SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **2013-01-28** | Period of Report: **2013-01-22**
SEC Accession No. 0001140361-13-003233

(HTML Version on secdatabase.com)

FILER

COMPUWARE CORP

CIK:**859014**| IRS No.: **382007430** | State of Incorp.:**MI** | Fiscal Year End: **0331**
Type: **8-K** | Act: **34** | File No.: **000-20900** | Film No.: **13550428**
SIC: **7372** Prepackaged software

Mailing Address
ONE CAMPUS MARTIUS
DETROIT MI 48226-5099

Business Address
ONE CAMPUS MARTIUS
DETROIT MI 48226-5099
3132277300

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **January 22, 2013**

Compuware Corporation

(Exact Name of Registrant as Specified in its Charter)

Commission File Number: **000-20900**

Michigan	**38-2007430**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Campus Martius, Detroit, Michigan	**48226-5099**
(Address of Principal Executive Offices)	(Zip Code)

(Registrant's telephone number, including area code): **(313) 227-7300**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written Communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On January 22, 2013, Compuware Corporation ("Compuware") issued a press release announcing financial results for its third quarter ended December 31, 2012 and certain other information. A copy of the press release is furnished with the Report as Exhibit 99.1.

A transcript of the conference call held on January 22, 2013 is furnished with the Report as Exhibit 99.2.

Forward-Looking Statements

Certain statements in this Current Report on Form 8-K, including but not limited to statements set forth in the attached press release, may constitute forward-looking statements. These forward looking statements involve a number of known and unknown risks, uncertainties and other factors that may cause such forward-looking statements not to be realized and that could cause actual results to differ materially from Compuware's expectations in these statements. For more information about other risks that could affect the forward-looking statements herein, please see Compuware's most recent quarterly report on Form 10-Q, annual report on Form 10-K and other filings made with the Securities and Exchange Commission. Compuware expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements to reflect any changes in expectations, or any change in events or circumstances on which those statements are based, unless otherwise required by law.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

99.1	Press Release, dated January 22, 2013.
99.2	Transcript of conference call held on January 22, 2013.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

COMPUWARE CORPORATION

Date: January 28, 2013

By: /s/ Laura L. Fournier
Laura L. Fournier
Executive Vice President
Chief Financial Officer

INDEX OF EXHIBITS

Exhibit No.	Description
99.1	Press Release, dated January 22, 2013.
99.2	Transcript of conference call held on January 22, 2013.

EXHIBIT 99.1

NEWS RELEASE
COMPUWARE CORPORATION

Corporate Headquarters
One Campus Martius • Detroit, Michigan 48226
(313) 227-7300

For Immediate Release
January 22, 2013

Compuware Announces Fiscal Year 2013 Q3 Results

- **Earns twelve cents per share on $257.9M in total revenues**
- **APM total revenues increase 18 percent y-o-y to $85.1M**
- **Covisint revenues increase 28 percent y-o-y to $23.9M**

DETROIT--January 22, 2013 (BUSINESSWIRE)--Compuware Corporation (Nasdaq: CPWR), the technology performance company, today announced financial results for its third quarter ended December 31, 2012 that reflect improving margins and strong revenue momentum from its growth businesses, particularly its APM unit.

During the third quarter, total revenues were $257.9 million, compared to $253.1 million in the third quarter last year. Net income was $25.3 million, compared to $21.6 million in the third quarter last year. Earnings per share were twelve cents compared to ten cents last year, based upon 217 million and 222 million shares outstanding, respectively.

“Our results reflect the progress we are making in our business transformation, as our two growth businesses experienced year-over-year revenue growth and margin improvement,” said Compuware CEO Bob Paul. “We have stabilized the Mainframe business and continue to generate significant revenue and cash flow to fund investments and innovation in our growth businesses. Mainframe revenue grew 17 percent quarter-over-quarter, and we expect our new Compuware APM for Mainframe offering to meaningfully contribute to our Mainframe earnings going forward. At the same time, we continued to extend our competitive advantages beyond Mainframe into higher-growth, market-leading capabilities. Today, more than 40% of our revenues come from these higher-growth businesses, which is a dramatic improvement over prior years. Our APM business delivered 27 percent growth over last quarter, driven by the strength of the enterprise licensing business, which was up 89 percent from the second quarter.

“We are moving quickly to anticipate industry trends and drive the business forward with differentiated value solutions that optimize the user experience,” Paul added. “We remain focused on optimizing each of our business units through prudent capital allocation and improved efficiencies and are also pursuing specific shareholder value creation strategies such as the IPO of Covisint, for which we filed a registration statement with the SEC during the quarter. While we have additional work ahead of us, we are confident that our strategic approach to business transformation and shareholder value is delivering results.”

Mr. Paul noted that Compuware’s Board of Directors is in the process of carefully reviewing the proposal by Elliott Management Corporation. The Board will be meeting later this week to conclude its review and plans to respond very shortly to the proposal.

Compuware noted that during the company's third quarter:

- software license fees were $64.8 million
- maintenance fees were $102.3 million
- subscription fees were $20.8 million

- professional services fees were $46.0 million
- application services fees were $23.9 million

Third Quarter Fiscal Year 2013 Highlights

During the third quarter, Compuware:

- Introduced Compuware APM for Mainframe, which is marketed as PurePath for zOS, the industry's first and only solution for deep transaction management from the edge through the Mainframe. PurePath gives Compuware a formidable differentiator to successfully compete and grow market share, and is showing strong potential with several early deals already completed. The company also announced major enhancements to Compuware Strobe.
- Submitted a registration statement on a confidential basis for Covisint Corporation, to the U.S. Securities and Exchange Commission for a possible initial public offering of its Class A common stock.
- Announced that it has been positioned by Gartner, Inc. in the "Magic Quadrant for Integrated IT Portfolio Analysis (IIPA) Applications," based on analyst evaluation of the Company's market-leading project and portfolio management solution Changepoint.
- Announced that John Van Siclen, General Manager of Compuware's application performance management business, was named a Top 25 Disrupter of 2012 by CRN.
- Was recognized by the Michigan Business & Professional Association for the 12th consecutive year as a "101 Best and Brightest Companies to Work For" in the Detroit region.
- Developed a new generation performance analytics solution that raises the intelligence of software-as-a-service application performance management. Outage Analyzer provides real-time visualizations and alerts of outages in third-party web services that are mission critical to web, mobile and cloud applications around the world.
- Detailed its strategy for helping customers to modernize enterprise applications and to leverage new technologies including cloud computing.
- Released Uniface 9.6, a significant milestone in its vision of helping organizations modernize applications and enabling the development of applications of engagement.
- Announced that it is providing "day one" support for IBM's CICS Transaction Server for z/OS V5.1, a crucial component of modern, multi-tiered and customer-facing applications.
- Announced that it has partnered with REAL TECH AG, a provider of software solutions for enterprise-wide IT management and SAP consultancy, to incorporate Compuware APM – dynaTrace Data Center Real User Monitoring into the latest release of its IT service management software.

Compuware Corporation

Compuware Corporation, the technology performance company, provides software, experts and best practices to ensure technology works well and delivers value. Compuware solutions make the world's most important technologies perform at their best for leading organizations worldwide, including 46 of the top 50 Fortune 500 companies and 12 of the top 20 most visited U.S. web sites. Learn more at: http://www.compuware.com.

###

The Compuware logo is available at http://www.globenewswire.com/newsroom/prs/?pkgid=5950

Conference Call Information

Compuware will host a conference call to discuss these results at 5:00 p.m. Eastern time (21:00 GMT) today. To join the conference call, interested parties in the United States should call 800-700-7860. For international access, the conference call number is +1-612-332-0226. No password is required.

A conference call replay will also be available. The United States replay number will be 800-475-6701, and the international replay number will be +1-320-365-3844. The replay passcode will be 274653. Additionally, investors can listen to the conference call via webcast by visiting the Compuware Corporation Investor Relations web site at http://www.compuware.com.

Press Contact

Lisa Elkin, Senior Vice President, Investor Relations, Marketing and Communications +1-313-227-7345

Certain statements in this release that are not historical facts, including those regarding the Company's future plans, objectives and expected performance, are "forward-looking statements" within the meaning of the federal securities laws. These forward-looking statements represent our outlook only as of the date of this release. While we believe any forward-looking statements we have made are reasonable, actual results could differ materially since the statements are based on our current expectations and are subject to risks and uncertainties. These risks and uncertainties are discussed in the Company's reports filed with the Securities and Exchange Commission. Readers are cautioned to consider these factors when relying on such forward-looking information. The Company does not undertake, and expressly disclaims any obligation, to update or alter its forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable law.

COMPUWARE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands)

	AS OF DECEMBER 31,	
ASSETS	2012	2011
CURRENT ASSETS:		
Cash and cash equivalents	$ 64,884	$ 82,201
Accounts receivable, net	449,964	470,724
Deferred tax asset, net	38,669	47,460
Income taxes refundable	3,693	4,634
Prepaid expenses and other current assets	32,377	32,283
Total current assets	589,587	637,302
PROPERTY AND EQUIPMENT, LESS ACCUMULATED DEPRECIATION AND AMORTIZATION	314,404	326,099
CAPITALIZED SOFTWARE AND OTHER INTANGIBLE ASSETS, NET	119,041	117,175
ACCOUNTS RECEIVABLE	190,613	216,735
DEFERRED TAX ASSET, NET	36,254	40,789
GOODWILL	799,823	797,163
OTHER ASSETS	35,202	35,547
TOTAL ASSETS	$ 2,084,924	$ 2,170,810
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 13,509	$ 16,805
Current portion of long term debt	-	110,000
Accrued expenses	98,171	107,512
Income taxes payable	14,883	19,073
Deferred revenue	413,446	435,219
Total current liabilities	540,009	688,609
LONG TERM DEBT	70,000	-
DEFERRED REVENUE	311,036	356,693
ACCRUED EXPENSES	29,139	27,908
DEFERRED TAX LIABILITY, NET	84,648	77,100
Total liabilities	1,034,832	1,150,310
SHAREHOLDERS' EQUITY:		
Common stock	2,121	2,188
Additional paid-in capital	692,133	681,359
Retained earnings	368,445	355,650
Accumulated other comprehensive loss	(12,607)	(18,697)
Total shareholders' equity	1,050,092	1,020,500
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 2,084,924	$ 2,170,810

COMPUWARE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, Except Per Share Data)

	THREE MONTHS ENDED DECEMBER 31,		NINE MONTHS ENDED DECEMBER 31,	
	2012	2011	2012	2011
REVENUES:				
Software license fees	$ 64,831	$ 57,121	$ 130,499	$ 152,958
Maintenance fees	102,341	106,843	307,487	322,908
Subscription fees	20,793	19,931	61,503	58,156
Professional services fees	46,049	50,575	140,155	157,403
Application services fees	23,852	18,587	64,981	52,302
Total revenues	257,866	253,057	704,625	743,727
OPERATING EXPENSES:				
Cost of software license fees	5,388	4,844	15,117	13,150
Cost of maintenance fees	8,639	9,603	26,653	28,907
Cost of subscription fees	7,603	7,291	22,823	22,192
Cost of professional services	39,694	45,277	122,080	136,496
Cost of application services	20,758	17,265	57,468	53,934
Technology development and support	25,629	27,265	79,675	78,706
Sales and marketing	65,773	69,683	184,604	197,255
Administrative and general	44,733	39,236	122,819	122,717
Total operating expenses	218,217	220,464	631,239	653,357
INCOME FROM OPERATIONS	39,649	32,593	73,386	90,370
OTHER INCOME (EXPENSE), NET	(55)	231	(90)	1,221
INCOME BEFORE INCOME TAXES	39,594	32,824	73,296	91,591
INCOME TAX PROVISION	14,254	11,236	26,894	30,339
NET INCOME	$ 25,340	$ 21,588	$ 46,402	$ 61,252
DILUTED EPS COMPUTATION				
Numerator: Net income	$ 25,340	$ 21,588	$ 46,402	$ 61,252
Denominator:				
Weighted-average common shares outstanding	212,836	218,534	215,318	218,427
Dilutive effect of stock options	4,036	3,349	4,153	4,134
Total shares	216,872	221,883	219,471	222,561
Diluted EPS	$ 0.12	$ 0.10	$ 0.21	$ 0.28

COMPUWARE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	NINE MONTHS ENDED DECEMBER 31, 2012	NINE MONTHS ENDED DECEMBER 31, 2011
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Net income	$ 46,402	$ 61,252
Adjustments to reconcile net income to cash provided by operations:		
Depreciation and amortization	49,358	44,706
Stock award compensation	20,663	17,555
Deferred income taxes	6,172	7,460
Other	552	221
Net change in assets and liabilities, net of effects from currency fluctuations and acquisitions:		
Accounts receivable	17,140	(14,201)
Prepaid expenses and other current assets	(2,024)	1,940
Other assets	6,632	(3,451)
Accounts payable and accrued expenses	(24,868)	783
Deferred revenue	(91,181)	(53,184)
Income taxes	20,122	10,604
Net cash provided by operating activities	48,968	73,685
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Purchase of:		
Business, net of cash acquired	-	(249,337)
Property and equipment	(18,241)	(15,879)
Capitalized software	(24,817)	(18,346)
Other	(1,400)	(575)
Net cash used in investing activities	(44,458)	(284,137)
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES:		
Proceeds from borrowings	142,800	180,200
Payments on borrowings	(117,800)	(70,200)
Net proceeds from exercise of stock awards including excess tax benefits	11,965	8,503
Employee contribution to common stock purchase plans	2,046	2,101
Repurchase of common stock	(76,366)	(4,259)
Net cash provided by (used in) financing activities	(37,355)	116,345
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(1,451)	(3,936)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(34,296)	(98,043)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	99,180	180,244
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 64,884	$ 82,201

COMPUWARE CORPORATION AND SUBSIDIARIES
OPERATIONAL HIGHLIGHTS
(Dollar Amounts In Thousands)

	QUARTER ENDED DEC 31,		YR - YR
	2012	**2011**	**% Chg**
Total Product Software Revenue by Geography			
North America	$ 106,211	$ 98,244	8.1%
International	81,754	85,651	(4.5%)
Deferred License Fees			
Current	$ 19,451	$ 26,952	(27.8%)
Long-term	10,276	12,270	(16.3%)
Deferred Maintenance			
Current	$ 310,450	$ 323,485	(4.0%)
Long-Term	269,275	305,549	(11.9%)
Deferred Subscription			
Current	$ 48,315	$ 50,444	(4.2%)
Long-Term	8,333	13,265	(37.2%)
Deferred Professional Services	$ 22,322	$ 20,361	9.6%
Deferred Application Services	$ 36,060	$ 39,586	(8.9%)
Other:			
Total Company Headcount	4,579	4,722	(3.0%)
Total DSO (Billed)	83.9	88.0	
Total DSO	157.0	167.4	
Stock-based compensation expense			
Cost of license fees	$ -	$ -	N/A
Cost of maintenance fees	164	202	(18.8%)
Cost of subscription fees	(47)	(68)	30.9%
Cost of professional services	65	54	20.4%
Cost of application services	396	254	55.9%
Technology development and support	468	575	(18.6%)
Sales and marketing	1,328	1,493	(11.1%)
Administrative and general	3,110	3,062	1.6%
Total stock-based compensation expense before income taxes	$ 5,484	$ 5,572	(1.6%)

COMPUWARE CORPORATION AND SUBSIDIARIES
BUSINESS UNIT RESULTS OF OPERATIONS
(In Thousands)

Quarter Ended:	APM	Changepoint	Mainframe	Uniface	Professional Services	Covisint Application Services	Unallocated Expenses	Total
December 31, 2012								
Software license fees	$ 33,938	$ 2,684	$ 24,743	$ 3,466	-	-	-	$ 64,831
Maintenance fees	23,369	4,139	67,048	7,785	-	-	-	102,341
Subscription fees	20,130	663	-	-	-	-	-	20,793
Professional services fees	7,624	3,137	673	1,413	$ 33,202	-	-	46,049
Application services fees	-	-	-	-	-	$ 23,852	-	23,852
Total revenues	85,061	10,623	92,464	12,664	33,202	23,852	-	257,866
Operating expenses	76,773	10,951	24,727	5,254	28,264	21,664	$ 50,584	218,217
Income (loss) from operations	$ 8,288	$ (328)	$ 67,737	$ 7,410	$ 4,938	$ 2,188	$ (50,584)	$ 39,649
Contribution margin %	9.7%	(3.1%)	73.3%	58.5%	14.9%	9.2%		15.4%
Operating expenses include:								
Stock awards compensation	$ 680	$ 12	$ 606	$ 6	$ 45	$ 396	$ 3,739	$ 5,484
Amortization of purchased software	$ 2,272	$ -	$ -	$ -	$ -	$ 148	$ -	$ 2,420
Amortization of other acquired intangible assets	$ 1,758	$ -	$ -	$ -	$ -	$ 113	$ -	$ 1,871
December 31, 2011								
Software license fees	$ 24,360	$ 3,513	$ 26,720	$ 2,528	-	-	-	$ 57,121
Maintenance fees	19,441	3,895	75,782	7,725	-	-	-	106,843
Subscription fees	19,379	552	-	-	-	-	-	19,931
Professional services fees	8,893	4,517	558	981	$ 35,626	-	-	50,575
Application services fees	-	-	-	-	-	$ 18,587	-	18,587
Total revenues	72,073	12,477	103,060	11,234	35,626	18,587	-	253,057
Operating expenses	82,118	11,683	24,721	5,044	31,794	17,265	$ 47,839	220,464
Income (loss) from operations	$(10,045)	$ 794	$ 78,339	$ 6,190	$ 3,832	$ 1,322	$ (47,839)	$ 32,593
Contribution margin %	(13.9%)	6.4%	76.0%	55.1%	10.8%	7.1%		12.9%

Operating expenses include:								
Stock awards compensation	$ 1,679	$ 82	$ 415	$ 47	$ 28	$ 254	$ 3,067	$ 5,572
Amortization of purchased software	$ 2,563	$ -	$ -	$ -	$ -	$ 148	$ -	$ 2,711
Amortization of other acquired intangible assets	$ 2,143	$ -	$ -	$ -	$ -	$ 113	$ -	$ 2,256

COMPUWARE CORPORATION AND SUBSIDIARIES
BUSINESS UNIT RESULTS OF OPERATIONS
(In Thousands)

Nine Months Ended:	APM	Changepoint	Mainframe	Uniface	Professional Services	Covisint Application Services	Unallocated Expenses	Total
December 31, 2012								
Software license fees	$ 74,237	$ 5,545	$ 43,566	$ 7,151	-	-	-	$130,499
Maintenance fees	66,544	12,321	205,972	22,650	-	-	-	307,487
Subscription fees	59,526	1,977	-	-	-	-	-	61,503
Professional services fees	23,003	9,898	1,640	3,684	$ 101,930	-	-	140,155
Application services fees	-	-	-	-	-	$ 64,981	-	64,981
Total revenues	223,310	29,741	251,178	33,485	101,930	64,981	-	704,625
Operating expenses	226,928	31,392	67,856	15,279	85,322	59,731	$ 144,731	631,239
Income (loss) from operations	$ (3,618)	$ (1,651)	$ 183,322	$ 18,206	$ 16,608	$ 5,250	$ (144,731)	$ 73,386
Contribution margin %	(1.6%)	(5.6%)	73.0%	54.4%	16.3%	8.1%		10.4%
Operating expenses include:								
Stock awards compensation	$ 3,834	$ 42	$ 2,118	$ 42	$ 160	$ 1,105	$ 13,362	$ 20,663
Amortization of purchased software	$ 6,755	$ -	$ -	$ -	$ -	$ 444	$ -	$ 7,199
Amortization of other acquired intangible assets	$ 5,435	$ -	$ -	$ -	$ -	$ 338	$ -	$ 5,773
December 31, 2011								
Software license fees	$ 54,142	$ 7,643	$ 83,874	$ 7,299	-	-	-	$152,958
Maintenance fees	57,003	11,647	230,776	23,482	-	-	-	322,908
Subscription fees	56,639	1,517	-	-	-	-	-	58,156
Professional services fees	22,646	12,487	3,960	3,259	$ 115,051	-	-	157,403
Application services fees	-	-	-	-	-	$ 52,302	-	52,302
Total revenues	190,430	33,294	318,610	34,040	115,051	52,302	-	743,727
Operating expenses	231,489	33,989	72,926	15,595	95,045	53,934	$ 150,379	653,357
Income (loss) from operations	$ (41,059)	$ (695)	$ 245,684	$ 18,445	$ 20,006	$ (1,632)	$ (150,379)	$ 90,370

Contribution margin %	(21.6%)	(2.1%)	77.1%	54.2%	17.4%	(3.1%)		12.2%
Operating expenses include:								
Stock awards compensation	$ 4,945	$ 288	$ 1,451	$ 164	$ 231	$ 1,196	$ 9,280	$ 17,555
Amortization of purchased software	$ 5,994	$ -	$ -	$ -	$ -	$ 444		$ 6,438
Amortization of other acquired intangible assets	$ 5,956	$ -	$ -	$ -	$ -	$ 338		$ 6,294

EXHIBIT 99.2

corrected transcript

Compuware Corp.	CPWR	Q3 2013 Earnings Call	Jan. 22, 2013
Company▲	*Ticker▲*	*Event Type▲*	*Date▲*

PARTICIPANTS

Corporate Participants

Lisa B. Elkin – VP-Marketing, Investor Relations & Communications
Robert C. Paul – Chief Executive Officer & Director
Joseph R. Angileri – President & Chief Operating Officer
Laura Lawson Fournier – Chief Financial Officer, Treasurer & Executive VP

Other Participants

S. Kirk Materne – Analyst, Evercore Partners (Securities)
Aaron M. Schwartz – Analyst, Jefferies & Co., Inc.
Derrick Wood – Analyst, Susquehanna Financial Group LLP
Ryan M. MacDonald – Analyst, Northland Securities, Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Welcome to the Compuware Corporation Third Quarter Results Conference Call. At the request of Compuware, this conference is being recorded for instant replay purposes.

At this time, I'd like to turn the conference over to Ms. Lisa Elkin, Senior Vice President of Communications and Investor Relations for Compuware. Ms. Elkin, you may begin.

Lisa B. Elkin, VP-Marketing, Investor Relations & Communications

Thank you very much, Doug, and good afternoon, ladies and gentlemen. With me this afternoon are Bob Paul, Chief Executive Officer; Joe Angileri, President and Chief Operating Officer and Laura Fournier, Executive Vice President and Chief Financial Officer.

Certain statements made during this conference call that are not historical facts, including those regarding the company's future plans, objectives and expected performance, are forward-looking statements within the meaning of the federal securities laws. These forward-looking statements represent our outlook only as of the date of this conference call. While we believe any forward-looking statements we have made are reasonable, actual results could differ materially since the statements are based on our current expectations and are subject to risks and uncertainties.

These risks and uncertainties are discussed in the company's reports filed with the Securities and Exchange Commission. You should refer to and consider these factors when relying on such forward-looking information. The company does not undertake and expressly disclaims any obligation to update or alter its forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable law.

I will now turn the call over to Bob, who will provide a summary of the quarter's results. Joe will then highlight business unit operating results, followed by Laura, who will discuss key financial information. We will then open the call to your questions. Bob?

Robert C. Paul, Chief Executive Officer & Director

Thank you, Lisa, and good afternoon, all. We delivered strong results for the third quarter of 2013, with earnings increasing to $0.12 per share, compared to $0.10 in the third quarter of 2012. This $0.12 includes approximately $0.01 also of EPS related to certain one-time charges.

In terms of revenue, we generated $257.9 million in third quarter 2013 revenues, an increase of 2% year-over-year. We are pleased to report that our growth businesses in particular delivered revenue growth year-over-year, with Covisint growing 28% and APM growing 18% year-over-year. The strength of our growth businesses and more consistent execution are driving these results and positioning us for strong performance going forward.

Today, I want to start by highlighting the progress we are making in our transition towards higher growth areas, before discussing the performance of each business. Joe and Laura will review the operating metrics and financials.

As most of you know, we are gaining momentum in the transformation of our company. That was started several years ago to drive profitable growth and deliver value to shareholders by moving more momentum to higher growth market-leading capabilities. The last few years have been about investment in innovation, and it is beginning to pay off. Today more than 40% of our total revenues come from these higher growth businesses, which is a dramatic improvement over the prior years. Next fiscal year, we will easily surpass the 50% mark.

As a result, we are currently a leader in growth market sectors, with a narrowed and defined focus on select categories where we can continue to exert leadership and leverage our competitive advantages. We've a highly differentiated competitive position, which was further strengthened by successful acquisitions and is driving market share gains in APM. And we are an emerging leader in the fast-growing cloud computing and SaaS categories. While we have had some post acquisition operational challenges, we have confronted those issues head on and are seeing strong results. My charge is to continue to drive accelerated improvements in margins through both revenue growth as well as cost-cutting initiatives.

Our APM business helped drive our strong performance this quarter. The business delivered 18% year-over-year growth and almost 27% compared to the second quarter. This was driven by the strength of the enterprise licensing business, which is almost up 40% year-over-year and 89% sequentially. APM had an $8 million positive contribution margin this quarter, representing an $18 million increase year-over-year. dynaTrace is performing well beyond our expectations and the Gomez SaaS business was up 4%. While this is modest growth for Gomez, this is an area of intense focus by our leadership team and you should expect improvement in coming quarters.

This quarter we witnessed a replacement of legacy vendors at an accelerated pace and our momentum in winning new business continued with significant customer additions. We are not only taking market share away from the large systems management companies, we are beating the smaller players with our integrated solution offerings. These types of solutions, which require a simple set-up, deliver rapid return on investment and enhance the entire application delivery chain, are driving the re-definition of how our customers approach APM.

Our customers on a broader marketplace continue to express enthusiasm regarding our Compuware APM solutions, as well as our APM Innovations, which include Outage Tracker, Outage Analyzer, new Big Data Solutions, a new Mobile WebKit and a new native Mobile ADK. Not to mention APM for Mainframe, which I'll review later in the discussion. All these new offerings provide greater differentiation, more value and access to new markets.

Overall, our improved operational performance in APM reflects our success in gaining market share and translating our robust pipeline into new business in North America and Europe. Year-over-year growth in APM North America was 21%, fueled by a

65% increase in year-over-year license revenue. Sales cycles for our APM Solutions continued to shorten, resulting in an increased number of deals opening and closing within the quarter.

Faced with the challenges of EMEA last quarter, we moved with urgency to correct the execution issues. As a result, we delivered strong, solid results across our geographic mix with a strong contribution from EMEA. The region bounced back in the third quarter with a year-over-year APM revenue increase of 15%, buoyed by a 20% increase in license revenue from the prior year. This represented a 58% increase in total revenue and a 282% increase in license revenue sequentially.

Covisint again delivered strong revenue growth in the third quarter with solid performance in all industry segments, and more than 28% year-over-year total revenue growth. Contribution margin in this business was more than 9% in Q3. As I said last quarter, building Covisint is about achieving predictable, consistent growth and recurring revenue. This continued focus on driving new recurring subscription business is paying off. To put Covisint's performance in perspective, in the first three quarters of 2013, annualized recurring revenue commitments were approximately double the commitments obtained in prior years.

Covisint's Healthcare segment accelerated with 30% growth year-over-year. We continue to see traction with a shift to outcomes-based reimbursement models, which has been driving the demand for health information exchange and the sharing of patient data. In Q3, we'll continue to see growth for the Accountable Care Organization or ACO initiatives with new deals in Maryland and Pennsylvania. We're also seeing growth around the National Health Information Network's direct messaging standard, a secure digital mailbox that Covisint has the capability to provide for every healthcare professional in the country.

In Automotive, we saw strength in consumer-facing initiative as the connectivity needs of today's connected owner continue to shift the way auto manufacturers engage with their customers.

In Q3 we signed a multi-phase, long-term recurring deal with Hyundai, which will use the Covisint cloud engagement platform to deliver a comprehensive, connected ownership experience for its consumers across web properties, mobile devices, and within the vehicle.

We also experienced increased volume and velocity in pre-sales activities, like RFIs and proof-of-concepts around our cloud engagement platform. These activities are driven by new business initiatives, organizations are pursuing to better engage with partners, suppliers and customers within the new social, mobile and cloud revolution.

We are aggressively building a differentiated position for ourselves in this space. New Q3 enterprise customers include the Blue Cross Blue Shield Association, which plans to offer its member companies nationwide access to a unified cloud platform. Cloud-based enterprise agreement is an emerging and rapidly growing category with limited competition at this point in time, representing a tremendous opportunity for us.

In December of 2012, we submitted a draft registration statement to the SEC for a possible initial public offering of the Covisint business. The proposed strategic separation of Covisint will allow for more focused execution, an allocation of resources, and is intended to give the business greater flexibility to pursue strategic opportunities to increase the company's visibility in the marketplace. We are continuing our work on this front and will provide you with an update once we have more information.

We have stabilized the Mainframe business, which grew 17% quarter-over-quarter. Mainframe continues to generate significant revenue and cash flow to fund investments and innovation in our other growth businesses. The introduction of our new product APM for Mainframe, which we market as PurePath z/OS, is our most exciting new Mainframe product introduction in over a decade. It gives us a formidable differentiator to successfully compete and grow market share.

PurePath for z/OS, which went GA at the end of November, is showing strong potential with several early deals already completed. Combining Strobe and dynaTrace technology on the Mainframe, PurePath for z/OS gives our customers the unprecedented insight they need into the growing demand that mobile and web transactions are placing on the Mainframe. We expect PurePath for z/OS to meaningfully contribute to our Mainframe earnings in the fiscal year 2014.

In summary, we are pleased with our performance this quarter, which reflected strong revenue growth and increasing margins. Our continued expectation is to achieve $0.60 EPS for fiscal year 2013, excluding charges related to the Elliott proposal, which I'll address at the end of this call.

Looking forward, we are on track for our growth businesses to surpass our Mainframe business as a leading revenue driver for Compuware. Overall, we are encouraged with top line growth and continue to focus on improving execution, cutting costs, and delivering next-generation market-leading solutions.

Now, let me turn it over to Joe.

Joseph R. Angileri, President & Chief Operating Officer

Thanks, Bob. Let me just clarify a point that you said. Our continued expectation is to achieve $0.36 EPS for fiscal 2013, excluding charges related to the Elliott proposal, which Bob will address a little later. So, I'll provide a deeper look into the business unit results.

As Bob highlighted, the APM business had a strong quarter with total revenues of $85 million, up 18% year-over-year and 27% sequentially. APM software license fees for the quarter were $34 million, up 39% year-over-year and 89% sequentially. The strong growth in software license fees was led by a continued hot North American market, at 65% year-over-year improvement. Europe recovered nicely from a weak second quarter where we saw a 53% contraction turn into a third quarter growth rate of 20% year-over-year and 282% growth sequentially.

APM subscription fees for the quarter were $20 million, up 4% year-over-year and 3% sequentially. APM operating expenses for the quarter were $76.8 million, down approximately 6.5% year-over-year. APM's contribution margin for the quarter was $8.3 million or 10%, compared to a loss of $10 million or negative 14% during the same period last year.

It's clear that Q3 was a very important milestone for APM. As projected, APM turned the corner and generated a positive contribution margin for the first time since we've been running our business units separating operating units. APM has improved its overall contribution margin year-to-date by $37 million over the same period last year. We expect APM to continue showing a positive contribution margin in Q4 and for the fiscal year. It's clear that our efforts to grow this business while improving profitability are working.

The Covisint business unit also had a very good quarter with total revenues of $24 million, up approximately 28% year-over-year and 16% sequentially. Covisint's operating expenses for the quarter were $21.7 million, up approximately 25.5% year-over-year and 8% sequentially. The increase in expenses is a function of growth in sales and continued investment in the platform. Covisint's contribution margin for the quarter was 9.2% compared to 7.1% during the same period last year and 2.4% last quarter.

Now, Mainframe produced total revenues of $92.5 million, down 10% year-over-year, but up 17% sequentially. Mainframe operating expenses for the quarter were $24.7 million, flat year-over-year, reflecting our continued efforts to keep costs down. Mainframe still generated a strong contribution margin for the quarter of 73%, down slightly from 76% during the same period last year and 74% during the prior quarter.

Now as Bob mentioned, we expected a pickup in Q4 from our newly released APM for Mainframe solution, PurePath for z/OS. The product became generally available on November 30 and we had a few important deals close. However, with the late Q3 release and holiday-shortened December, it was a short sales cycle runway in Q3. And based on our pipeline, we expect to see strong initial sales in Q4.

The Professional Service business unit produced total revenue of $33 million, down 7% year-over-year and essentially flat sequentially. Professional Services' operating expenses for the quarter were $28 million, down 11% year-over-year, and again, essentially flat sequentially. Professional Services' contribution margin for the quarter was 15% compared to 11% during the same period last year on lower revenues.

Now as we've said, Professional Services is continuing to fuel the year-over-year sun-setting effect associated with a couple very large strategic staffing deals. Notwithstanding, we are moving vigorously to pursue higher margin strategic solution consulting in the areas of mobile, machine-to-machine and legacy consulting around the Mainframe applications and data center environments. Our year-over-year Professional Service margin improvements is a result of this change.

In Q3, Changepoint's business unit produced total revenues of $10.6 million, down 15% year-over-year, but up 5% sequentially. Changepoint software license fees for the quarter were $2.7 million, down 24% year-over-year, but up 30% sequentially. During the quarter, we continued to fight some headwinds from a sales staffing challenge that we've been working on since the beginning of the fiscal year. That said, in Q3, we were able to rectify the situation. Consequently, we expect sequential revenue acceleration to continue in Q4.

Changepoint's operating expenses for the quarter were approximately $11 million, down approximately 6% year-over-year and up 2% sequentially. Changepoint's contribution margin for the quarter was a negative 3%, compared to 6% during the same period last year and a negative 6% sequentially. Changepoint continues to gain a strong competitive foothold in the marketplace, having recently been named a leader in Gartner's latest IT Portfolio Analysis Magic Quadrant.

Now the Uniface business unit produced Q3 total revenues of $12.7 million, up 13% year-over-year and 22% sequentially. Uniface's operating expenses for the quarter were approximately $5 million, up 4% year-over-year. Uniface's contribution margin remained strong. For the quarter, it was 59%, compared to 55% during the same period last year and 56% last quarter. With increasing revenues and margins, Q3 was a very good quarter for Uniface, which also released Uniface 9.6 during the period. Uniface 9.6 is a significant milestone, helping organizations modernize applications, enable the development of applications of engagement.

Overall, Q3 was a strong quarter, particularly in terms of APM and Covisint, both of which saw strong growth during the period. We will continue to execute on our strategy of growing the businesses while driving operational efficiencies and cost effectiveness across the company.

Laura?

Laura Lawson Fournier, Chief Financial Officer, Treasurer & Executive VP

Thanks, Joe. Overall, Q3 was a very positive quarter for Compuware. The solid results of our growth drivers clearly indicate that we are effectively executing on our strategic initiatives. For the quarter, operating cash flow was approximately $32.6 million and $49 million for the first nine months of fiscal 2013. We continue to expect operating cash flow for the year to be in the $150 million to $160 million range.

In terms of debt, as of December 31 of this year, our long-term debt position stood at $70 million. The increase over the second quarter is due to our stock buyback efforts. As we go through the fourth quarter, traditionally our strongest cash quarter, we expect to pay our long-term debt down to approximately $25 million by year's end, assuming the same level of stock buybacks.

With regard to the stock buyback, in Q3 we repurchased approximately 3.3 million shares for $30 million. That brings our year-to-date purchases through December 31 to 8.2 million shares for $76 million. Our 10b5 repurchase plan has been extended through May 31 and we will continue our discretionary purchases as market and business conditions dictate.

Our effective tax rate for Q3 was 36%, a reduction to our anticipated 38% with a favorable settlement of certain state tax audits. And with the reinstatement of the R&D tax credit, we anticipate our tax rate for Q4 to be around 34%.

Again, we are happy with the progress we made in Q3 and we will continue to maintain our focus on driving long-term shareholder value.

Bob?

Robert C. Paul, Chief Executive Officer & Director

Thanks, Laura. As you heard today, we're making good progress in our transition to a high growth company with a strong competitive differentiation. Such a transformation is never easy, but absolutely necessary to make sure Compuware remains a competitive offering for our shareholders.

We enhanced our execution and our product offerings in high growth categories. The results of this transition will become increasingly evident in our upcoming fiscal quarters. While this quarter's results were encouraging, we are intently focused on accelerating the pace to more aggressively drive both revenue growth and enhance efficiencies going forward to generate increased value for our shareholders.

I realize many of you have questions regarding the Elliott Management Corporation's proposal. As we have said, our board is in the process of carefully reviewing their proposal. We will be meeting later this week and plan to respond very shortly. We will therefore not be addressing questions regarding Elliott's proposal during the Q&A.

Thank you. And I'll turn it back over to the operator.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] We'll go to Kirk Materne with Evercore Partners. Please go ahead.

<Q – Kirk Materne – Evercore Partners (Securities)>: Yeah. Thanks very much. I guess first on the APM side, can you guys just talk a little bit about Europe? And, was that just a snap-back, or do you think this is a region that now has sort of taken hold of some of the processes you guys have put in place in terms of lower ASPs and higher sales velocity? I guess I'm just trying to make sure this isn't sort of a one quarter bounce-back. Do you feel like that business is heading in the right direction more broadly now?

<A – Bob Paul – Compuware Corp.>: Yeah. I will admit there was a little bit of buoyancy from Q2 deals that did not close that came over. But, for the most part, it is a very close attention to detail execution. Obviously we've made some changes over there on a number of fronts and we got those done in Q2 and as a result of that the Q3 performance is strong. But the reason I feel more comfortable in saying it wasn't just a one-time bounce-back is because of the numbers that we're seeing progress into Q4 with the pipelines and forecast activity. So, we think the issues are behind us and we expect a strong presence from EMEA in upcoming quarters.

<Q – Kirk Materne – Evercore Partners (Securities)>: Okay. And, Joe, you guys have talked about better efficiency. I guess – I realize there's no silver bullet here, but can you just talk about some general areas where you all think you can get a little bit more efficiency. I realize there's probably some natural leverage on the APM business, but, I guess, other parts of the business that you guys think can potentially be trimmed or just made more efficient?

<A – Joe Angileri – Compuware Corp.>: Yeah, Kirk. It's Joe, yeah. Certainly in the business units we're looking at – still continuing to look at sales productivity. We don't think we've reached our peak there at all. On the Mainframe side that's an area that we're really focused on as well. So I think there's clearly that continued effort. We're looking at all the costs, what I'll call kind of infrastructure costs around Covisint, making sure that the costs that we're utilizing to support the platform are accurate and correct. And also looking at the labs as well and making sure that all the R&D we're spending is appropriate with respect to the product development that we've got underway. So that being said, I think those are the key areas in the business units that we're looking at and making sure that we're really efficient and effective.

<Q – Kirk Materne – Evercore Partners (Securities)>: And just maybe one last one on the PurePath on the Mainframe side. I guess, do you guys have an opportunity to, I mean, outside of just upselling that into existing Compuware customers, you talked about some wins. I mean, can you actually extend that into some customers that aren't already on existing Compuware Mainframe products? I'm just – I'm trying to get a sense of, does that help just stabilize the Mainframe business and maybe keep it a little bit more flattish than a little bit declining or can that potentially get Mainframe a little bit back to even growth especially given, I guess, next year given you have a pretty easy comp in the first couple of quarters?

<A – Bob Paul – Compuware Corp.>: Yeah, Kirk. There are a couple leverage points with the PurePath software. The first leverage point is obviously selling the value proposition itself leads to a lot of conversations around the other Mainframe products. With their existing companies – existing customers, it creates more opportunities around renewals and uptick in those renewals and just gives us a lot more leverage there. The other thing it provides for us is exposure to our APM platform, because it is, essentially the APM platform does leveraging for its dashboarding, et cetera, into the rest of the distributed environments. So where we might not have a presence, it gives us a leg into the distributed organization and actually showcase what is the potential of our APM capabilities.

So, the importance that we're putting on process related to sharing that information and maximizing the sales opportunity, whether it be more into the Mainframe environment and/or leveraging of the APM-distributed environment is absolutely critical. We are measuring our pipeline and activity very tightly. And, as you know, we've got a lot of excitement internally around this product, given where the pipeline has shot to since this November 30 release. We've obviously done a lot of work on our next fiscal year plan, which we'll be talking more about later, but based upon the results that we start to see in Q4, will have an impact on how we guide in fiscal year 2014. And it's going to have a significant effect on the trends that we've been seeing in Mainframe, lately.

<Q – Kirk Materne – Evercore Partners (Securities)>: Great, thanks. I'll leave it there.

Operator: Our next question is from Aaron Schwartz with Jefferies. Please go ahead.

<Q – Aaron Schwartz – Jefferies & Co., Inc.>: Hi. Good afternoon. I just had a question for Bob, a question on Mainframe, but on the maintenance side. Can you sort of walk through why the metrics are trending the way they are? Is there a, sort of, one outlier, is it more sort of pricing or capacity, or what is affecting sort of that drill-down on the maintenance side?

<A – Bob Paul – Compuware Corp.>: Yeah, there are quite a few trends. As you know, Aaron, we actually grew Mainframe revenues last year. It's a very cyclical business for us. We expected a downturn this year because of our renewal opportunity. Renewal opportunities were lower, and that's simply because our contracts are every three to five years, and so we go through these cycles. That does pick up again, a little bit next year, and then, obviously with the new product introductions, we're looking forward to talking about the Mainframe business in much more detail in fiscal year 2014.

Other variables are, obviously there are some companies that are moving off the Mainframe platform, so that has an impact. The competitive environment really hasn't changed. Except for pricing expectations around capacity, not a lot of incremental capacity hitting the floors as we use to see it for the last three to five years, or three to five years ago, and that's had an obviously a dramatic impact on software license billings that would come into the organization. So, all those trends kind of work together. We think we can sustain the Mainframe business moving forward with some very exciting new product introductions, obviously starting with a PurePath for z/OS and we're going to be expanding that environment to cover more environments on the Mainframe platform. And we know it's a one-of-a-kind solution and so – and because of the leverage, it does give us [ph] another parts (27:33) to the organization, right? It's important that we maximize that.

<Q – Aaron Schwartz – Jefferies & Co., Inc.>: Okay. That's helpful. And then, maybe a question for Laura; I don't know if you mentioned this. But, did you call out sort of a one-time expense on the G&A line? I know that jumped up quite a bit. And then, also could you just give us the update on sort of the purchase accounting expenses within the APM business? Thanks.

<A – Laura Fournier – Compuware Corp.>: Yeah, we did have a one-time expected charge for the – for Pete's retirement contract. That contract includes a retirement provision as well as for consulting services going forward and GAAP requires us to record that when the contract is entered into. So, we did see a one-time hit there for about $4 million. And on the purchase accounting, I'm sorry, your question was how long does that go forward?

<Q – Aaron Schwartz – Jefferies & Co., Inc.>: Well, certainly the margin improvement there on the APM side was a big milestone. I'm just wondering sort of where you are, sort of, how long the [indiscernible] (28:32) is here.

<A – Laura Fournier – Compuware Corp.>: That was really due to efficiencies in the operating costs. Their amortization from purchase accounting actually extends out for quite a few years, and so these were real cost savings.

<A – Bob Paul – Compuware Corp.>: Yeah. We're not going to [ph] do anything (28:46).

<A – Laura Fournier – Compuware Corp.>: And top line growth, absolutely.

<A – Bob Paul – Compuware Corp.>: Yeah. We're not going to see the purchase accounting drop off for probably another three years.

<Q – Aaron Schwartz – Jefferies & Co., Inc.>: Okay. Thank you.

Operator: Thank you. Our next question is from the line of Derrick Wood with Susquehanna.

<Q – Derrick Wood – Susquehanna Financial Group LLP>: Thank you. Nice job on the quarter, clearly a strong rebound from the last several quarters. I guess a couple questions on the APM side. Could you just give us a little more color as to, how you saw things progress in the quarter? Was it fairly broad based in terms of the strength? Was it you think more execution driven or some loosening of budgets? And then maybe just kind of any particularly large deals that stuck out? Or was it pretty broad based?

<A – Bob Paul – Compuware Corp.>: Yeah, it was pretty broad-based, and it was broad based across all geographies. And more growth obviously in the enterprise license business. But I will tell you for the last, well now over a year, we've been working in conjunction with a – the strong leadership team that's in place to really get down to a more disciplined operational controls, measurements and inspecting what we expect, obviously from the sales organization, from the product management organization, et cetera. And so, with these disciplines we're starting to see an uptick across the board, not just in sales efficiencies. Our sales productivity has jumped tremendously year-over-year. And at the end of the day it's about getting the best product in front of more clients. And it is – it's a remarkable solution. And once we get a – now that we have a consistent message and platform from which to talk and are able to streamline a much shorter sales cycle with faster proof of concepts, much quicker time to value and implementations. These kinds of things – better execution along with better product quality and improved product capabilities, they kind of merge together to give us an advantage. So we're – again, we're not seeing any momentum decline moving into this quarter, and obviously, with some new product introductions that we're expecting over the next six to nine months in particular, we think we'll extend that lead.

<Q – Derrick Wood – Susquehanna Financial Group LLP>: Bob, when you say enterprise licenses, are you referring to ELA-type contracts?

<A – Bob Paul – Compuware Corp.>: No, no. I'm just talking about the enterprise software. So, I'm talking about the non – we had a greater growth in the dynaTrace and the DC RUM solutions, more so than we did on the subscription solutions.

<Q – Derrick Wood – Susquehanna Financial Group LLP>: Okay. Okay. Any – do you guys do ELA contracts? Is that a contract structure that you'll do?

<A – Bob Paul – Compuware Corp.>: Sure, absolutely.

<Q – Derrick Wood – Susquehanna Financial Group LLP>: Yeah. Okay. And then, I don't think I heard a revenue guidance number for the year. Are you guys not giving that out this quarter?

<A – Bob Paul – Compuware Corp.>: No, the only guidance we've given out right now is on the continued number on the EPS side.

<Q – Derrick Wood – Susquehanna Financial Group LLP>: And I guess on that $0.36, I think is the low end of your previous guidance and you had clearly a very strong Q3, are you just being conservative here by going to the lower end? Or any reason why you don't feel more comfortable at the higher end?

<A – Bob Paul – Compuware Corp.>: Yeah, I think it's prudent moving forward that we make sure that we are – we have opportunities to meet expectations with the Street, and hopefully beat them moving forward. Having said that, our Q4 numbers are – as you know in order to hit that goal, do go up. We're seeing a lot of strength in our numbers across the board, but it still requires a lot of execution. So, I think we're being appropriately realistic right now. There also may be some one-time – additional one-time expenses related to some of the other activities that we're involved in as a business, which we'll talk more about later on this week.

<Q – Derrick Wood – Susquehanna Financial Group LLP>: Okay, great. I'll pass it on. Thanks.

<A – Bob Paul – Compuware Corp.>: Thanks.

Operator: [Operator Instructions] We'll next go to the line of Mike Latimore with Northland Capital Markets. Please go ahead.

<Q – Ryan MacDonald – Northland Securities, Inc.>: Hi, guys. This is Ryan MacDonald on for Mike Latimore. First question I had is, how fast did Gomez bookings grow during the quarter?

<A – Bob Paul – Compuware Corp.>: The bookings, I don't have that number available. We'll have to get it back – we'll have to get it to you.

<Q – Ryan MacDonald – Northland Securities, Inc.>: Okay, got you. Then the next, how should we think about OpEx going into fourth quarter and then into the next fiscal year?

<A – Bob Paul – Compuware Corp.>: We're not going to give guidance on the fiscal year yet. That will be coming quite shortly. I wouldn't expect operating expenses to change that much at all. So, the run rate that you see is pretty predictable moving into Q4. Laura, I'm not sure if got any other...

<A – Laura Fournier – Compuware Corp.>: No, we should maintain our Q3 level. We do hit higher commission rates in Q4 as sales people get into their accelerators and – for yearend. So, I wouldn't – I'm guessing Q3 levels are safe for Q4.

<Q – Ryan MacDonald – Northland Securities, Inc.>: Okay. And then just, again, on the overall on the APM business. Just couple of things, one, do you expect to maintain the positive contribution margin going into next quarter. And then also are you expecting the sequential growth in that segment of the business in fourth quarter?

<A – Bob Paul – Compuware Corp.>: Yeah, without question. The positive contribution margin will continue and improve and as will the growth rates. So, we're seeing a couple dynamics in the APM space. Number one is, obviously, we're taking advantage of market share improvements from legacy providers and we're also seeing a category that's in fairly high growth compared to some of the other IT environments. So, you put those together, it makes for an exciting opportunity for us in the APM space, especially as we also expand our capabilities going forward.

<Q – Ryan MacDonald – Northland Securities, Inc.>: Great. Thank you very much.

<A – Bob Paul – Compuware Corp.>: Thank you.

Operator: Ladies and gentlemen, we will now conclude the question-and-answer portion of today's conference call. I'd like to turn the call back over to Lisa Elkin.

Lisa B. Elkin, VP-Marketing, Investor Relations & Communications

Thanks, Doug. At this time, ladies and gentlemen, we will adjourn this conference call. Thank you very much for your time and interest in Compuware; and we hope you have a pleasant evening.

Operator: And ladies and gentlemen, today's conference call is being made available for replay starting today at 7:00 p.m. Eastern Time this evening. It will run for one week until Tuesday, January 29, 2013. You can access our service by dialing 1-800-475-6701 and entering the access code of the call today at 274653. International participants may dial in at 320-365-3844; again, that access code 274653. And that does conclude our conference call for today. Thank you for your participation. You may now disconnect.