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**SAS revenue tops $2 billion**

**Mergers in industry have confused the market, helped company sales, execs say**

Frank Norton, Staff Writer
SAS' revenue surged 15 percent in 2007 to crack the $2 billion mark for the first time, the Cary-based software company said Monday.

SAS officials attributed the growth to industry consolidation that has distracted its competitors. They also cited rising demand for software to help financial and other sectors brace for a slower economy.

SAS, the world's largest privately held software maker, helps businesses capture, store and process data about their operations. The company employs about 4,200 people at its headquarters in Cary.

"This is one of the best years we've had in a long time," said Jim Davis, SAS marketing chief.

SAS does not disclose profit or many other key information. But the company said revenue rose 15 percent to $2.15 billion in 2007. Davis said he expects another 15 percent increase this year.

"We're one of the last pure-play providers out there," Davis said. "That's good for business."
In the past year, IBM, SAP and Oracle have bought or struck deals to purchase several SAS competitors. Davis said consolidation has jumbled competition and confused the market.

He echoed company founder and chief executive Jim Goodnight, who said in a news release that SAS can jump ahead "while the dust settles from ... market consolidation."

True or not, sales may be significantly lower across the industry because of weakness in the financial sector, the biggest buyer of business intelligence software. Financial companies account for 40 percent of SAS' sales.

"It's a major component of revenue for everybody in ... [business intelligence], and SAS is no exception," said analyst Bert Hochfeld of Hochfeld Independent Research Group.

Still, Davis said, banks will need to upgrade systems to better calculate credit risk, and other sectors are integrating software to trim operational costs.

Those investments should more than offset a drop in demand for expansion-related business, such as for managing a growing customer base, Davis said.

He also said SAS' geographic diversification should buffer it from a broad U.S. economic slowdown.

The company gets 56 percent of its revenue from Europe, Asia and Africa.

Based partly on that spread, Davis affirmed a previous forecast that SAS will top $3 billion in annual revenue in 2010 and increase its total work force by 2,000 to about 12,000 by that time.