

Concur 2009 Annual Report

CEO Stockholder Letter

January 29, 2010

Dear Shareholders,

Entering a new decade, I'm struck by the vast differences in our world compared to the one in which Concur emerged almost 17 years ago. In 1993, the year Concur was founded, gasoline was a little over a dollar per gallon. The idea of a worldwide network of information with which people could communicate, collaborate and share ideas was just beginning to catch on.

While personal computers were well established throughout business in 1993, the idea of business mobility simply meant that you had a laptop and a cell phone that was nicknamed "the brick". Keeping in touch was more about voice-mail than email, and a fax machine was considered a pretty advanced piece of technology.

Some familiar brand names – like American Express, Apple and Starbucks – were already well known in the early 90's, but others like Amazon.com, Google and eBay had yet to even appear on the scene. The term "credit-crisis" to most people meant having too many credit cards in their wallet, "Fannie-Mae" probably only meant something to people in the mortgage industry and "911" was simply the phone number you called in case of an emergency. China's GDP was less than \$500 billion annually and India was not even ranked in the top 10.

Today, we take for granted the tremendous power that the Internet now provides each one of us. Ubiquitous technologies like smart phones and social networks help us keep in touch and stay productive like never before. And there are a myriad of products and services – from entertainment and media to mission-critical applications – literally at our fingertips, delivered on-demand. Of course, we also pay about 3 times what we did for gas, we face historical worldwide economic challenges and have a whole new appreciation for concepts like "security". And China – that sleeping giant from the early 90's – is expected to become the world's second largest economy by the end of this year and the largest economy in the world by 2025.

Clearly, the world has changed. Yet some things are just as true today as they were then. The trajectory of progress is still shaped by innovation. And leadership, in its many forms, always begins with vision, and is forged by the unwavering commitment to do the right thing. But perhaps the one constant that remains most important to our company is simply this – a company's success is related directly to how well it serves the needs of its customers.

And that brings us back to the present, and Concur's mission of helping our clients drive costs out of their businesses. That mission remains unchanged, and is, in fact, the core driver of all of our success. As we head into the next decade of this young century, let's take a look at some of the key concepts and forces that will help shape our continued success – not just this next year – but for decades to come.



Continued Execution In A Challenging Economy

By any measure, today's economic challenges are of historic proportions. Even in the face of the worst economic contraction since The Great Depression – an event that some now call The Great Recession – as unemployment doubled over 14 months and travel spend dropped more than 30 percent on a global basis, we saw revenue increase 15 percent and earnings grow 33 percent. That speaks to the scale of our market opportunity and the caliber of our people.

2010 will be a continuation of the tough corporate travel environment we saw in 2009. If history is a guide, then it will take one to two more years for corporate travel spend to return to the levels we saw prior to this downturn. However with adversity comes opportunity for those that have the capacity and desire to invest. We think there is a multi-billion dollar opportunity in driving efficiency into the corporate travel supply chain. For Concur, the intent is to both continue to execute at a high level and invest against the tremendous opportunities that lay before us.

Strategic Investment Combined With Disciplined Growth

Although the worst of the financial crisis appears to be behind us, the economy remains weak, and most of the larger economies will spend years recovering from the fallout, which includes exceptionally high unemployment, unprecedented government spending and national debts that are setting new highs each year.

However, it is precisely within times like these that leaders take advantage of opportunities, invest in the future and position themselves to emerge even stronger as the economy recovers.

But this investment does not come at the expense of year-over-year improvements in earnings. In fact, great companies are able to manage and grow their businesses in difficult times, while still investing for the future. And that's exactly what we intend to do.

2009 saw Concur make several strategic investments to extend our leadership position. Some of these were highly visible and are already paying dividends, while others position us to succeed in 2010 and beyond.

- **Global leadership** – To capitalize on our market opportunity we must be truly global. It is my firm belief that to be truly global we must be truly local. In some markets, we will become truly local through organic growth, in others through acquisition and in some markets we will do both.

In August of 2009, Concur acquired Etap-On-Line, the leading provider of travel and expense management services in France. This move accelerated Concur's existing strategic growth objectives and is a continuation of Concur's commitment to global and local market leadership. In addition to gaining tremendous talent on both the technology and business side, this acquisition puts us in a stronger position in a highly competitive and fragmented marketplace that includes ERP providers, corporate card providers and travel agencies. Investment across global markets in which we think Concur can effectively compete will continue to be a strategic priority for 2010 and beyond.

- **Global Content Strategy** – One of the things that will govern the long-term success of Concur® Travel & Expense will be our ability to deliver all the business travel content that our customers wish to consume. Today we are the only leading travel provider that integrates with every leading GDS and directly sources content from leading suppliers such as Southwest Airlines. Our open architecture and the array of choice it affords our customers is the driver behind the adoption of our services. Expect us to continue to expand our content strategy to include deeper relationships with market leaders across all geographies and market segments. We also believe there is tremendous value in globally sourcing business travel content well beyond air, hotel and car.
- **Mobility Platform Strategy** – Nearly 162 million smartphones were sold worldwide in 2008, surpassing laptop computers for the first time ever. Mobility is ground-zero for innovation, and in 2009, Concur launched Concur® Mobile on the three leading mobile platforms. This represents a crucial inflection point for our industry. By making Concur's powerful enterprise application – Concur® Travel & Expense – accessible through all of the most popular mobile platforms, we're extending our industry leadership, helping our business clients drive costs out of every step of the business travel process and making life easier for the mobile workforce. It should be clear to all of us that smartphone platforms like the iPhone, BlackBerry, Android and Windows Mobile will have a long-term and pervasive impact on our industry. Concur Mobile is certainly an impressive example of leadership within our industry, but I can't help but think about the next generations of Concur Mobile and how those innovations will continue to help shape our industry.

- **Emerging Businesses** – With over 10,000 business clients, representing some of the largest companies in the world and serving millions of individual employees, Concur is the unquestioned leader in providing automated travel and expense solutions. Yet there are literally millions of small businesses around the globe which have yet to adopt any type of automated solution for expense management.

Small businesses represent roughly one-third of the United States work force and roughly 40 percent of the global workforce. We believe the small business space, or what we call the emerging business market, represents a meaningful opportunity for Concur and therefore will be a strategic priority for our business. We think the time is right to begin our push into this extremely exciting market opportunity.

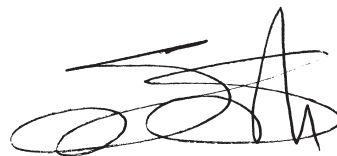
Each one of these initiatives is part of our strategy of combining targeted investment – even against the backdrop of an uncertain economy – with disciplined growth. It's what leaders do.

Our Promise To You

The accomplishments of the past year are the direct result of the commitment and hard work of nearly 1,200 dedicated employees – all of whom focus on the interests of our customers, our shareholders and our partners each and every day. But it is our customers who are the largest contributors to our success. Through their dedicated and avid support, we have a mutually enriching relationship. The opportunity to help them improve their operations is a privilege.

We have a great deal to do in 2010 and the years ahead. How will you know if we are executing to our goals? I ask that you measure our progress towards our long-term goals through the tangible results by which you would measure any successful enterprise - revenue and earnings growth.

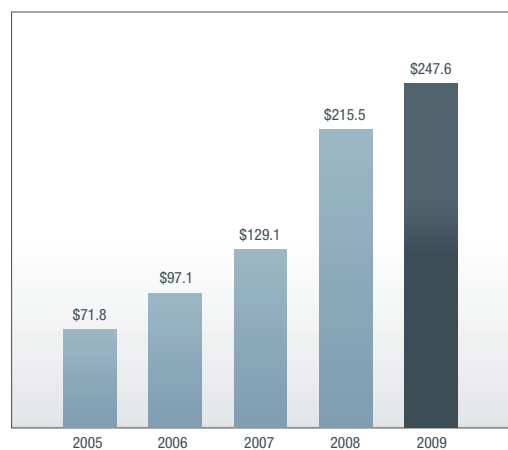
On behalf of the Board of Directors, our executive staff and every member of the Concur team, thank you for your continued support of our company.



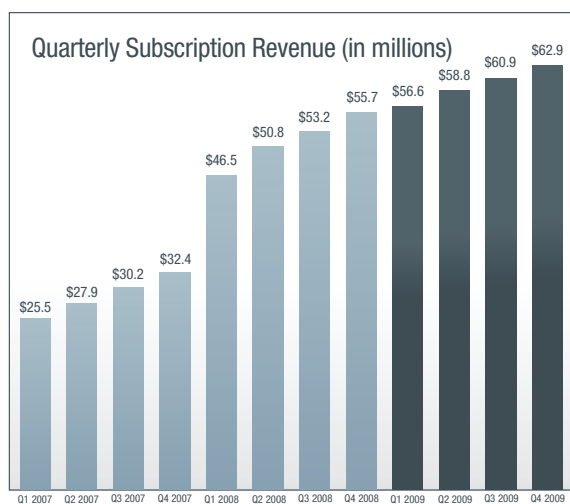
Steve Singh
Chairman of the Board and Chief Executive Officer
Concur
January 29, 2010

Fiscal Year 2009 Financial Highlights

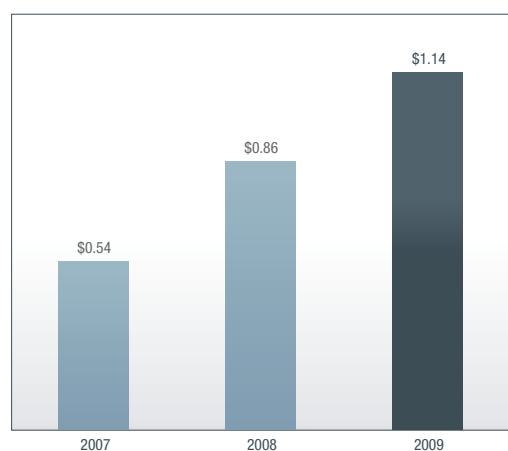
TOTAL REVENUE (IN MILLIONS)



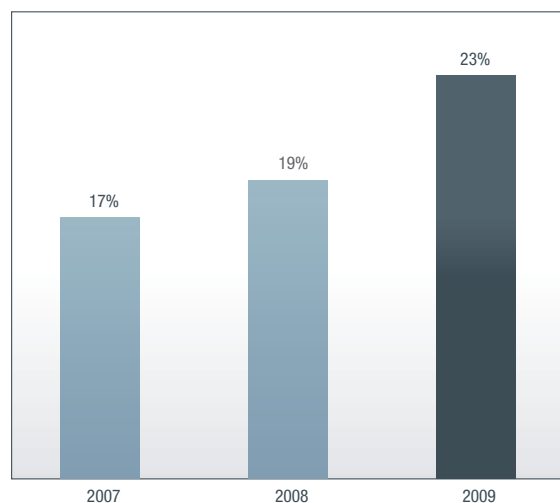
QUARTERLY SUBSCRIPTION REVENUE (IN MILLIONS)



EARNINGS PER SHARE*



OPERATING MARGIN*



FINANCIAL SUMMARY

Year ended September 30,	2005	2006	2007	2008	2009
(In Thousands, Except for Per Share Data)					
Revenues	\$71,831	\$97,145	\$129,107	\$215,491	\$247,569
Net income	\$5,366	\$34,156	\$8,225	\$17,184	\$25,677
Net income per share, diluted	\$0.15	\$0.87	\$0.20	\$0.35	\$0.50
Shares used in calculation of diluted net income per share	36,348	39,150	41,033	48,459	51,740
Cash, cash equivalents and short-term investments	\$16,202	\$16,334	\$168,835	\$267,725	\$262,734
Total assets	\$60,651	\$181,319	\$345,482	\$641,019	\$670,885
Long term-obligations, net of current portion	\$3,050	\$16,348	\$7,797	\$3,454	\$1,800
Stockholders' equity	\$30,692	\$117,394	\$284,360	\$534,538	\$521,330

* Excludes the effect of share based compensation, amortization of intangibles and income tax expense (benefit).

Fiscal 2009 Business Highlights

FISCAL 2009 Q1 BUSINESS HIGHLIGHTS

Concur introduced a new set of consulting-based services, now known as Concur® Advantage, that are designed to help clients maximize their investment in Concur solutions.



Concur was selected for the Gold Award in the category of The Best Technology Provider at London's Buying Business Travel awards.

Concur announced that Business Travel News identified Concur® Cliqbook Travel as the No.1 preferred online booking tool based on a survey of corporate travel buyers.



FISCAL 2009 Q2 BUSINESS HIGHLIGHTS

Concur's client base crossed the 9,000 client plateau, with over 50% of new clients signed in the second quarter of fiscal 2009 choosing Concur® Travel & Expense, Concur's market-leading end-to-end solution that seamlessly combines online travel booking with automated expense reporting.



Concur announced the continued expansion of the Concur® Connect program with a strategic investment in RideCharge, a leading provider of ground travel booking that lets business travelers electronically book, pay and get reimbursed for metropolitan taxi, sedan and shuttle transportation.



Concur hosted more than 850 clients, partners and employees at its annual client conference where it showcased new innovations including Concur® Mobile and significant updates to its leading Employee Spend Management solutions.



Fiscal 2009 Business Highlights, continued

FISCAL 2009 Q3 BUSINESS HIGHLIGHTS

Concur released Concur® Mobile for general availability for BlackBerry and Windows Mobile phones. This innovative companion for business travelers extends the power of Concur® Travel & Expense by allowing mobile workers using their smartphones to easily change itineraries; book taxis, hotels or dining; capture expenses; and approve expense reports – all within policy while on the road.



Concur's market-leading corporate booking technology is the first to support the TSA's new Secure Flight Program requirements, making it easy for corporate travel managers to be in compliance.

Concur announced that Concur clients can access car rental inventory from Sixt AG, a leading European car rental company and global provider of high-quality mobility services, and make reservations via a direct connect between Sixt AG and Concur's online corporate travel booking services.



Concur announced a new partner service in conjunction with TaxBack.com to help Concur clients reclaim foreign value added tax (VAT) costs.

Concur announced that Concur chairman and CEO Steve Singh was recognized by Business Travel News (BTN) as one of the "Top of the Top 25s" leaders in the business travel industry.

CIOZone.com named Concur as one of the 50 Fastest-Growing Software Companies.

FISCAL 2009 Q4 BUSINESS HIGHLIGHTS

Concur announced the acquisition of privately-held Etap-On-Line, a leading European provider of business travel and expense management solutions based in Paris, France.



Concur announced that it signed a unique content agreement with Southwest Airlines, which gives Concur® Travel & Expense clients unrivaled direct access to Southwest Airlines fares and schedules.



Concur unveiled Concur® Mobile for iPhone at the NBTA Convention in San Diego.



Concur announced that Concur® Travel & Expense clients can now enjoy the convenience, security and accuracy of detailed Starwood hotel folio data delivered directly into the employee's expense report.

Starwood Hotels & Resorts

Concur announced strong growth in EMEA, with headcount growing 75% across sales, marketing, R&D and operations during the fiscal year, fueled by new customer growth, a solid demand environment for Concur's services, and the acquisition of Etap-On-Line, a leading European provider of business travel and expense management solutions based in Paris, France.



Concur showcased powerful new travel management capabilities available exclusively to Concur Travel & Expense clients – including configurable message board, enhanced fare views, full TSA compliance and more – at the NBTA Convention in San Diego.



Concur ranked 57th on Forbes Magazine's list of 2009's 200 Best Small Companies.

Concur® Cliqbook Travel leads the U.S. corporate online booking tool market with 35 percent share, according to the U.S. Corporate Travel Distribution report published by industry research firm PhoCusWright.



Annual Stockholders' Meeting

Wednesday, March 10, 2010

11.00 a.m. Pacific Time

Bellevue Club Hotel

11200 Southeast 6th Street

Bellevue, WA 98004

The Fiscal 2009 Annual Meeting of Stockholders will be held for the following purposes:

1. To elect two Class II members of the Board of Directors.
2. To ratify the selection of Grant Thornton LLP as Concur's independent registered public accounting firm for the fiscal year ending September 30, 2010.
3. To transact such other business as may properly come before the meeting.

The foregoing items of business are more fully described in the accompanying proxy statement. Only stockholders of record at the close of business on January 20, 2010, are entitled to notice of and to vote at the meeting or any adjournment or postponement of the meeting. A complete list of stockholders entitled to vote at the meeting will be open to the examination of any stockholder, for any purpose relevant to the meeting, at Concur's offices at 18400 N.E. Union Hill Road, Redmond, Washington, during Concur's ordinary business hours for ten days before the meeting.

Market Information

Our common stock is traded on the NASDAQ Global Select Market under the symbol "CNQR". The following tables set forth the range of the high and low sales prices by quarter as reported on the NASDAQ Global Select Market for the years ended September 30, 2009, and September 30, 2008.

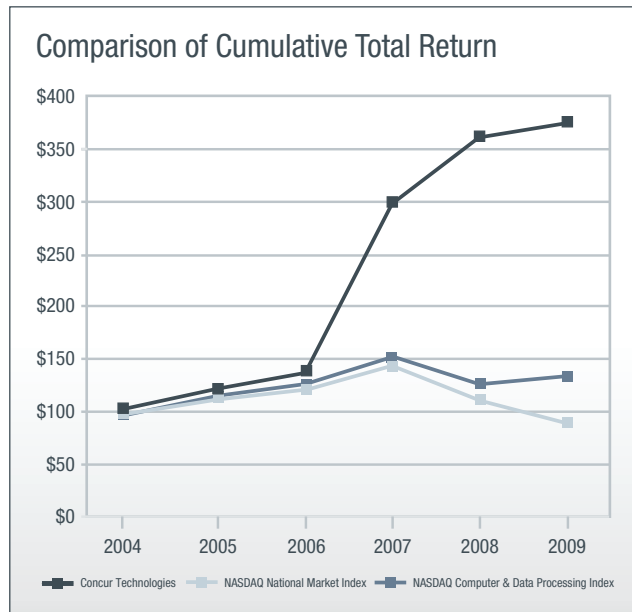
Year ended September 30, 2009	High	Low
Fourth Quarter	\$40.56	\$28.21
Third Quarter	\$34.37	\$18.55
Second Quarter	\$34.45	\$17.82
First Quarter	\$38.38	\$19.52

Year ended September 30, 2008	High	Low
Fourth Quarter	\$50.00	\$28.26
Third Quarter	\$39.94	\$27.73
Second Quarter	\$38.59	\$25.52
First Quarter	\$39.73	\$28.55

On September 30, 2009, there were approximately 250 stockholders of record for our common stock. We have never paid cash dividends on our common stock. We currently intend to retain earnings for use in our business and, therefore, do not anticipate paying any cash dividends on our common stock in fiscal 2010.

Stock Performance

The following graph compares (i) the cumulative total stockholder return on the common stock from September 30, 2004, to September 30, 2009 (measured by the difference between closing prices on each such date) with (ii) the cumulative total return of the NASDAQ Global Market Index and the NASDAQ Computer Data Processing Index over the same period, assuming the investment of \$100 in the common stock and in both of the other indices on September 30, 2004, and reinvestment of all dividends.



September 30,	2004	2005	2006	2007	2008	2009
Concur Technologies	\$100.00	\$117.92	\$138.70	\$300.48	\$364.73	\$379.03
NASDAQ Global Market Index	\$100.00	\$114.14	\$120.35	\$142.45	\$112.31	\$90.13
NASDAQ Computer & Data Processing Index	\$100.00	\$114.62	\$125.78	\$150.45	\$125.40	\$133.66

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