

FOR IMMEDIATE RELEASE

Contact: Terri Childs, SPA Public Relations Manager
David Tremblay, SPA Research Director

CD Software Sales Nearly \$100 Million in First Three Quarters 1993

January 5, 1994 (*Washington, DC*) The Software Publishers Association (SPA) reported today that sales of computer software programs on compact disk (CD) reached \$97.1 million in the first three quarters of 1993. The figures are from the third quarter report of the SPA's new CD Software Sales Program, initiated in 1993 to track this fast-growing segment of the software industry.

According to information gathered from 53 leading software companies in the CD market, total revenues for commercial CD software in the first three quarters of 1993 were \$97.1 million on shipments of 3.86 million compact disks. Fifty-nine percent of the CDs reached the user from the original equipment manufacturer (OEM), while the remainder were distributed through other channels. However, because of higher unit prices, revenues were split 69% to 31% in favor of non-OEM channels. The study showed an average price of \$42.28 per CD for sales through non-OEM channels, and an average of \$13.09 for OEM-direct purchases.

For the third quarter alone, sales were \$38.3 million on a total of 1.3 million units. Sales in the second quarter were \$28.3 million on 1.2 million units, while sales in the first quarter were \$30.4 million on 1.3 million units. In the third quarter, non-OEM sales represented 46% of the units and 76% of the revenues. Average prices were \$45.81 for non-OEM channels, and \$12.36 for the OEM channel.

Traditional personal computer operating systems (DOS, Windows and Macintosh) accounted for 85% of sales in the first three quarters and fully 90% in the third quarter.

Q3 '93 SPA CD Software Sales

Page 2

Content-based CDs continued to be the largest selling category, accounting for 40% of sales in both the third quarter and the first three quarters. Home education software accounted for 21% of sales through the first three quarters, and 25% in the third quarter. Games and other home software accounted for 27% of sales in the first three quarters and 26% in the third quarter.

"The sales information for the third quarter shows the beginnings of the development of a viable consumer market for CD software," said David Tremblay, SPA research director. "The mix of sales in the first half was dominated by the push of product to the consumer through OEM sales. OEM sales accounted for 61% of unit sales in the first half of 1993, with other channels accounting for only 39%. But in the third quarter, we started to see a shift, as consumers started to pull the product through the channels. In the third quarter, the share of sales that went through non-OEM channel had risen to 46%, an increase of 7 points."

Information for the third quarter report is based on the aggregate sales information of 53 participating companies, including Brøderbund, Comptons New Media, Knowledge Adventure, Microsoft, The Software Toolworks and World Library. The companies provide sales information to the Chicago accounting firm Ernst & Young, which prepares the report for the SPA.

Information on participation is available from the SPA Research Department at (202) 452-1600, x 316.

The Software Publishers Association is the principal trade association of the PC software industry. Its 1,100 members represent the leading publishers in the business, consumer, and education markets. Since 1988, the SPA's ongoing reports on the PC computing software markets have provided the most reliable and authoritative sales, management and trends data in the industry. The SPA has offices in Washington, DC, and Paris, France.

###