

Results of Operations

The following table sets forth the percentages of total revenues represented by certain consolidated statement of operations data for the periods indicated:

Year Ended June 30	2001	2002	2003
Revenues:			
Software licenses	45.1%	41.8%	43.3%
Service and other	54.9	58.2	56.7
Total revenues	100.0	100.0	100.0
Expenses:			
Cost of software licenses	3.6	3.7	4.3
Cost of service and other	35.0	37.5	33.1
Selling and marketing	34.8	35.9	32.8
Research and development	21.1	23.2	20.2
General and administrative	9.4	10.7	11.4
Costs related to acquisition	—	—	—
Goodwill impairment charge	—	—	23.2
Restructuring and other charges	2.1	5.0	25.1
Charges for in-process research and development	3.0	4.6	—
Total expenses	109.0	120.6	150.1
Income (loss) from operations	(9.0)	(20.6)	(50.1)
Interest income	3.1	2.1	2.7
Interest expense	(1.7)	(1.7)	(2.2)
Write-off of investments	(1.5)	(2.9)	—
Other income (expense), net	0.2	(0.2)	(0.2)
Income (loss) before provision for (benefit from) income taxes	(8.9)%	(23.3)%	(49.8)%

Revenues

Revenues are derived from software licenses, consulting services and maintenance and training. Total revenues for fiscal 2003 increased 0.7% to \$322.7 million from \$320.6 million in fiscal 2002. Total revenues for fiscal 2002 decreased 1.9% from \$326.9 million in fiscal 2001. Total revenues from customers outside the United States were \$172.5 million or 53.5% of total revenues for fiscal 2003, \$146.9 million or 45.8% of total revenues for fiscal 2002, and \$159.5 million or 48.8% for fiscal 2001, respectively. The geographical mix of revenues can vary from period to period.

Software license revenues represented 43.3%, 41.8% and 45.1% of total revenues for fiscal 2003, 2002, and 2001 respectively. Revenues from software licenses in fiscal 2003 increased 4.4% to \$139.9 million from \$133.9 million in fiscal 2002, as compared to a decrease of 9.2% in fiscal 2002 from \$147.7 million fiscal 2001.

Software license revenues are attributable to software license renewals covering existing users, the expansion of existing customer relationships through licenses covering additional users, licenses of additional software products, and, to a lesser extent, to the addition of new customers. Greater software license revenues in fiscal 2003 were driven by the inclusion of software license revenue associated with Hyprotech, offset by an overall decline in demand for our manufacturing/supply chain products. Revenues and expenses associated with Hyprotech are included in our results from operations from the May 31, 2002 date of acquisition; for fiscal 2002 this includes the month of June 2002 and for fiscal 2003 this includes the full fiscal year. Lower software license revenues in fiscal 2002 were driven by significant delays in purchases by our customers in the process industries, due to the struggling economic environments in the United States and Europe, which resulted in license revenues for the whole fiscal year 2002 being lower than our initially anticipated levels.