$(2,242)	$193,064
Included in cash and cash equivalents	$152,332	$ —	$—	$152,332

Included in short-term investments	18,449	—	—	18,449
Included in long-term investments	24,525	—	(2,242)	22,283
	$195,306	$ —	$(2,242)	$193,064

The following is a summary of the Company's available-for-sale securities based on contractual maturities (in thousands):

	September 30,	
	2011	2010
Due in one year or less	$28,319	$18,449
Due after one year through two years	9,133	4,843
Due after two years through three years	—	—
Due after three years	17,448	17,440
	$54,900	$40,732

The long-term investments as of September 30, 2011 and 2010, respectively, due after three years are auction rate securities ("ARS"). The Company had $2.0 million and $2.2 million of gross unrealized losses on auction rate securities as of September 30, 2011 and 2010, respectively. As a result of the credit rating reduction to below investment grade related to one of its ARS, the Company recorded an other-than-temporary impairment of $1.4 million in the year ended September 30, 2009 and $499,000 in the year ended September 30, 2010, partially offset by $463,000 of accretion recorded through September 30, 2011. These amounts were recorded in interest and other income (expense), net, in the statement of operations. See Note 6.

Subsequent Event	12 Months Ended Sep. 30, 2011

Subsequent Event

Subsequent Event

Note 15—Subsequent Event

On October 19, 2011, the Company acquired b-process, one of the largest e-invoice networks in Europe, for approximately 35 million in cash, a portion of which was deposited in escrow to satisfy potential indemnification claims. The acquisition will give the Company's customers a wider geographic offering of e-invoice solutions. At the date of issuance of these consolidated financial statements, the initial accounting for this business combination was not complete. As a result, certain disclosures within the guidance for accounting for business combinations have not been provided.

Segment Information (Reconciliation Of Segment Information To The Company's Net Income before Income Taxes) (Details) (USD $) In Thousands	3 Months Ended					12 Months Ended		
	Jun. 30, 2011	Mar. 31, 2011	Dec. 31, 2010	Sep. 30, 2010	Mar. 31, 2010	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2009
Segment Information								
Segment operating result						$ 79,536	$ 65,600	$ 59,002
Amortization of intangible assets						(12,912)	(4,506)	(6,050)
Stock-based compensation						(57,875)	(46,831)	(32,653)
Transaction costs		(1,481)	(990)	(663)		(2,471)	(663)	
Tax accrual reversal			(3,942)		(3,089)		3,089	
Litigation benefit					(7,000)		7,000	
Restructuring costs	(13,396)	(231)	2,923		(8,579)	(10,704)	(8,579)	(10,157)
Other-than-temporary decline in long-term investment								(1,414)
Purchase accounting adjustment to revenues								(355)
Operating (loss) income						(4,426)	15,110	8,373
Interest and other income (expense), net						2,039	(617)	(5,613)
(Loss) income from continuing operations before income taxes						$ (2,387)	$ 14,493	$ 2,760

Commitments And Contingencies (Summary Of Accrued Restructuring Obligations And Related Activity) (Details) (USD $) In Thousands	12 Months Ended		
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2009
Accrued restructuring obligations, beginning balance	$ 40,527	$ 49,062	$ 61,046
Cash paid	(18,260)	(17,114)	(22,733)
Total charge to operating expense	10,704	8,579	10,157
Total charge to discontinued operations			680
Asset impairment applied to asset balances	(3,268)		(88)
Reclassification from deferred rent obligations	2,104		
Accrued restructuring obligations, ending balance	31,807	40,527	49,062
Less: current portion	23,461	17,188	
Accrued restructuring obligations, less current portion	8,346	23,339	
Severance And Benefits [Member]			
Accrued restructuring obligations, beginning balance		42	660
Cash paid		(42)	(4,554)
Total charge to operating expense			3,256
Total charge to discontinued operations			680
Asset impairment applied to asset balances			
Reclassification from deferred rent obligations			
Accrued restructuring obligations, ending balance			42
Less: current portion			
Accrued restructuring obligations, less current portion			
Lease Abandonment Costs [Member]			
Accrued restructuring obligations, beginning balance	40,527	49,020	60,386
Cash paid	(18,260)	(17,072)	(18,179)
Total charge to operating expense	7,436	8,579	6,813
Total charge to discontinued operations			
Asset impairment applied to asset balances			
Reclassification from deferred rent obligations	2,104		
Accrued restructuring obligations, ending balance	31,807	40,527	49,020
Less: current portion			
Accrued restructuring obligations, less current portion			
Asset Impairment [Member]			
Accrued restructuring obligations, beginning balance			
Cash paid			
Total charge to operating expense	3,268		88
Total charge to discontinued operations			
Asset impairment applied to asset balances	(3,268)		(88)
Reclassification from deferred rent obligations			
Accrued restructuring obligations, ending balance			
Less: current portion			

Accrued restructuring obligations, less current portion

Discontinued Operations (Summary Of Financial Information Discontinued Operations) (Details) (USD $) In Thousands	12 Months Ended		
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2009
Discontinued Operations			
Revenues from discontinued operations	$ 13,092	$ 40,747	$ 53,267
(Loss) income from discontinued operations before income taxes	(2,924)	3,311	6,659
Provision for income taxes		150	122
Net (loss) income from discontinued operations	(2,924)	3,161	6,537
Gain on sale of discontinued operations, net of tax	$ 39,164		

Stockholders' Equity (Summary Of Restricted Common Stock) (Details) (USD $)	12 Months Ended		
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2009
Stockholders' Equity			
Number of Shares, Nonvested at beginning of period	6,207,600	5,245,588	6,634,493
Number of Shares, Granted	3,609,550	4,342,768	2,387,997
Number of Shares, Vested	(3,575,850)	(3,128,145)	(3,452,430)
Number of Shares, Forfeited	(282,742)	(252,611)	(324,472)
Number of Shares, Nonvested at end of period	5,958,558	6,207,600	5,245,588
Weighted-Average Grant Date Fair Value, Nonvested at beginning of period	$ 11.32	$ 9.90	$ 10.47
Weighted-Average Grant Date Fair Value, Granted	$ 23.41	$ 12.17	$ 9.18
Weighted-Average Grant Date Fair Value, Vested	$ 11.62	$ 10.16	$ 10.41
Weighted-Average Grant Date Fair Value, Forfeited	$ 15.48	$ 11.14	$ 10.65
Weighted-Average Grant Date Fair Value, Nonvested at end of period	$ 18.26	$ 11.32	$ 9.90

Goodwill And Other Intangible Assets (Tables)

12 Months Ended Sep. 30, 2011

Goodwill And Other Intangible Assets

Summary Of Changes In Other Intangible Assets

	Useful Life	September 30, 2011 Gross carrying amount	September 30, 2011 Accumulated amortization	September 30, 2011 Net carrying amount	September 30, 2010 Gross carrying amount	September 30, 2010 Accumulated amortization	September 30, 2010 Net carrying amount
Other Intangible Assets							
Existing software technology	48 months	$23,200	$(14,971)	$8,229	$13,300	$(13,300)	$—
Contracts and related customer relationships	60 to 72 months	127,081	(78,063)	49,018	80,881	(67,727)	13,154
Trade names/ trademarks	48 months	7,500	(3,094)	4,406	2,200	(2,200)	—
Non-competition agreements	24 months	600	(600)	—	600	(600)	—
Total		$158,381	$(96,728)	$61,653	$96,981	$(83,827)	$13,154

Consolidated Statements Of Stockholders Equity (USD $) In Thousands, except Share data	Common Stock [Member]	Additional Paid-in Capital [Member]	Accumulated Other Comprehensive (Loss) Income [Member]	Accumulated Deficit [Member]	Total
Balance (amount) at Sep. 30, 2008	$ 174	$ 5,154,137	$ (3,094)	$ (4,760,199)	$ 391,018
Balance (shares) at Sep. 30, 2008	86,927,680				
Exercise of stock options (shares)	172,396				172,396
Exercise of stock options (amount)		925			925
Issuance of common stock (shares)	773,770				
Issuance of common stock (amount)	2	3,187			3,189
Issuance of restricted stock, net of cancellations (shares)	2,063,525				
Issuance of restricted stock, net of cancellations (amount)	4	(4)			
Exchange and retirement of employee-owned mature stock for taxes (shares)	(309,094)				
Exchange and retirement of employee-owned mature stock for taxes (amount)	(1)	(2,620)			(2,621)
Amortization of stock-based compensation		33,941			33,941
Realized investment income, net			1,414		1,414
Unrealized investment gain (loss), net			(2,023)		(2,023)
Foreign currency translation adjustment			15		15
Net income				8,193	8,193
Balance (amount) at Sep. 30, 2009	179	5,189,566	(3,688)	(4,752,006)	434,051
Balance (shares) at Sep. 30, 2009	89,628,277				
Exercise of stock options (shares)	34,566				34,566
Exercise of stock options (amount)		332			332
Issuance of common stock (shares)	625,161				

Issuance of common stock (amount)	2	3,874			3,876
Issuance of restricted stock, net of cancellations (shares)	4,090,157				
Issuance of restricted stock, net of cancellations (amount)	8	(8)			
Exchange and retirement of employee-owned mature stock for taxes (shares)	(506,313)				
Exchange and retirement of employee-owned mature stock for taxes (amount)	(1)	(5,864)			(5,865)
Amortization of stock-based compensation		48,365			48,365
Unrealized investment gain (loss), net			1,895		1,895
Foreign currency translation adjustment			(86)		(86)
Net income				16,386	16,386
Balance (amount) at Sep. 30, 2010	188	5,236,265	(1,879)	(4,735,620)	498,954
Balance (shares) at Sep. 30, 2010	93,871,848				93,872,000
Exercise of stock options (shares)	147,823				147,823
Exercise of stock options (amount)		1,923			1,923
Issuance of common stock (shares)	357,943				
Issuance of common stock (amount)		4,983			4,983
Issuance of common stock for acquisition (shares)	2,582,911				
Issuance of common stock for acquisition (amount)	5	64,697			64,702
Issuance of restricted stock, net of cancellations (shares)	3,326,808				
Issuance of restricted stock, net of cancellations (amount)	7	(7)			
Exchange and retirement of employee-owned mature stock for taxes (shares)	(629,151)				
Exchange and retirement of employee-owned mature stock for taxes (amount)	(1)	(13,024)			(13,025)
Amortization of stock-based compensation		58,677			58,677

Unrealized investment gain (loss), net						
Foreign currency translation adjustment			(1,517)			(1,517)
Net income					33,257	33,257
Balance (amount) at Sep. 30, 2011	$ 199	$ 5,353,514	$ (3,396)		$ (4,702,363)	$ 647,954
Balance (shares) at Sep. 30, 2011	99,658,182					99,658,000

Description Of Business And Summary Of Significant Accounting Policies (Policy)	12 Months Ended Sep. 30, 2011

Description Of Business And Summary Of Significant Accounting Policies

Description Of Business

Description of business

Ariba, Inc., along with its subsidiaries (collectively referred to herein as the "Company" or "Ariba"), is the leading provider of collaborative business commerce solutions for buying and selling goods and services. Ariba combines industry-leading software as a service ("SaaS") technology to optimize the complete commerce lifecycle and enables companies to discover, connect and collaborate with a global network of trading partners and expert capabilities to augment internal resources and skills, delivering everything needed to control costs, minimize risk, improve profits and enhance cash flow and operations, all in the Ariba® Commerce Cloud. Over 700,000 companies, including more than half of the Fortune 500 as well as major global companies, are enabled on Ariba's solutions to drive more efficient inter-enterprise commerce. The Company was incorporated in Delaware in September 1996.

Basis Of Presentation

Basis of presentation

The consolidated financial statements include the accounts of the Company. All significant intercompany accounts and transactions have been eliminated in consolidation. As discussed in Note 2 below, in November 2010 the Company sold its sourcing services and business process outsourcing ("BPO") business. Accordingly, the sourcing services and BPO business has been reported as discontinued operations for all periods presented. The notes to consolidated financial statements reflect historical amounts exclusive of discontinued operations, unless otherwise noted.

Use Of Estimates

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported results of operations during the reporting period. Actual results could differ from those estimates. The items that are significantly impacted by estimates include revenue recognition, the assessment of recoverability of goodwill and other intangible assets, the fair value of assets acquired and liabilities assumed, restructuring obligations related to abandoned operating leases, the fair value of investments and collectability of accounts receivable.

Cash, Cash Equivalents And Restricted Cash

Cash, cash equivalents and restricted cash

The Company considers all highly liquid investments with maturity dates of 90 days or less at the date of acquisition to be cash equivalents. Cash equivalents consist of money market funds, commercial paper, government/federal notes and bonds and certificates of deposit. Restricted cash consists primarily of amounts held in deposits that are required as collateral under the Company's facilities operating lease agreements.

Fair Value

Fair value

Effective October 1, 2008, the Company adopted changes issued by the Financial Accounting Standards Board ("FASB") to fair value accounting. This guidance defines fair value as the price that would be received to sell an asset or the price paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1—Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date. Examples of the assets carried at Level 1 fair value generally are equities listed in active markets and investments in publicly traded mutual funds with quoted market prices.

Level 2—Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the asset/liability's anticipated life.

Level 3—Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

The availability of observable inputs can vary and is affected by a wide variety of factors, including, for example, the type of a security, whether the security is new and not yet established in the marketplace, and other characteristics particular to a transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. When observable prices are not available, the Company either uses implied pricing from similar instruments or valuation models based on net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors. Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those it believes market participants would use in pricing the asset or liability at the measurement date. See Note 6 for the fair value related to the Company's cash equivalents, short-term investments, long-term investments and restricted cash.

Concentration Of Credit Risk

Concentration of credit risk

Financial instruments that subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, marketable securities, short-term investments, long-term investments and trade accounts receivable. The Company maintains its cash, cash equivalents, short-term investments and long-term investments with high quality financial institutions and limits its investment in individual securities based on the type and credit quality of each such security. The Company's customer base consists of both domestic and international businesses, and the Company performs ongoing credit evaluations of its customers and generally does not require collateral on accounts receivable. The Company maintains allowances for potential credit losses.

No customer accounted for more than 10% of total revenues for the years ended September 30, 2011, 2010 and 2009. No customer accounted for more than 10% of net accounts receivable as of September 30, 2011 and 2010.

Allowance For Doubtful Accounts

Allowance for doubtful accounts

The Company evaluates the collectability of accounts receivable based on a combination of factors. In cases where the Company is aware of circumstances that may impair a specific customer's ability to meet its financial obligations, the Company records a specific allowance against amounts due, and thereby reduces the net recognized receivable to the amount the Company reasonably believes will be collected. For the remaining customers, the Company recognizes allowances for doubtful accounts based on the length of time the aggregate receivables are outstanding, the current business environment and historical experience.The provision for doubtful accounts is included in sales and marketing expense in the Company's consolidated statements of operations.

Derivative Financial Instruments And Foreign Currency Management

Derivative financial instruments and foreign currency management

The Company considers the functional currency of its foreign subsidiaries to be the local currency, and accordingly, the foreign subsidiaries' financial statements are translated into United States dollars using exchange rates in effect at period end for assets and liabilities and average exchange rates during each reporting period for the results of operations. Adjustments resulting from translations of foreign subsidiary financial statements are reported in accumulated other comprehensive income. Gains or losses on foreign currency transactions are recognized as interest and other income (expense), net. The Company recognized a gain of $891,000 for the year ended September 30, 2011 and losses of $1.7 million and $6.7 million for the years ended September 30, 2010 and 2009, respectively.

On January 1, 2009, the Company adopted changes issued by the FASB to accounting for derivatives and hedging. This updated guidance had no financial impact on the Company's consolidated financial statements and only required additional financial statement disclosures. The Company applied these changes on a prospective basis.

The Company transacts business in various foreign currencies and has established a program that primarily utilizes foreign currency forward contracts to offset the risks associated with the effects of certain foreign currency exposures. Under this program, the Company's strategy is to have increases or decreases in foreign currency exposures offset by gains or losses on the foreign currency forward contracts to mitigate the risks and volatility associated with foreign currency transaction gains or losses. The Company's foreign currency forward contracts generally settle within 90 days. The Company does not use these forward contracts for trading purposes. The Company does not designate these forward contracts as hedging instruments. Accordingly, the Company records the fair value of these contracts as of the end of the reporting period to the consolidated balance sheet with changes in fair value recorded in the consolidated statement of operations. The balance sheet classification for the fair values of these forward contracts is to prepaid expenses and other current assets for unrealized gains and to other current liabilities for unrealized losses. The statement of operations classification for the fair values of these forward contracts is to interest and other income (expense), net, for both realized and unrealized gains and losses. Cash flows related to these forward contracts are classified in the statements of cash flows within operating activities.

As of September 30, 2011, the notional amounts of the forward contracts held to sell and purchase United States dollars in exchange for other major international currencies were $4.1 million and $21.4 million, respectively, and the unrealized gain on these contracts was $347,000. As of September 30, 2010, the notional amounts of the forward contracts held to sell and purchase United States dollars in exchange for other major international currencies were $6.7 million and $18.7 million, respectively, and the unrealized loss on these contracts was $553,000. The notional principal amounts for derivative instruments provide one measure of the transaction volume outstanding as of September 30, 2011 and 2010, and do not represent the amount of the Company's exposure to credit or market loss. The Company has determined that the gross exposure for both market and credit risk is immaterial.

The fair value of the foreign currency forward contracts not designated as hedges in the consolidated balance sheet were $797,000 included in prepaid expense and other current assets and $450,000 included in other current liabilities as of September 30, 2011. The fair value of the foreign currency forward contracts not designated as hedges in the consolidated balance sheet were $322,000 included in prepaid expense and other current assets and $875,000 included in other current liabilities as of September 30, 2010. The fair value of the forward contracts is based on observable market spot and forward rates and is classified within Level 2 of the fair value hierarchy. The effects of the foreign currency forward contracts not designated as hedges on net income was a loss of $151,000, $686,000 and $881,000 for the years ended September 30, 2011, 2010 and 2009, respectively, and was included in interest and other income (expense), net on the consolidated statement of operations.

Property And Equipment

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the shorter of the estimated useful lives of the assets, generally two to five years based on asset classification, or the lease term, if applicable. Gains and losses on disposals are included in results of operations at amounts equal to the difference between the net book value of the disposed assets and the proceeds received upon disposal. Costs for replacements and improvements are capitalized, while the costs of maintenance and repairs are charged against earnings as incurred.

Impairment Of Long-Lived Assets

Impairment of long-lived assets

Long-lived assets, such as property and equipment and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the estimated undiscounted future cash flows expected to be generated from the use and ultimate disposition of the assets. If the carrying amount of the assets exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the assets exceed the fair value of the assets. Assets to be disposed of would be reported at the lower of the carrying amount or fair value less costs to sell and no longer depreciated. The assets and liabilities of a disposal group classified as held for sale would be presented separately in the appropriate asset and liability sections of the consolidated balance sheet.

Goodwill And Other Intangible Assets

Goodwill and other intangible assets

Purchased other intangible assets with finite lives are amortized over the estimated economic lives of the assets, generally ranging from one to five years, and reviewed for impairment. Goodwill and purchased other intangible assets determined to have indefinite useful lives are not amortized but are reviewed for impairment annually and more frequently if events and circumstances indicate the assets may be impaired and the carrying value may not be recoverable. The Company has no identifiable intangible assets with indefinite lives as of September 30, 2011.

The Company tests goodwill for impairment annually and more frequently if events and circumstances indicate that the asset may be impaired and that the carrying value may not be recoverable. The provisions of Accounting Standards Codification ("ASC") 350 require that a two-step impairment test be performed on goodwill. The Company has one reporting unit. In the first step, the Company compares the fair value of its reporting unit to its carrying value. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to the reporting unit, goodwill is not considered impaired and the Company is not required to perform further testing. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then the Company must perform the second step of the impairment test in order to determine the implied fair value of the reporting unit's goodwill. If upon completing the second step of the impairment test the carrying value of a reporting unit's goodwill exceeds its implied fair value, then the Company would record an impairment loss equal to the difference.

The fair value of the Company's reporting unit was determined using the income approach and the market approach. The income approach is a valuation technique whereby the Company calculates the fair value of the reporting unit based on the present value of estimated future cash flows, which are formed by evaluating historical trends, current budgets, operating plans and industry data. The market approach is a valuation technique whereby the Company calculates the fair value of the reporting unit by comparing it to publicly traded companies in similar lines of business or to comparable transactions or assets.

Determining the fair value of the reporting unit involves the use of significant estimates and assumptions. These estimates and assumptions using the income approach include revenue growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, future economic and market conditions. The estimates and assumptions using the market comparable approach include determination of appropriate market comparables and an appropriate control premium. The Company determines its fair value with estimates and assumptions it believes to be reasonable but that are unpredictable and inherently uncertain. Actual future results may differ from those estimates.

The Company performed the annual assessment in the fourth quarter of fiscal years 2011, 2010, and 2009 and no indication of impairment was noted. The balance of goodwill was $482.8 million as of September 30, 2011, and there can be no assurances that future goodwill impairments will not occur.

Revenue Recognition

Revenue Recognition

Substantially all of the Company's revenues are derived from the following sources: (i) access and transaction fees related to subscription software solutions on a multi-tenant basis and single-tenant basis either hosted or behind the firewall; (ii) maintenance and support related to existing single-tenant perpetual licenses; and (iii) services, including value enablement of subscription software solutions, implementation services, strategic consulting services, training, education, premium support and other miscellaneous services. The subscription software solutions include access to the solutions, technical support and product updates. The significant majority of the Company's subscription software solutions are hosted time-based licenses and are based on the number of users, spend or other usage criteria. The Company's multiple element arrangements typically include a combination of: (i) subscription software solutions; and (ii) a services arrangement, on either a fixed fee for access to specific services over time or a time and materials basis.

The Company licenses its subscription software through its direct sales force and indirectly through resellers. Sales made through resellers are recognized at the time that the Company has received persuasive evidence of an end user customer and all other criteria are met as defined below. The license agreements for the Company's subscription software only provide for a right of return in limited and defined circumstances, and historically product returns have not been significant. The Company does not recognize revenue on agreements subject to refund or cancellation rights until such rights to refund or cancel have expired. Direct sales force commissions are accounted for as sales and marketing expense at the time of sale, when the liability is incurred and is reasonably estimable.

The Company recognizes revenue when all of the following criteria are met: persuasive evidence of an arrangement exists; delivery of the product or service has occurred; the fee is fixed or determinable; and collectability is probable.

Certain of the Company's contracts include performance incentive payments based on market volume and/or savings generated, as defined in the respective contracts. Revenue from such arrangements is recognized when those thresholds are achieved.

In September 2009, the FASB issued new guidance on accounting for multiple deliverable revenue arrangements. The new guidance:

(i) provides updated guidance on whether multiple deliverables exist, how the deliverables in an arrangement should be separated, and how the consideration should be allocated;

(ii) requires an entity to establish an estimated selling price ("ESP") for all deliverables when vendor-specific objective evidence ("VSOE") of selling price or third-party evidence ("TPE") of selling price does not exist; and

(iii) eliminates the use of the residual method and requires an entity to allocate revenue using the relative selling price method.

The Company elected to early adopt this accounting guidance at the beginning of its first quarter of fiscal year 2010 on a prospective basis for applicable transactions originating or materially modified after September 30, 2009. The new guidance allows for deliverables with stand alone value in a multi-element arrangement for which revenue was previously deferred due to undelivered elements not having VSOE of selling price to be separated and recognized as delivered, rather than over the longest service delivery period as a single unit with other elements in the arrangement.

The Company sells implementation services, strategic consulting, training and other services in stand-alone engagements. Maintenance and support are sold separately through renewals of annual contracts. As a result, the Company uses VSOE of selling price to allocate the arrangement consideration to each of these deliverables. The Company determines VSOE of selling price based on its normal pricing and discounting practices for the specific service when sold separately. In determining VSOE of selling price, the Company requires that a substantial majority of the selling prices for a service fall within a reasonably narrow pricing range, generally evidenced by approximately 80% of such historical stand-alone transactions falling within plus or minus 15% of the median rates. In addition, the Company considers the geographies in which the services are sold and major service groups in determining VSOE of selling price.

The Company is not always able to establish VSOE of selling price for all deliverables in an arrangement with multiple elements. This may be due to the Company infrequently selling each element separately, not pricing products within a narrow range, or only having a limited sales history. When VSOE of selling price cannot be established, as in the case for all subscription software solutions along with certain services, the Company attempts to establish selling price of each element based on TPE of selling price. TPE of selling price is determined based on competitor prices for similar deliverables when sold separately. Generally, the Company's go-to-market strategy differs from that of its peers and its offerings contain a level of differentiation such that the comparable pricing of software solutions and services with similar functionality and delivery cannot be obtained. Furthermore, the Company is rarely able to reliably determine what similar competitors' selling prices are on a stand-alone basis. Therefore, the Company is typically not able to determine TPE of selling price.

For contracts signed or substantially modified after October 1, 2009, the Company uses ESP in its allocation of arrangement consideration when the Company is unable to establish selling price using VSOE or TPE. The objective of ESP is to determine the price at which the Company would transact a sale if the subscription software or other services were sold on a stand-alone basis. ESP is generally used for offerings not priced within a narrow range, and it applies to a majority of the Company's arrangements with multiple deliverables. The Company determines ESP for all deliverables that do not have VSOE or TPE of selling price by considering multiple factors which include, but are not limited to the following: (i) substantive renewal rates contained within an arrangement for subscription software solutions; (ii) gross margin objectives and internal costs for services; and (iii) pricing practices, market conditions and competitive landscape.

The Company regularly reviews VSOE, TPE and ESP and maintains internal controls over the establishment and updates of these estimates. There were no material changes to VSOE, TPE or ESP during the quarter or year ended September 30, 2011.

Revenue from subscription software and hosting services is recognized ratably over the term of the arrangement, commencing with the initial customer access date. Set up fees paid by customers in connection with subscription software solutions are recognized ratably over the longer of the life of the agreement or the expected lives of customer relationships, which generally range from three to five years. Revenue allocated to maintenance and support is recognized ratably over the maintenance term (typically one year). Revenue allocated to software implementation, process improvement, training and other services is recognized as the services are performed or as milestones are achieved or, if bundled with a subscription or time-based arrangement, ratably over the term of such arrangement. For contracts entered into prior to October 1, 2009 where the Company provides services as part of a multi-element arrangement with subscription software, both the subscription software revenue and service revenue are recognized under the lesser of proportional performance method based on hours or ratable over the subscription term.

Deferred revenue includes amounts received from customers for which revenue has not been recognized, and generally results from deferred subscription, maintenance and support, hosting and consulting or training services not yet rendered and recognizable. Deferred revenue is recognized as revenue upon delivery of the Company's product, as services are rendered, or as other requirements are satisfied. Deferred revenue excludes contract amounts for which payment has yet to be collected. Likewise, accounts receivable excludes amounts due from customers for which revenue has been deferred.

Software Development Costs

Software development costs

Software development costs are expensed as incurred until technological feasibility, defined as a working prototype, has been established, at which time such costs are capitalized until the product is available for general release to customers. To date, the Company's software has been available for general release shortly after the establishment of technological feasibility and, accordingly, capitalized development costs have not been material.

The Company follows the guidance set forth by the FASB to account for the development of its on-demand application service. This guidance requires companies to capitalize qualifying computer software costs which are incurred during the application development stage and to amortize such costs over the software's estimated useful life. Due to the economic downturn, restructuring actions taken in the year ended September 30, 2009 and a review of all discretionary spending and projects, the Company deferred its ERP system implementation for finance and human resources to an uncertain date. The Company evaluated the capitalized software costs of this project for impairment. In the year ended September 30, 2009, the Company recorded an impairment charge of $3.3 million related to capitalized software implementation costs and $1.0 million related to perpetual software license costs due to the deferral of the project to an uncertain date, which was classified in general and administrative in the consolidated statement of operations.

Advertising Expense

Advertising expense

Advertising costs are expensed as incurred and totaled $948,000, $769,000 and $770,000 during the years ended September 30, 2011, 2010 and 2009, respectively.

Stock-Based Compensation

Stock-based compensation

The Company maintains stock-based compensation plans which allow for the issuance of stock options and restricted common stock to executives and certain employees. The Company also maintains an employee stock purchase plan ("ESPP") that provides for the issuance of shares to all eligible employees of the Company at a discounted price.

The Company amortizes the fair value of awards on an accelerated basis. The guidance requires that forfeitures be estimated over the vesting period of an award, rather than being recognized as a reduction of compensation expense when the forfeiture actually occurs.

During the years ended September 30, 2011, 2010 and 2009, the Company recorded $955,000, $704,000 and $545,000, respectively, of stock-based compensation expense associated with employee stock purchase plan programs.

During the years ended September 30, 2011, 2010 and 2009, the Company granted 1.6 million, 1.3 million and 1.5 million shares, respectively, of restricted common stock time-based awards to non-employee directors and certain employees with a fair value of $49.9 million, $18.5 million and $14.6 million, respectively, based on the current fair value of the Company's shares at the grant date. These amounts are being amortized over the vesting period of the individual restricted common stock grants, which are generally one to three years.

During the year ended September 30, 2011, the Company granted 990,000 performance-based restricted stock units to executive officers and certain key employees with a fair value of $19.5 million, based on the then current fair value of the Company's shares at the grant date. The number of units that could vest under this grant is contingent upon meeting three criteria: (1) 2011 performance milestones related to subscription software revenues and network revenues for the fiscal year ended September 30, 2011; (2) 2012 performance milestones based upon sustained performance related to subscription software revenues and network revenues for the fiscal year ending September 30, 2012; and (3) a time-based service requirement. Based upon subscription software revenues for the year ended September 30, 2011, the granted restricted stock units that can vest are up to 2.0 million with a fair value of $38.9 million.

During the year ended September 30, 2010, the Company granted 1.3 million performance-based restricted stock units to executive officers and certain key employees with a fair value of $14.3 million, based on the then current fair value of the Company's shares at the grant date. The number of units that could vest under this grant is contingent upon meeting three criteria: (1) a 2010 performance milestone related to subscription software revenues for the year ended September 30, 2010; (2) a 2011 performance milestone based upon sustained performance related to subscription software revenue for the year ended September 30, 2011; and (3) a time-based service requirement. Based upon subscription software revenues for the years ended September 30, 2010 and 2011, the granted restricted stock units that can vest are up to 1.9 million with a fair value of $21.8 million.

During the year ended September 30, 2009, the Company granted restricted stock units to executive officers and certain key employees. The number of units that vest under this grant was contingent upon meeting three criteria: (1) a 2009 performance milestone related to subscription software revenues for the year ended September 30, 2009; (2) a 2010 performance milestone, established in October 2009, based upon sustained performance related to subscription software revenues for the year ended September 30, 2010; and (3) a time-based service requirement. The number of units that vested upon meeting the performance milestone for the year ended September 30, 2009 was 848,250 units with a fair value of $7.3 million, based on the then current fair value of the Company's shares at the grant date. The number of units that vested upon meeting the performance milestone for the year ended September 30, 2010 was 1.6 million units with a fair value of $18.0 million, based on the then current fair value of the Company's shares at the grant date.

During the years ended September 30, 2011, 2010 and 2009, the Company recorded $53.3 million, $43.7 million and $30.0 million, respectively, of stock-based compensation expense associated with time-based restricted stock grants and performance-based restricted stock units. As of September 30, 2011, there was $61.2 million of unrecognized compensation cost related to non-vested restricted share-based compensation arrangements which is expected to be recognized over a weighted-average period of 0.8 years. Total unrecognized compensation cost will be adjusted for future changes in estimated forfeitures.

The Company also made a contribution to the Ariba, Inc. Employees 401(k) Savings Plan (the "401(k) Plan") in the form of common stock with a value of $4.5 million, $4.0 million and $3.4 million in the years ended September 30, 2011, 2010 and 2009, respectively.

Total stock-based compensation resulting from the ESPP, time-based awards, performance based units and the 401(k) Plan of $58.7 million, $48.4 million and $33.9 million was recorded in the years ended September 30, 2011, 2010 and 2009, respectively, to various operating expense categories as follows (in thousands):

	Year Ended September 30,		
	2011	2010	2009
Cost of revenues—subscription and maintenance	$4,055	$3,288	$2,405
Cost of revenues—services and other	4,745	4,386	2,912
Sales and marketing	27,979	22,297	13,026
Research and development	8,923	5,565	4,825
General and administrative	12,173	11,294	9,485
Discontinued operations	802	1,535	1,288
Total	$58,677	$48,365	$33,941

Income Taxes

Income taxes

Income taxes are computed using an asset and liability approach, which requires the recognition of taxes payable or refundable for the current year and deferred tax assets and liabilities for the future tax consequences of events that have been recognized in the Company's consolidated financial statements or tax returns. The measurement of current and deferred tax assets and liabilities is based on provisions of the enacted tax law; the effects of future changes in tax laws or rates are not anticipated. The Company has recorded a valuation allowance to reduce its deferred tax assets to the amount of future tax benefit that is more likely than not to be realized.

The Company uses a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position taken, or expected to be taken, in a tax return by determining if the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon effective settlement.

Net Income Per Share

Net income per share

Basic net income per share is computed by dividing the net income for the period by the weighted average number of common shares outstanding during the period, excluding restricted common stock subject to forfeiture. Diluted net income per share is computed by dividing the net income for the period by the weighted average number of common shares, including restricted common stock subject to forfeiture and potential common shares outstanding during the period if their effect is dilutive. Potential common shares are comprised of incremental common shares issuable upon the exercise of stock options and employee stock purchase plans shares.

Comprehensive Income

Comprehensive income

Comprehensive income includes all changes in equity (net assets) during a period not included in net income but recorded directly in stockholders' equity, including unrealized gains and losses on marketable securities and changes in the cumulative translation adjustment.

Balance Sheet Components (Schedule Of Changes In The Allowance For Doubtful Accounts) (Details) (USD $) In Thousands	**12 Months Ended**		
	Sep. 30, 2011	**Sep. 30, 2010**	**Sep. 30, 2009**
Allowance for doubtful accounts, Expense	$ 575	$ 684	$ 1,378
Allowance For Doubtful Accounts [Member]			
Allowance for doubtful accounts, Balance at Beginning of Period	2,537	2,691	1,938
Allowance for doubtful accounts, Expense	575	684	1,378
Allowance for doubtful accounts, Deductions/Writeoffs	(459) [1]	(838) [1]	(625) [1]
Allowance for doubtful accounts, Balance at End of Period	$ 2,653	$ 2,537	$ 2,691

[1] Amounts written off as uncollectible or recovered by payment.

Discontinued Operations (Tables)

12 Months Ended Sep. 30, 2011

Discontinued Operations

Summary Of Financial Information Discontinued Operations

	Year Ended September 30,		
	2011	**2010**	**2009**
Revenues from discontinued operations	$13,092	$40,747	$53,267
(Loss) income from discontinued operations before income taxes	(2,924)	3,311	6,659
Provision for income taxes	—	150	122
Net (loss) income from discontinued operations	(2,924)	3,161	6,537
Gain on sale of discontinued operations, net of tax	$39,164	$—	$—

Stockholders' Equity (Components Of Accumulated Other Comprehensive Loss) (Details) (USD $) In Thousands	Sep. 30, 2011	Sep. 30, 2010
Stockholders' Equity		
Foreign currency translation adjustments	$ (1,167)	$ 350
Unrealized loss on securities, net	(2,229)	(2,229)
Accumulated other comprehensive loss	$ (3,396)	$ (1,879)

Segment Information (Information Regarding Long-Lived Assets In Geographic Area) (Details) (USD $) In Thousands	Sep. 30, 2011	Sep. 30, 2010
Total	$ 32,806	$ 15,958
United States [Member]		
Total	29,185	14,633
International [Member]		
Total	$ 3,621	$ 1,325

Description Of Business And Summary Of Significant Accounting Policies	12 Months Ended Sep. 30, 2011
Description Of Business And Summary Of Significant Accounting Policies	
Description Of Business And Summary Of Significant Accounting Policies	

Note 1—Description of Business and Summary of Significant Accounting Policies

Description of business

Ariba, Inc., along with its subsidiaries (collectively referred to herein as the "Company" or "Ariba"), is the leading provider of collaborative business commerce solutions for buying and selling goods and services. Ariba combines industry-leading software as a service ("SaaS") technology to optimize the complete commerce lifecycle and enables companies to discover, connect and collaborate with a global network of trading partners and expert capabilities to augment internal resources and skills, delivering everything needed to control costs, minimize risk, improve profits and enhance cash flow and operations, all in the Ariba® Commerce Cloud. Over 700,000 companies, including more than half of the Fortune 500 as well as major global companies, are enabled on Ariba's solutions to drive more efficient inter-enterprise commerce. The Company was incorporated in Delaware in September 1996.

Basis of presentation

The consolidated financial statements include the accounts of the Company. All significant intercompany accounts and transactions have been eliminated in consolidation. As discussed in Note 2 below, in November 2010 the Company sold its sourcing services and business process outsourcing ("BPO") business. Accordingly, the sourcing services and BPO business has been reported as discontinued operations for all periods presented. The notes to consolidated financial statements reflect historical amounts exclusive of discontinued operations, unless otherwise noted.

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported results of operations during the reporting period. Actual results could differ from those estimates. The items that are significantly impacted by estimates include revenue recognition, the assessment of recoverability of goodwill and other intangible assets, the fair value of assets acquired and liabilities assumed, restructuring obligations related to abandoned operating leases, the fair value of investments and collectability of accounts receivable.

Cash, cash equivalents and restricted cash

The Company considers all highly liquid investments with maturity dates of 90 days or less at the date of acquisition to be cash equivalents. Cash equivalents consist of money market funds, commercial paper, government/federal notes and bonds and certificates of deposit. Restricted cash consists primarily of amounts held in deposits that are required as collateral under the Company's facilities operating lease agreements.

Fair value

Effective October 1, 2008, the Company adopted changes issued by the Financial Accounting Standards Board ("FASB") to fair value accounting. This guidance defines fair value as the price that would be received to sell an asset or the price paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1—Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date. Examples of the assets carried at Level 1 fair value generally are equities listed in active markets and investments in publicly traded mutual funds with quoted market prices.

Level 2—Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the asset/liability's anticipated life.

Level 3—Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

The availability of observable inputs can vary and is affected by a wide variety of factors, including, for example, the type of a security, whether the security is new and not yet established in the marketplace, and other characteristics particular to a transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. When observable prices are not available, the Company either uses implied pricing from similar instruments or valuation models based on net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors. Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those it believes market participants would use in pricing the asset or liability at the measurement date. See Note 6 for the fair value related to the Company's cash equivalents, short-term investments, long-term investments and restricted cash.

Concentration of credit risk

Financial instruments that subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, marketable securities, short-term investments, long-term investments and trade accounts receivable. The Company maintains its cash, cash equivalents, short-term investments and long-term investments with high quality financial institutions and limits its investment in individual securities based on the type and credit quality of each such security. The Company's customer base consists of both domestic and international businesses, and the Company performs ongoing credit evaluations of its customers and generally does not require collateral on accounts receivable. The Company maintains allowances for potential credit losses.

No customer accounted for more than 10% of total revenues for the years ended September 30, 2011, 2010 and 2009. No customer accounted for more than 10% of net accounts receivable as of September 30, 2011 and 2010.

Allowance for doubtful accounts

The Company evaluates the collectability of accounts receivable based on a combination of factors. In cases where the Company is aware of circumstances that may impair a specific customer's ability to meet its financial obligations, the Company records a specific allowance against amounts due, and thereby reduces the net recognized receivable to the amount the Company reasonably believes will be collected. For the remaining customers, the Company recognizes allowances for doubtful accounts based on the length of time the aggregate receivables are outstanding, the current business environment and historical experience.The provision for doubtful accounts is included in sales and marketing expense in the Company's consolidated statements of operations.

Derivative financial instruments and foreign currency management

The Company considers the functional currency of its foreign subsidiaries to be the local currency, and accordingly, the foreign subsidiaries' financial statements are translated into United States dollars using exchange rates in effect at period end for assets and liabilities and average exchange rates during each reporting period for the results of operations. Adjustments resulting from translations of foreign subsidiary financial statements are reported in accumulated other comprehensive income. Gains or losses on foreign currency transactions are recognized as interest and other income (expense), net. The Company recognized a gain of $891,000 for the year ended September 30, 2011 and losses of $1.7 million and $6.7 million for the years ended September 30, 2010 and 2009, respectively.

On January 1, 2009, the Company adopted changes issued by the FASB to accounting for derivatives and hedging. This updated guidance had no financial impact on the Company's consolidated financial statements and only required additional financial statement disclosures. The Company applied these changes on a prospective basis.

The Company transacts business in various foreign currencies and has established a program that primarily utilizes foreign currency forward contracts to offset the risks associated with the effects of certain foreign currency exposures. Under this program, the Company's strategy is to have increases or decreases in foreign currency exposures offset by gains or losses on the foreign currency forward contracts to mitigate the risks and volatility associated with foreign currency transaction gains or losses. The Company's foreign currency forward contracts generally settle within 90 days. The Company does not use these forward contracts for trading purposes. The Company does not designate these forward contracts as hedging instruments. Accordingly, the Company records the fair value of these contracts as of the end of the reporting period to the consolidated balance sheet with changes in fair value recorded in the consolidated statement of operations. The balance sheet classification for the fair values of these forward contracts is to prepaid expenses and other current assets for unrealized gains and to other current liabilities for unrealized losses. The statement of operations classification for the fair values of these forward contracts is to interest and other income (expense), net, for both realized and unrealized gains and losses. Cash flows related to these forward contracts are classified in the statements of cash flows within operating activities.

As of September 30, 2011, the notional amounts of the forward contracts held to sell and purchase United States dollars in exchange for other major international currencies were $4.1 million and $21.4 million, respectively, and the unrealized gain on these contracts was $347,000. As of September 30, 2010, the notional amounts of the forward contracts held to sell and purchase United States dollars in exchange for other major international currencies were $6.7 million and $18.7 million, respectively, and the unrealized loss on these contracts was $553,000. The notional principal amounts for derivative instruments provide one measure of the transaction volume outstanding as of September 30, 2011 and 2010, and do not represent the amount of the Company's exposure to credit or market loss. The Company has determined that the gross exposure for both market and credit risk is immaterial.

The fair value of the foreign currency forward contracts not designated as hedges in the consolidated balance sheet were $797,000 included in prepaid expense and other current assets and $450,000 included in other current liabilities as of September 30, 2011. The fair value of the foreign currency forward contracts not designated as hedges in the consolidated balance sheet were $322,000 included in prepaid expense and other current assets and $875,000 included in other current liabilities as of September 30, 2010. The fair value of the forward contracts is based on observable market spot and forward rates and is classified within Level 2 of the fair value hierarchy. The effects of the foreign currency forward contracts not designated as hedges on net income was a loss of $151,000, $686,000 and $881,000 for the years ended September 30, 2011, 2010 and 2009, respectively, and was included in interest and other income (expense), net on the consolidated statement of operations.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the shorter of the estimated useful lives of the assets, generally two to five years based on asset classification, or the lease term, if applicable. Gains and losses on disposals are included in results of operations at amounts equal to the difference between the net book value of the disposed assets and the proceeds received upon disposal. Costs for replacements and improvements are capitalized, while the costs of maintenance and repairs are charged against earnings as incurred.

Impairment of long-lived assets

Long-lived assets, such as property and equipment and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the estimated undiscounted future cash flows expected to be generated from the use and ultimate disposition of the assets. If the carrying amount of the assets exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the assets exceed the fair value of the assets. Assets to be disposed of would be reported at the lower of the carrying amount or fair value less costs to sell and no longer depreciated. The assets and liabilities of a disposal group classified as held for sale would be presented separately in the appropriate asset and liability sections of the consolidated balance sheet.

Goodwill and other intangible assets

Purchased other intangible assets with finite lives are amortized over the estimated economic lives of the assets, generally ranging from one to five years, and reviewed for impairment. Goodwill and purchased other intangible assets determined to have indefinite useful lives are not amortized but are reviewed for impairment annually and more frequently if events and circumstances indicate the assets may be impaired and the carrying value may not be recoverable. The Company has no identifiable intangible assets with indefinite lives as of September 30, 2011.

The Company tests goodwill for impairment annually and more frequently if events and circumstances indicate that the asset may be impaired and that the carrying value may not be recoverable. The provisions of Accounting Standards Codification ("ASC") 350 require that a two-step impairment test be performed on goodwill. The Company has one reporting unit. In the first step, the Company compares the fair value of its reporting unit to its carrying value. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to the reporting unit, goodwill is not considered impaired and the Company is not required to perform further testing. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then the Company must perform the second step of the impairment test in order to determine the implied fair value of the reporting unit's goodwill. If upon completing the second step of the impairment test the carrying value of a reporting unit's goodwill exceeds its implied fair value, then the Company would record an impairment loss equal to the difference.

The fair value of the Company's reporting unit was determined using the income approach and the market approach. The income approach is a valuation technique whereby the Company calculates the fair value of the reporting unit based on the present value of estimated future cash flows, which are formed by evaluating historical trends, current budgets, operating plans and industry data. The market approach is a valuation technique whereby the Company calculates the fair value of the reporting unit by comparing it to publicly traded companies in similar lines of business or to comparable transactions or assets.

Determining the fair value of the reporting unit involves the use of significant estimates and assumptions. These estimates and assumptions using the income approach include revenue growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, future economic and market conditions. The estimates and assumptions using the market comparable approach include determination of appropriate market comparables and an appropriate control premium. The Company determines its fair value with estimates and assumptions it believes to be reasonable but that are unpredictable and inherently uncertain. Actual future results may differ from those estimates.

The Company performed the annual assessment in the fourth quarter of fiscal years 2011, 2010, and 2009 and no indication of impairment was noted. The balance of goodwill was $482.8 million as of September 30, 2011, and there can be no assurances that future goodwill impairments will not occur.

Revenue Recognition

Substantially all of the Company's revenues are derived from the following sources: (i) access and transaction fees related to subscription software solutions on a multi-tenant basis and single-tenant basis either hosted or behind the firewall; (ii) maintenance and support related to existing single-tenant perpetual licenses; and (iii) services, including value enablement of subscription software solutions, implementation services, strategic consulting services, training, education, premium support and other miscellaneous services. The subscription software solutions include access to the solutions, technical support and product updates. The significant majority of the Company's subscription software solutions are hosted time-based licenses and are based on the number of users, spend or other usage criteria. The Company's multiple element arrangements typically include a combination of: (i) subscription software solutions; and (ii) a services arrangement, on either a fixed fee for access to specific services over time or a time and materials basis.

The Company licenses its subscription software through its direct sales force and indirectly through resellers. Sales made through resellers are recognized at the time that the Company has received persuasive evidence of an end user customer and all other criteria are met as defined below. The license agreements for the Company's subscription software only provide for a right of return in limited and defined circumstances, and historically product returns have not been significant. The Company does not recognize revenue on agreements subject to refund or cancellation rights until such rights to refund or cancel have expired. Direct sales force commissions are accounted for as sales and marketing expense at the time of sale, when the liability is incurred and is reasonably estimable.

The Company recognizes revenue when all of the following criteria are met: persuasive evidence of an arrangement exists; delivery of the product or service has occurred; the fee is fixed or determinable; and collectability is probable.

Certain of the Company's contracts include performance incentive payments based on market volume and/or savings generated, as defined in the respective contracts. Revenue from such arrangements is recognized when those thresholds are achieved.

In September 2009, the FASB issued new guidance on accounting for multiple deliverable revenue arrangements. The new guidance:

(i) provides updated guidance on whether multiple deliverables exist, how the deliverables in an arrangement should be separated, and how the consideration should be allocated;

(ii) requires an entity to establish an estimated selling price ("ESP") for all deliverables when vendor-specific objective evidence ("VSOE") of selling price or third-party evidence ("TPE") of selling price does not exist; and

(iii) eliminates the use of the residual method and requires an entity to allocate revenue using the relative selling price method.

The Company elected to early adopt this accounting guidance at the beginning of its first quarter of fiscal year 2010 on a prospective basis for applicable transactions originating or materially modified after September 30, 2009. The new guidance allows for deliverables with stand alone value in a multi-element arrangement for which revenue was previously deferred due to undelivered elements not having VSOE of selling price to be separated and recognized as delivered, rather than over the longest service delivery period as a single unit with other elements in the arrangement.

The Company sells implementation services, strategic consulting, training and other services in stand-alone engagements. Maintenance and support are sold separately through renewals of annual contracts. As a result, the Company uses VSOE of selling price to allocate the arrangement consideration to each of these deliverables. The Company determines VSOE of selling price based on its normal pricing and discounting practices for the specific service when sold separately. In determining VSOE of selling price, the Company requires that a substantial majority of the selling prices for a service fall within a reasonably narrow pricing range, generally evidenced by approximately 80% of such historical stand-alone transactions falling within plus or minus 15% of the median rates. In addition, the Company considers the geographies in which the services are sold and major service groups in determining VSOE of selling price.

The Company is not always able to establish VSOE of selling price for all deliverables in an arrangement with multiple elements. This may be due to the Company infrequently selling each element separately, not pricing products within a narrow range, or only having a limited sales history. When VSOE of selling price cannot be established, as in the case for all subscription software solutions along with certain services, the Company attempts to establish selling price of each element based on TPE of selling price. TPE of selling price is determined based on competitor prices for similar deliverables when sold separately. Generally, the Company's go-to-market strategy differs from that of its peers and its offerings contain a level of differentiation such that the comparable pricing of software solutions and services with similar functionality and delivery cannot be obtained. Furthermore, the Company is rarely able to reliably determine what similar competitors' selling prices are on a stand-alone basis. Therefore, the Company is typically not able to determine TPE of selling price.

For contracts signed or substantially modified after October 1, 2009, the Company uses ESP in its allocation of arrangement consideration when the Company is unable to establish selling price using VSOE or TPE. The objective of ESP is to determine the price at which the Company would transact a sale if the subscription software or other services were sold on a stand-alone basis. ESP is generally used for offerings not priced within a narrow range, and it applies to a majority of the Company's arrangements with multiple deliverables. The Company determines ESP for all deliverables that do not have VSOE or TPE of selling price by considering multiple factors which include, but are not limited to the following: (i) substantive renewal rates contained within an arrangement for subscription software solutions; (ii) gross margin objectives and internal costs for services; and (iii) pricing practices, market conditions and competitive landscape.

The Company regularly reviews VSOE, TPE and ESP and maintains internal controls over the establishment and updates of these estimates. There were no material changes to VSOE, TPE or ESP during the quarter or year ended September 30, 2011.

Revenue from subscription software and hosting services is recognized ratably over the term of the arrangement, commencing with the initial customer access date. Set up fees paid by customers in connection with subscription software solutions are recognized ratably over the longer of the life of the agreement or the expected lives of customer relationships, which generally range from three to five years. Revenue allocated to maintenance and support is recognized ratably over the maintenance term (typically one year). Revenue allocated to software implementation, process improvement, training and other services is recognized as the services are performed or as milestones are achieved or, if bundled with a subscription or time-based arrangement, ratably over the term of such arrangement. For contracts entered into prior to October 1, 2009 where the Company provides services as part of a multi-element arrangement with subscription software, both the subscription software revenue and service revenue are recognized under the lesser of proportional performance method based on hours or ratable over the subscription term.

Deferred revenue includes amounts received from customers for which revenue has not been recognized, and generally results from deferred subscription, maintenance and support, hosting and consulting or training services not yet rendered and recognizable. Deferred revenue is recognized as revenue upon delivery of the Company's product, as services are rendered, or as other requirements are satisfied. Deferred revenue excludes contract amounts for which payment has yet to be collected. Likewise, accounts receivable excludes amounts due from customers for which revenue has been deferred.

Software development costs

Software development costs are expensed as incurred until technological feasibility, defined as a working prototype, has been established, at which time such costs are capitalized until the product is available for general release to customers. To date, the Company's software has been available for general release shortly after the establishment of technological feasibility and, accordingly, capitalized development costs have not been material.

The Company follows the guidance set forth by the FASB to account for the development of its on-demand application service. This guidance requires companies to capitalize qualifying computer software costs which are incurred during the application development stage and to amortize such costs over the software's estimated useful life. Due to the economic downturn, restructuring actions taken in the year ended September 30, 2009 and a review of all discretionary spending and projects, the Company deferred its ERP system implementation for finance and human resources to an uncertain date. The Company evaluated the capitalized software costs of this project for impairment. In the year ended September 30, 2009, the Company recorded an impairment charge of $3.3 million related to capitalized software implementation costs and $1.0 million related to perpetual software license costs due to the deferral of the project to an uncertain date, which was classified in general and administrative in the consolidated statement of operations.

Advertising expense

Advertising costs are expensed as incurred and totaled $948,000, $769,000 and $770,000 during the years ended September 30, 2011, 2010 and 2009, respectively.

Stock-based compensation

The Company maintains stock-based compensation plans which allow for the issuance of stock options and restricted common stock to executives and certain employees. The Company also maintains an employee stock purchase plan ("ESPP") that provides for the issuance of shares to all eligible employees of the Company at a discounted price.

The Company amortizes the fair value of awards on an accelerated basis. The guidance requires that forfeitures be estimated over the vesting period of an award, rather than being recognized as a reduction of compensation expense when the forfeiture actually occurs.

During the years ended September 30, 2011, 2010 and 2009, the Company recorded $955,000, $704,000 and $545,000, respectively, of stock-based compensation expense associated with employee stock purchase plan programs.

During the years ended September 30, 2011, 2010 and 2009, the Company granted 1.6 million, 1.3 million and 1.5 million shares, respectively, of restricted common stock time-based awards to non-employee directors and certain employees with a fair value of $49.9 million, $18.5

million and $14.6 million, respectively, based on the current fair value of the Company's shares at the grant date. These amounts are being amortized over the vesting period of the individual restricted common stock grants, which are generally one to three years.

During the year ended September 30, 2011, the Company granted 990,000 performance-based restricted stock units to executive officers and certain key employees with a fair value of $19.5 million, based on the then current fair value of the Company's shares at the grant date. The number of units that could vest under this grant is contingent upon meeting three criteria: (1) 2011 performance milestones related to subscription software revenues and network revenues for the fiscal year ended September 30, 2011; (2) 2012 performance milestones based upon sustained performance related to subscription software revenues and network revenues for the fiscal year ending September 30, 2012; and (3) a time-based service requirement. Based upon subscription software revenues for the year ended September 30, 2011, the granted restricted stock units that can vest are up to 2.0 million with a fair value of $38.9 million.

During the year ended September 30, 2010, the Company granted 1.3 million performance-based restricted stock units to executive officers and certain key employees with a fair value of $14.3 million, based on the then current fair value of the Company's shares at the grant date. The number of units that could vest under this grant is contingent upon meeting three criteria: (1) a 2010 performance milestone related to subscription software revenues for the year ended September 30, 2010; (2) a 2011 performance milestone based upon sustained performance related to subscription software revenue for the year ended September 30, 2011; and (3) a time-based service requirement. Based upon subscription software revenues for the years ended September 30, 2010 and 2011, the granted restricted stock units that can vest are up to 1.9 million with a fair value of $21.8 million.

During the year ended September 30, 2009, the Company granted restricted stock units to executive officers and certain key employees. The number of units that vest under this grant was contingent upon meeting three criteria: (1) a 2009 performance milestone related to subscription software revenues for the year ended September 30, 2009; (2) a 2010 performance milestone, established in October 2009, based upon sustained performance related to subscription software revenues for the year ended September 30, 2010; and (3) a time-based service requirement. The number of units that vested upon meeting the performance milestone for the year ended September 30, 2009 was 848,250 units with a fair value of $7.3 million, based on the then current fair value of the Company's shares at the grant date. The number of units that vested upon meeting the performance milestone for the year ended September 30, 2010 was 1.6 million units with a fair value of $18.0 million, based on the then current fair value of the Company's shares at the grant date.

During the years ended September 30, 2011, 2010 and 2009, the Company recorded $53.3 million, $43.7 million and $30.0 million, respectively, of stock-based compensation expense associated with time-based restricted stock grants and performance-based restricted stock units. As of September 30, 2011, there was $61.2 million of unrecognized compensation cost related to non-vested restricted share-based compensation arrangements which is expected to be recognized over a weighted-average period of 0.8 years. Total unrecognized compensation cost will be adjusted for future changes in estimated forfeitures.

The Company also made a contribution to the Ariba, Inc. Employees 401(k) Savings Plan (the "401(k) Plan") in the form of common stock with a value of $4.5 million, $4.0 million and $3.4 million in the years ended September 30, 2011, 2010 and 2009, respectively.

Total stock-based compensation resulting from the ESPP, time-based awards, performance based units and the 401(k) Plan of $58.7 million, $48.4 million and $33.9 million was recorded in the years ended September 30, 2011, 2010 and 2009, respectively, to various operating expense categories as follows (in thousands):

	Year Ended September 30,		
	2011	2010	2009
Cost of revenues—subscription and maintenance	$4,055	$3,288	$2,405
Cost of revenues—services and other	4,745	4,386	2,912
Sales and marketing	27,979	22,297	13,026
Research and development	8,923	5,565	4,825
General and administrative	12,173	11,294	9,485
Discontinued operations	802	1,535	1,288
Total	$58,677	$48,365	$33,941

Income taxes

Income taxes are computed using an asset and liability approach, which requires the recognition of taxes payable or refundable for the current year and deferred tax assets and liabilities for the future tax consequences of events that have been recognized in the Company's consolidated financial statements or tax returns. The measurement of current and deferred tax assets and liabilities is based on provisions of the enacted tax law; the effects of future changes in tax laws or rates are not anticipated. The Company has recorded a valuation allowance to reduce its deferred tax assets to the amount of future tax benefit that is more likely than not to be realized.

The Company uses a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position taken, or expected to be taken, in a tax return by determining if the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon effective settlement.

Net income per share

Basic net income per share is computed by dividing the net income for the period by the weighted average number of common shares outstanding during the period, excluding restricted common stock subject to forfeiture. Diluted net income per share is computed by dividing the net income for the period by the weighted average number of common shares, including restricted common stock subject to forfeiture and potential common shares outstanding during the period if their effect is dilutive. Potential common shares are comprised of incremental common shares issuable upon the exercise of stock options and employee stock purchase plans shares.

Comprehensive income

Comprehensive income includes all changes in equity (net assets) during a period not included in net income but recorded directly in stockholders' equity, including unrealized gains and losses on marketable securities and changes in the cumulative translation adjustment.

Recently adopted accounting pronouncements

During the year ended September 30, 2011, there were no new accounting pronouncements adopted by the Company that had a significant impact on continuing operations.

Recent accounting pronouncements not yet adopted

During the year ended September 30, 2011, the FASB amended the guidance for goodwill impairment tests. The amendments permit an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the existing two-step goodwill impairment test. An entity is not required to perform the two-step goodwill impairment test unless it determines that it is more likely than not that its fair value is less than its carrying amount. The amendments are effective for the Company for annual and interim goodwill impairment tests performed on or after October 1, 2012. Early adoption is permitted. The adoption is not expected to have a material impact on the consolidated financial statements.

During the year ended September 30, 2011, the FASB amended the guidance for fair value measurements and disclosures. The amendments either clarify or change existing guidance, including the following: (i) the concepts of highest and best use and valuation premise are relevant only when measuring the fair value of nonfinancial assets and not relevant when measuring the fair value of financial assets or any liabilities; (ii) a reporting entity should measure the fair value of instruments classified in shareholders' equity based on the fair value of the instrument from the perspective of a market participant that holds that instrument as an asset; (iii) a reporting entity should disclose quantitative information about the unobservable inputs used in a fair value measurement that are categorized within Level 3 of the fair value hierarchy, a description of the valuation processes used, and a qualitative discussion about the sensitivity of such measurements; and (iv) a reporting entity should disclose the level in the fair value hierarchy of assets and liabilities not recorded at fair value but where fair value is disclosed. The amendments are to be applied prospectively. The Company will adopt these amendments on January 1, 2012, which is not expected to have a material impact on the consolidated financial statements.

During the year ended September 30, 2011, the FASB issued guidance that provides two alternatives for the presentation of other comprehensive income, either (i) present items of net income and other comprehensive income in one continuous statement, referred to as the statement of comprehensive income or (ii) present items of other comprehensive income in a separate statement immediately following the statement of net income. Under either presentation method, amounts reclassified from other comprehensive income to net income and totals for net income, other comprehensive income, and comprehensive income will be presented. This guidance does not change the items that are reported in net income and other comprehensive income or the calculation of earnings per share. The guidance is effective for the Company on October 1, 2012, and retrospective application is required for all years presented. Early adoption is permitted. The adoption is not expected to have a material impact on the consolidated financial statements.

Segment Information

	12 Months Ended Sep. 30, 2011

Segment Information

Segment Information

Note 10—Segment Information

The Company's chief operating decision-maker currently reviews financial information presented on a consolidated basis, accompanied by disaggregated information about revenues for purposes of allocating resources and evaluating financial performance. Accordingly, management considers the Company to have a single operating segment, compared to the prior year periods presented below where three operating segments were reportable. The prior year information below is presented on a basis consistent with the determination of one operating segment in the current year. Management evaluates performance based on several factors including revenues and operating income. The results are based on the Company's method of internal reporting, which may not allocate income and expenses (such as amortization of intangible assets, stock-based compensation and other items included in the table below) that management does not believe are indicative of the ongoing operating performance of the Company, and are not necessarily in conformity with GAAP.

The table below reconciles the measure of operating income reported to the Company's chief operating decision-maker (referred to as the segment operating result) to the Company's (loss) income from continuing operations before income taxes (in thousands):

	Year Ended September 30,		
	2011	**2010**	**2009**
Segment operating result	$79,536	$65,600	$59,002
Amortization of intangible assets	(12,912)	(4,506)	(6,050)
Stock-based compensation	(57,875)	(46,831)	(32,653)
Transaction costs	(2,471)	(663)	—
Tax accrual reversal	—	3,089	—
Litigation benefit	—	7,000	—
Restructuring costs	(10,704)	(8,579)	(10,157)
Other-than-temporary decline in long-term investment	—	—	(1,414)
Purchase accounting adjustment to revenues	—	—	(355)
Operating (loss) income	$(4,426)	$15,110	$8,373
Interest and other income (expense), net	2,039	(617)	(5,613)
(Loss) income from continuing operations before income taxes	$(2,387)	$14,493	$2,760

Network revenues consist of network-related software access and transaction fees. Subscription software application revenues consist mainly of software access subscription fees. Maintenance revenues consist primarily of Ariba Buyer and Ariba Sourcing product maintenance fees. Services and other revenues consist of fees for implementation services, consulting services, training, education, premium support, and other miscellaneous items. Revenues by similar product and service groups are as follows (in thousands):

	Year Ended September 30,		
	2011	2010	2009
Network revenues	$119,747	$40,995	$32,197
Subscription software application revenues	155,951	132,965	119,008
Total subscription software revenues	$275,698	$173,960	$151,205
Maintenance revenues	59,426	66,829	71,001
Services and other revenues	108,721	79,610	63,499
Total revenues	$443,845	$320,399	$285,705

The Company markets its products in the United States and in foreign countries through its direct sales force and indirect sales channels. Revenues are attributed to countries based on the location of the Company's customers, with some internal reallocation for multi-national customers. Revenue by geographic area is as follows (in thousands):

	Year Ended September 30,		
	2011	2010	2009
North America	$275,992	$230,920	$200,902
EMEA	91,544	67,878	67,925
Rest of World	76,309	21,601	16,878
Total revenues	$443,845	$320,399	$285,705

Long-lived assets by geographic area are as follows (in thousands):

	September 30,	
	2011	2010
Long-lived assets:		
United States	$29,185	$14,633
International	3,621	1,325
Total	$32,806	$15,958

Income Taxes (Narrative) (Details) (USD $)	12 Months Ended		
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2009
U.S. federal statutory tax rate	35.00%	35.00%	35.00%
Decrease in valuation allowance from discontinued operations	$ 15,000,000	$ 1,000,000	$ 2,000,000
Net decrease in total valuation allowance	(20,000,000)	(15,100,000)	
Tax credit carryforward, description	manufacturer's credit carryforwards		
Tax credit carry forward	119,000		
Undistributed earnings of the foreign subsidiaries	48,900,000		
Unrecognized benefits affecting effective tax rate if realized	1,800,000		
Interest and penalties related to lapses of statute of limitations	1,000,000		
Interest and penalties accrued	568,000	1,700,000	
Research [Member] | Internal Revenue Service (IRS) [Member]			
Tax credit carry forward	39,000,000		
Research [Member] | State [Member]			
Tax credit carry forward	25,000,000		
Maximum [Member] | Internal Revenue Service (IRS) [Member]			
Operating loss carryforwards, expiration date	2031		
Tax credit carryforwards, expiration dates	2024		
Maximum [Member] | State [Member]			
Operating loss carryforwards, expiration date	2031		
Maximum [Member] | Foreign Country [Member]			
Operating loss carryforwards, expiration date	2014		
Minimum [Member] | Internal Revenue Service (IRS) [Member]			
Operating loss carryforwards, expiration date	2012		
Tax credit carryforwards, expiration dates	2012		
Minimum [Member] | State [Member]			
Operating loss carryforwards, expiration date	2012		
Minimum [Member] | Foreign Country [Member]			
Operating loss carryforwards, expiration date	2012		
Federal [Member]			
Operating loss carryforwards	1,500,000,000		
State [Member]			
Operating loss carryforwards	784,000,000		
Foreign Country [Member]			
Operating loss carryforwards	2,000,000		
FreeMarkets, Inc. [Member]			

Operating loss carryforwards	270,000,000
Tax credit carry forward	$ 4,800,000

Income Taxes (Schedule Of Deferred Tax Assets And Liabilities) (Details) (USD $) In Thousands	Sep. 30, 2011	Sep. 30, 2010
Income Taxes		
Accruals and allowances	$ 68,750	$ 65,906
Capitalized research and experimentation costs	64,880	81,868
Depreciation and amortization	73,305	85,193
Credit carryforwards	64,850	64,871
Net operating loss and other carryforwards	588,123	584,934
Deferred tax assets	859,908	882,772
Valuation allowance	(855,509)	(875,553)
Deferred tax assets, net of valuation allowance	4,399	7,219
Unremitted earnings of foreign subsidiaries		(832)
Acquired intangibles	(1,571)	(5,189)
Current deferred tax asset	31,879	39,298
Valuation allowance	(30,130)	(38,852)
Net current deferred tax asset	1,749	446
Non-current deferred tax asset	828,031	843,475
Valuation allowance	(825,381)	(836,702)
Net non-current deferred tax asset	2,650	6,773
Current deferred tax liability		(832)
Non-current deferred tax liability	(1,571)	(5,189)
Net deferred tax assets	$ 2,828	$ 1,198

Stockholders' Equity (Narrative) (Details) (USD $) In Millions, except Share data, unless otherwise specified	12 Months Ended				
	Sep. 30, 2011	Sep. 30, 2011 years sqft	Sep. 30, 2010	Sep. 30, 2009	Sep. 30, 2008
Shares outstanding in connection with options granted	361,038		524,630	583,655	814,951
Fair value of stock awards vested	$ 82.9		$ 37.5	$ 29.2	
Aggregate intrinsic value of options outstanding and exercisable	6.0				
Total intrinsic value of options exercised	$ 339,000		$ 198,000	$ 532,000	
Range of Exercise Prices, Minimum	$ 5.57				
Range of Exercise Prices, Maximum	$ 39.66				
Weighted average remaining contractual life of options outstanding, in years	2.6				
1999 Equity Incentive Plan [Member]					
Shares reserved under the Incentive Plan, description	The number of shares reserved under the Incentive Plan automatically increased on January 1 of each year until 2005 by the lesser of 3.3 million shares or 5% of the total number of shares of common stock outstanding on that date and was increased by 5.3 million shares on March 11, 2009.				
Number of shares available for grant	11,900,000				
Shares outstanding in connection with options granted	261,000				
Employee Stock Purchase Plan [Member]					
Price of stock awards over fair value	85.00%				
Number of shares available for grant	1,100,000				
Maximum number of shares per employee	1,000				
Cumulative shares issued under the plan	6,000,000				

FreeMarkets Stock Plans [Member]	
Price of stock awards over fair value	100.00%
Shares outstanding in connection with options granted	70,000
Options expiration term (in years)	10
Incentive Stock Options [Member]	
Price of stock awards over fair value	100.00%
Nonstatutory Options [Member]	
Price of stock awards over fair value	85.00%

Net Income (Loss) Per Share (Tables)

12 Months Ended Sep. 30, 2011

Net Income (Loss) Per Share

Calculation Of Basic And Diluted Net Income (Loss) Per Share

	Year Ended September 30,		
	2011	2010	2009
(Loss) income from continuing operations	$(2,983)	$13,225	$1,656
Discontinued operations, net of tax	36,240	3,161	6,537
Net income	$33,257	$16,386	$8,193
Weighted-average common shares—basic	91,212	86,617	82,733
Add: Effect of dilutive securities	—	2,604	2,691
Weighted-average common shares—diluted	91,212	89,221	85,424
(Loss) income from continuing operations	$(0.03)	$0.15	$0.02
Discontinued operations, net of tax	0.39	0.04	0.08
Net income per common share—basic	$0.36	$0.19	$0.10
(Loss) income from continuing operations	$(0.03)	$0.15	$0.02
Discontinued operations, net of tax	0.39	0.03	0.08
Net income per common share—diluted	$0.36	$0.18	$0.10

Selected Quarterly Financial Data (unaudited)	12 Months Ended Sep. 30, 2011

Selected Quarterly Financial Data (unaudited)

Selected Quarterly Financial Data (unaudited)

Note 14—Selected Quarterly Financial Data (unaudited)

	Fiscal Year 2011 For the Quarter Ended			
	Sept. 30, 2011	June 30, 2011	March 31, 2011	Dec. 31, 2010
	(In thousands, except per share amounts)			
Total revenues	$122,743	$121,917	$108,765	$90,420
Gross profit	77,429	76,182	68,793	59,798
Income (loss) from continuing operations (1)	2,407	(12,283)	(1,591)	8,484
Total discontinued operations	684	349	1,592	33,615
Net income (loss) (1)(2)	3,091	(11,934)	1	42,099
Basic earnings per share (3):				
Income (loss) from continuing operations	$0.02	$(0.13)	$(0.02)	$0.09
Discontinued operations, net of tax	0.01	0.00	0.02	0.38
Net income (loss) per share—basic	$0.03	$(0.13)	$0.00	$0.47
Diluted earnings per share (3):				
Income (loss) from continuing operations	$0.02	$(0.13)	$(0.02)	$0.09
Discontinued operations, net of tax	0.01	0.00	0.02	0.36
Net income (loss) per share—diluted	$0.03	$(0.13)	$0.00	$0.45

(1) Includes the following:				
Restructuring costs (benefit)	$ —	$ 13,396	$ 231	$ (2,923)
Transaction costs	—	—	1,481	990
(2) Includes the following:				
Tax accrual reversal	$ —	$ —	$ —	$ (3,942)

(3) Earnings per share amounts for each quarter are computed using the weighted average number of shares outstanding during the quarter and earnings per share amounts for the full year are computed using the weighted average number of shares outstanding during the year. Therefore, the sum of earnings per share each quarter may not equal the full year amount.

	Fiscal Year 2010 For the Quarter Ended			
	Sept. 30, 2010	June 30, 2010	March 31, 2010	Dec. 31, 2009
	(In thousands, except per share amounts)			
Total revenues	$84,893	$83,006	$77,308	$75,192
Gross profit	56,741	54,254	50,433	48,743
Income from continuing operations (1)	3,491	3,650	5,035	1,049
Total discontinued operations	645	624	716	1,176
Net income (1)	4,136	4,274	5,751	2,225
Basic earnings per share (2):				
Income from continuing operations	$0.04	$0.04	$0.06	$0.01

Discontinued operations, net of tax	0.01	0.01	0.01	0.02
Net income per share—basic	$0.05	$0.05	$0.07	$0.03
Diluted earnings per share (2):				
Income from continuing operations	$0.04	$0.04	$0.06	$0.01
Discontinued operations, net of tax	0.01	0.01	0.01	0.02
Net income per share—diluted	$0.05	$0.05	$0.07	$0.03

(1) Includes the following:

Litigation benefit	$ —	$ —	$ (7,000)	$ —
Restructuring costs	—	—	8,579	—
Tax accrual reversal	—	—	(3,089)	—
Transaction costs	663	—	—	—

(2) Earnings per share amounts for each quarter are computed using the weighted average number of shares outstanding during the quarter and earnings per share amounts for the full year are computed using the weighted average number of shares outstanding during the year. Therefore, the sum of earnings per share each quarter may not equal the full year amount.

Consolidated Balance Sheets (USD $) In Thousands	Sep. 30, 2011	Sep. 30, 2010
Current assets:		
Cash and cash equivalents	$ 196,399	$ 182,393
Short-term investments	28,319	18,449
Restricted cash	196	104
Accounts receivable, net of allowance of $2,653 and $2,537	32,256	21,781
Prepaid expenses and other current assets	16,191	7,942
Total current assets	273,361	230,669
Property and equipment, net	32,806	15,958
Long-term investments	26,581	22,283
Restricted cash	29,174	29,137
Goodwill	482,825	406,507
Other intangible assets, net	61,653	13,154
Other assets	6,741	4,001
Total assets	913,141	721,709
Current liabilities:		
Accounts payable	8,873	11,190
Accrued compensation and related liabilities	45,169	32,079
Accrued liabilities	24,293	18,398
Restructuring obligations	23,461	17,188
Deferred revenue	114,505	97,005
Total current liabilities	216,301	175,860
Restructuring obligations, less current portion	8,346	23,339
Deferred revenue, less current portion	9,181	7,285
Contingent liability for acquisition	23,486	
Other long-term liabilities	7,873	16,271
Total liabilities	265,187	222,755
Commitments and contingencies		
Stockholders' equity:		
Convertible preferred stock, $.002 par value; 20,000 shares authorized; no shares issued and outstanding		
Common stock, $.002 par value; 1,500,000 shares authorized; 99,658 and 93,872 shares issued and outstanding	199	188
Additional paid-in capital	5,353,514	5,236,265
Accumulated other comprehensive loss	(3,396)	(1,879)
Accumulated deficit	(4,702,363)	(4,735,620)
Total stockholders' equity	647,954	498,954
Total liabilities and stockholders' equity	$ 913,141	$ 721,709

Description Of Business And Summary Of Significant Accounting Policies (Narrative) (Details) (USD $)				12 Months Ended					1 Months Ended			12 Months Ended									
	Sep. 30, 2011 years sqft	Sep. 30, 2010	Sep. 30, 2009	Sep. 30, 2011 Customer Relationships [Member] years	Sep. 30, 2009 General And Administrative [Member]	Sep. 30, 2011 Maximum [Member]	Sep. 30, 2011 Minimum [Member]	Sep. 30, 2010 Executive Officer And Key Employees [Member]	Oct. 31, 2010 Executive Officer And Key Employees [Member] Performance-Based Restricted Stock [Member]	Sep. 30, 2010 Executive Officer And Key Employees [Member] Performance-Based Restricted Stock [Member]	Sep. 30, 2009 Executive Officer And Key Employees [Member] Performance-Based Restricted Stock [Member]	Sep. 30, 2011 Employee Stock Purchase Plan Programs [Member]	Sep. 30, 2010 Employee Stock Purchase Plan Programs [Member]	Sep. 30, 2009 Employee Stock Purchase Plan Programs [Member]	Sep. 30, 2011 Employees 401 (K) Savings Plan [Member]	Sep. 30, 2010 Employees 401 (K) Savings Plan [Member]	Sep. 30, 2009 Employees 401 (K) Savings Plan [Member]	Sep. 30, 2011 Performance-Based Restricted Stock [Member]	Sep. 30, 2011 Restricted Stock [Member]	Sep. 30, 2010 Restricted Stock [Member]	Sep. 30, 2009 Restricted Stock [Member]
Number of customers that accounted for more than 10% of total revenue	0	0	0																		
Number of customers that accounted for more than 10% of net accounts receivable	0	0																			
Expected life of customer relationship minimum, years	1			3																	
Expected life of customer relationship maximum, years	5			5																	
Gains (losses) on foreign currency transactions	$ 891,000	$ (1,700,000)	$ (6,700,000)																		
Foreign currency forward contracts settlement period (in days)	90																				
Notional amounts of the forward contracts held to sell U.S. dollars	4,100,000	6,700,000																			
Notional amounts of the forward contracts held to purchase U.S. dollars	21,400,000	18,700,000																			
Unrealized gain on foreign currency forward contracts	347,000																				
Unrealized loss on foreign currency forward contracts		553,000																			
Fair value of foreign currency forward contracts not designated as hedges, assets	797,000	322,000																			
Fair value of foreign currency forward contracts not designated as hedges, liabilities	450,000	875,000																			
Gain (loss) on foreign currency forward contracts not designated as hedging instrument	(151,000)	(686,000)	(881,000)																		
Estimated useful lives of the assets	lesser of lease term or economic life					five	two														
Goodwill	482,825,000	406,507,000																			
Impairment charges on capitalized software			3,300,000		1,000,000																
Stock options granted during the period	0	0	0																		
Advertising expense	948,000	769,000	770,000																		
Stock-based compensation expense	58,677,000	48,365,000	33,941,000																		
Stock-based compensation	57,875,000	46,831,000	32,653,000									955,000	704,000	545,000					53,300,000	43,700,000	30,000,000
Number of restricted stock, granted	3,609,550	4,342,768	2,387,997						990,000	1,300,000	848,250								1,600,000	1,300,000	1,500,000
Fair value of restricted stock, granted	49,900,000	18,500,000	14,600,000						19,500,000	14,300,000	7,300,000										
Maximum units which can vest	1,900,000							1,600,000										2,000,000			
Fair value of units which can vest	21,800,000							18,000,000										38,900,000			
Restricted stock vesting period (in years), minimum	one																				
Restricted stock vesting period (in years), maximum	three																				
Unrecognized compensation cost related to non-vested restricted share-based compensation arrangements	61,200,000																				
Weighted-average period of recognition of unrecognized compensation cost, years	0.8																				
Employer contribution to 401(k) plans															$ 4,500,000	$ 4,000,000	$ 3,400,000				
Minimum percentage of tax benefit realized upon effective settlement	50.00%																				

Selected Quarterly Financial Data (unaudited) (Schedule Of Selected Financial Data) (Details) (USD $) In Thousands, except Per Share data	3 Months Ended								12 Months Ended		
	Sep. 30, 2011	Jun. 30, 2011	Mar. 31, 2011	Dec. 31, 2010	Sep. 30, 2010	Jun. 30, 2010	Mar. 31, 2010	Dec. 31, 2009	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2009
Selected Quarterly Financial Data (unaudited)											
Total revenues	$ 122,743	$ 121,917	$ 108,765	$ 90,420	$ 84,893	$ 83,006	$ 77,308	$ 75,192	$ 443,845	$ 320,399	$ 285,705
Gross profit	77,429	76,182	68,793	59,798	56,741	54,254	50,433	48,743	282,202	210,171	190,025
Income (loss) from continuing operations	2,407 [1]	(12,283) [1]	(1,591) [1]	8,484 [1]	3,491 [2]	3,650 [2]	5,035 [2]	1,049 [2]	(2,983)	13,225	1,656
Total discontinued operations	684	349	1,592	33,615	645	624	716	1,176	36,240	3,161	6,537
Net income	3,091 [1],[3]	(11,934) [1],[3]	1 [1],[3]	42,099 [1],[3]	4,136 [2]	4,274 [2]	5,751 [2]	2,225 [2]	33,257	16,386	8,193
Income (loss) from continuing operations-basic	$ 0.02 [4]	$ (0.13) [4]	$ (0.02) [4]	$ 0.09 [4]	$ 0.04 [5]	$ 0.04 [5]	$ 0.06 [5]	$ 0.01 [5]	$ (0.03)	$ 0.15	$ 0.02
Discontinued operations, net of tax	$ 0.01 [4]	$ 0.00 [4]	$ 0.02 [4]	$ 0.38 [4]	$ 0.01 [5]	$ 0.01 [5]	$ 0.01 [5]	$ 0.02 [5]	$ 0.39	$ 0.04	$ 0.08
Net income (loss) per share-basic	$ 0.03 [4]	$ (0.13) [4]	$ 0.00 [4]	$ 0.47 [4]	$ 0.05 [5]	$ 0.05 [5]	$ 0.07 [5]	$ 0.03 [5]	$ 0.36	$ 0.19	$ 0.10
Income (loss) from continuing operations	$ 0.02 [4]	$ (0.13) [4]	$ (0.02) [4]	$ 0.09 [4]	$ 0.04 [5]	$ 0.04 [5]	$ 0.06 [5]	$ 0.01 [5]	$ (0.03)	$ 0.15	$ 0.02
Discontinued operations, net of tax	$ 0.01 [4]	$ 0.00 [4]	$ 0.02 [4]	$ 0.36 [4]	$ 0.01 [5]	$ 0.01 [5]	$ 0.01 [5]	$ 0.02 [5]	$ 0.39	$ 0.03	$ 0.08
Net income (loss) per share-diluted	$ 0.03 [4]	$ (0.13) [4]	$ 0.00 [4]	$ 0.45 [4]	$ 0.05 [5]	$ 0.05 [5]	$ 0.07 [5]	$ 0.03 [5]	$ 0.36	$ 0.18	$ 0.10
Litigation benefit							(7,000)			7,000	
Restructuring costs (benefit)		13,396	231	(2,923)			8,579		10,704	8,579	10,157
Transaction costs			1,481	990	663				2,471	663	
Tax accrual reversal				$ (3,942)			$ (3,089)			$ 3,089	

[1] (1) Includes the following: Restructuring costs (benefit) $ — $ 13,396 $ 231 $ (2,923) Transaction costs — — 1,481 990

[2] (1) Includes the following: Litigation benefit $ — $ — $ (7,000) $ — Restructuring costs — — 8,579 — Tax accrual reversal — — (3,089) — Transaction costs 663 — — —

[3] (2) Includes the following: Tax accrual reversal $ — $ — $ — $ (3,942)

[4] Earnings per share amounts for each quarter are computed using the weighted average number of shares outstanding during the quarter and earnings per share amounts for the full year are computed using the weighted average number of shares outstanding during the year. Therefore, the sum of earnings per share each quarter may not equal the full year amount.

[5] (2) Earnings per share amounts for each quarter are computed using the weighted average number of shares outstanding during the quarter and earnings per share amounts for the full year are computed using the weighted average number of shares outstanding during the year. Therefore, the sum of earnings per share each quarter may not equal the full year amount.

Investments (Summary Of Available-For-Sale Securities Based On Contractual Maturities) (Details) (USD $) In Thousands	Sep. 30, 2011	Sep. 30, 2010
Investments		
Due in one year or less	$ 28,319	$ 18,449
Due after one year through two years	9,133	4,843
Due after two years through three years		
Due after three years	17,448	17,440
Available-for-sale securities, total	$ 54,900	$ 40,732

Income Taxes (Schedule Of Income From Continuing Operations Before Income Taxes) (Details) (USD $) In Thousands	12 Months Ended		
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2009
Income Taxes			
Domestic	$ (23,603)	$ 11,577	$ 566
Foreign	21,216	2,916	2,194
(Loss) income from continuing operations before income taxes	$ (2,387)	$ 14,493	$ 2,760

Segment Information (Revenue By Geographic Area) (Details) (USD $) In Thousands	3 Months Ended								12 Months Ended		
	Sep. 30, 2011	Jun. 30, 2011	Mar. 31, 2011	Dec. 31, 2010	Sep. 30, 2010	Jun. 30, 2010	Mar. 31, 2010	Dec. 31, 2009	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2009
Total revenues	$ 122,743	$ 121,917	$ 108,765	$ 90,420	$ 84,893	$ 83,006	$ 77,308	$ 75,192	$ 443,845	$ 320,399	$ 285,705
North America [Member]											
Revenue by geographic area									275,992	230,920	200,902
EMEA [Member]											
Revenue by geographic area									91,544	67,878	67,925
Rest Of World [Member]											
Total revenues									$ 76,309	$ 21,601	$ 16,878

Balance Sheet Components(Schedule Of Property And Equipment And Their Related Useful Lives) (Details) (USD $)	12 Months Ended		
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2009
Computer equipment and software (2 to 3 years)	$ 57,781,000	$ 43,655,000	
Office equipment (2 years)	2,404,000	2,020,000	
Furniture and fixtures (5 years)	2,702,000	17,101,000	
Leasehold improvements (lesser of lease term or economic life)	20,876,000	22,980,000	
Property, Plant and Equipment, Gross	83,763,000	85,756,000	
Less accumulated depreciation and amortization	(50,957,000)	(69,798,000)	
Total property and equipment, net	32,806,000	15,958,000	
Depreciation	10,294,000	7,912,000	7,661,000
Leasehold improvements, useful life average	lesser of lease term or economic life		
Sunnyvale, California [Member]			
Accelerated depreciation expense	$ 3,300,000		
Computer Equipment And Software [Member]			
Computer equipment and software minimum useful life	2		
Computer equipment and software maximum useful life	3		
Office Equipment [Member]			
Property plant and equipment useful life average	2		
Furniture And Fixtures [Member]			
Property plant and equipment useful life average	5		

Balance Sheet Components(Schedule Of Accrued Liabilities) (Details) (USD $) In Thousands	Sep. 30, 2011	Sep. 30, 2010
Balance Sheet Components		
Accrued taxes	$ 5,111	$ 2,783
Deferred rent obligations-current portion	4,713	4,646
Other accrued liabilities	14,469	10,969
Accrued liabilities	$ 24,293	$ 18,398

Goodwill And Other Intangible Assets (Summary Of Changes In Other Intangible Assets) (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended	
	Sep. 30, 2011 years sqft	Sep. 30, 2010
Other intangible assets, useful life (in months), minimum	1	
Other intangible assets, useful life (in months), maximum	5	
Other intangible assets, gross carrying amount	$ 158,381	$ 96,981
Other intangible assets, accumulated amortization	(96,728)	(83,827)
Other intangible assets, net carrying amount	61,653	13,154
Existing Software Technology [Member]		
Other intangible assets, useful life (in months)	48	
Other intangible assets, gross carrying amount	23,200	13,300
Other intangible assets, accumulated amortization	(14,971)	(13,300)
Other intangible assets, net carrying amount	8,229	
Contracts And Related Customer Relationships [Member]		
Other intangible assets, useful life (in months), minimum	60	
Other intangible assets, useful life (in months), maximum	72	
Other intangible assets, gross carrying amount	127,081	80,881
Other intangible assets, accumulated amortization	(78,063)	(67,727)
Other intangible assets, net carrying amount	49,018	13,154
Trade Names/Trademarks [Member]		
Other intangible assets, useful life (in months)	48	
Other intangible assets, gross carrying amount	7,500	2,200
Other intangible assets, accumulated amortization	(3,094)	(2,200)
Other intangible assets, net carrying amount	4,406	
Non-Competition Agreements [Member]		
Other intangible assets, useful life (in months)	24	
Other intangible assets, gross carrying amount	600	600
Other intangible assets, accumulated amortization	(600)	(600)
Other intangible assets, net carrying amount		

Description Of Business And Summary Of Significant Accounting Policies (Schedule Of Allocation Of Stock-Based Compensation Expense) (Details) (USD $) In Thousands	12 Months Ended		
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2009
Total stock-based compensation	$ 58,677	$ 48,365	$ 33,941
Cost Of Revenues-Subscription And Maintenance [Member]			
Total stock-based compensation	4,055	3,288	2,405
Cost Of Revenues-Services And Other [Member]			
Total stock-based compensation	4,745	4,386	2,912
Sales And Marketing [Member]			
Total stock-based compensation	27,979	22,297	13,026
Research And Development [Member]			
Total stock-based compensation	8,923	5,565	4,825
General And Administrative [Member]			
Total stock-based compensation	12,173	11,294	9,485
Discontinued Operations [Member]			
Total stock-based compensation	$ 802	$ 1,535	$ 1,288