



C.ncur®

2011

Concur Annual Report

CEO Stockholder Letter

January 30, 2012

Dear Shareholders,

Fiscal 2011 was an extremely productive year for Concur. We not only grew our core business, but invested in areas that will help fuel our continued growth for years to come. But before we delve into the exciting accomplishments of 2011, I'd like to provide some context for Concur's longer term vision.

Each of us lives in a world of connections. We maintain networks that connect us to other people, places, activities, wants and needs. These networks help sustain us, teach us about the world around us, enrich our lives and keep us entertained. The connections we establish can be strong like those we share with our families, our friends, our homes and our places of work. But they can also be barely perceptible, like the thin tendrils that we share with millions of complete strangers who share a common culture or frame of reference.

Of course these aren't ground-breaking observations – our need as a species to connect with one another is older than civilization itself. What is new and exciting is how technology is making it possible for anyone, anywhere to connect with virtually anyone else. We see that in the proliferation of social networks, aided by the explosive growth of mobile technology, and most of all, in the attitudes of the next wave of young consumers who simply assume that's the way everything should be. It's a powerful force that's literally re-shaping our world.

Technologists are expected to take this rapid change in stride. Yet even after more than 30 years in technology, I'm still continually struck by the rapid pace of change. Things that not that long ago might have been considered literally miraculous are now common-place. Examples of this are all around me. Like when my 10 year-old daughter complains about the speed of the wireless connection in our home which enables the cloud-based gaming system she's playing to connect her with friends across the street or on the other side of the globe. Or when her young cousin swipes his hand across the flat-panel television screen in our family room, expecting to change the channel in the same way he changes a page on a tablet device.

Moments like those help bring into stark relief the transformation we're seeing in the technology that's touching our lives. The technology at our disposal is both powerful and

easy to use, and revolutions like cloud computing, mobility and platforms that connect all this technology – and the people behind them – are the next big frontier in the travel industry. And as you might expect, Concur is helping to lead the way.

This 'pervasive connectedness' – the combination of cloud services, platforms that connect every aspect of the supply chain and powerful apps accessed by mobile devices – is unlocking the next generation of innovation in our industry.

Powered by those technological innovations, Concur is leveraging four key trends – mobile, local, social, and personalization – to deliver that innovation to every member of the corporate travel supply chain.

If there was one technology that was made for business travel, it's the mobile device. Smartphones and tablets are quickly becoming the dominant computing platform, and these powerful devices are ground zero for innovation at Concur. We also recognize that the technology must be relevant to the user, no matter where they travel. To be truly global, innovations must first and foremost address the local needs of each market. Tying that all into the social enterprise means that each person is connected to others, and information flows seamlessly, encouraging collaboration and transparency. And by delivering a personalized experience that is powered by insight into each person's preferences and unique needs, the result is a Perfect Business Trip – one in which technology delivers the information and services that the traveler needs, and anticipates opportunities to improve the experience along the way. That day is close.

So with that context established, let's take a look at Concur's recent efforts and future areas of focus that will one day make the perfect business trip a reality.



Strategic Investments

Fiscal 2011 saw Concur make several significant investments to help position the company for the next stage of growth. In January, Concur acquired Triplt®, which now positions Concur to participate in every element of the travel process – from trip planning and booking, through in-trip activities and sharing trip information, to post-trip expense reconciliation and reimbursement. This enables Concur to meet the requirements of individual business travelers within the context of corporate policies – while fundamentally enabling the direct relationship between travel suppliers and their tens of millions of end customers. Just as the integration of travel booking and expense reporting changed the trajectory of our market five years ago, embracing the direct relationship between travel suppliers, individual travelers and the businesses for which they work, will redefine our industry once again. If you do not use Triplt, I invite you to sign up for it today.

Concur also made significant strides to establish and consolidate our presence both in markets where we are strong and in markets that we anticipate will be major drivers of future growth. Concur established a new joint venture in Japan to meet the demands of the increasing number of corporations in Japan and throughout Asia looking for cloud computing and mobile solutions to help them control expenses. The joint venture included investments from SunBridge Corporation, the firm responsible for the salesforce.com Japan partnership, and Marc Benioff, acting as a minority direct investor. Concur expanded its operations to India and announced a strategic alliance with privately held Cleartrip, India's leading online travel portal. The alliance included a \$40 million strategic investment for a minority interest in Cleartrip. And in Europe, where growth has continued to be strong, Concur completed the acquisition of GlobalExpense, a leading U.K. expense claim management provider.

Partnering With Leaders

By partnering with leading companies, Concur continues to deliver innovation and services to an ever-broader mix of clients. By integrating our technologies, we can work together with our partners and their clients to continue to drive the innovation curve. During the past year, we joined the NetSuite SuiteCloud Developer Network to create a joint solution that will help NetSuite and Concur customers to create end-to-end processes that combine expense reporting with NetSuite's Accounts Payable and General Ledger services. In addition, Concur and salesforce.com joined forces to deliver Concurforce – a new Concur travel and expense management offering built on Force.com. And Concur announced an alliance with Intuit to make Concur's market-leading expense management solution available to over 4.5 million QuickBooks® users.

Continuous Innovation

In 2011, Concur was ranked number one on Forbes' list of Most Innovative Growth Companies. But the innovation that we're most proud of is that which we deliver to our clients every day. In 2011,

Concur's small business clients enjoyed more easy-to-use features within Concur® Breeze and automatic integration with Triplt. Clients from large to small saw new and exciting features built into Concur's mobile travel and expense management apps. Deeper integration with industry partners, suppliers, third party developers and even clients themselves were all made possible through the ever-increasing presence of the Concur Connect Platform. And in one of our most exciting developments of the year, Concur unveiled the Locate & Alert service to address the growing need for enhanced duty-of-care.

Distribution – a competitive advantage

To deliver our industry-leading innovations, Concur is building the most robust distribution capacity in our industry. The American Express relationship continues to drive meaningful value for both companies and our mutual customers. In the fourth quarter of fiscal 2011, we recorded the strongest quarter and expect to record the strongest year of our partnership. In fact, bookings generated through the American Express partnership in the last quarter of fiscal 2011 alone were roughly 50% of the customer bookings we generated during the entire first year of our partnership.

Our partnership with ADP also continues to flourish. In 2011, we transitioned our long-standing reseller relationship to a referral relationship. The impact of that change was immediate and positive with deal volume increasing substantively. We also took another step to improve the performance of this strategic partnership by assigning to Concur all rights and obligations relating to Concur solutions for clients historically resold by ADP. This means that we now have direct relationships with those clients that were already using our expense services, opening up significant new opportunities to deliver additional value to them.

Complementing our many strong distribution partners, Concur's direct sales force remains unmatched in our industry. And over the course of the next 24 months, we expect to double the scale of our direct sales organization to increase our distribution capacity within every market that we serve.

We were very pleased with our performance in fiscal 2011. We introduced compelling new products and saw our core solutions continue to penetrate and evolve our market. We grew revenue 19.3% and non-GAAP operating income by 8%, even as we increased investments in areas such as innovation and distribution by 41.9%. Looking ahead, we expect to continue to improve our revenue growth rates and earnings even as we increase investments in pursuit of a large untapped market around corporate travel and expense management.

Our success in fiscal 2011 reflects our focus on laying the groundwork for our future continued growth. By focusing our investments on strategic growth opportunities, partnering with leading players, delivering continuous innovation and building out the largest distribution capability, Concur is setting the pace within our industry.

Five Areas of Strategic Focus

Concur's continued growth will be driven by these five core areas of focus. We view our successful execution in these five growth areas as both opportunities for growth and as a foundation from which Concur and its partners can continue to drive innovation and compelling value for our mutual customers.

1. Expand our customer base

We will continue to increase our investments in distribution, market development and innovation in order to continue to expand our base of customers in the markets that we currently serve and the range of services we can deliver to those customers.

2. Expand our global presence

We believe we can be truly global only by being truly local. Our objective – over the next five years – is to become the market-leading provider of travel and expense management services in each major economy. In addition to continued strong performance in the more mature markets of North America and Europe, we also continue to see compelling success in markets such as Australia, Singapore and Hong Kong where our transaction volume and local customer wins continue to grow substantively.

3. Grow the SMB market

In support of our third growth initiative – we are also investing to deliver our services for small and medium sized businesses on a global basis. We believe that this market segment is underserved and can generate incremental long-term revenue and earnings growth.

4. Deliver value during the business trip

Our fourth growth initiative is focused on bringing value to the business traveler while they are on their business trip. The integration of Tripit into our suite of offerings positions Concur to participate in every element of the travel process – from trip planning and booking, through in-trip activities and sharing trip information, to post-trip expense reconciliation and reimbursement. This enables Concur to meet the requirements of individual business travelers within the context of corporate policies – while fundamentally enabling the direct relationship between travel suppliers and their tens of millions of end customers. Just as the integration of travel booking and expense reporting changed the trajectory of our market five years ago, embracing the direct relationship between travel suppliers, individual travelers and the businesses for which they work, will redefine our industry once again.

5. The Concur Connect Platform

In the first half of fiscal 2011, we launched the Concur Connect Platform, version 2.0 of our cloud computing offering to support our ecosystem of travel partners, customers, and

end users. The Concur Connect Platform is a set of open, cloud-based APIs and tools that allow our customers, our partners, travel suppliers, and, for the first time, third-party developers to connect to and extend the Concur technology platform. We now offer a whole set of applications and services that individual employees can rely upon every day – from applications designed for small and medium businesses, to vertical applications of our travel and expense services, to innovative new mobile applications to location-based services, to specialized travel content and services – all integrated into the Concur experience and all available through both traditional desktop and mobile interfaces.

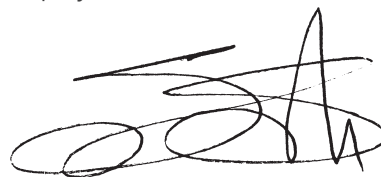
The Concur Connect Platform creates new sources of value for our ecosystem partners, and, as a result, we believe it can create new revenue streams for Concur beyond our traditional subscription revenue model.

Concur's commitment

We deeply value our relationship with our customers, our partners and you, our investors. We strive to build upon those relationships each year by building great products that our customers love and by executing against a long-term strategy of growth that is driven by being the innovation leader in our industry. We continue to be pleased with our consistent and strong record of execution – quarter after quarter, year after year. It's a testament to the hard work and dedication of over 1,800 incredible individuals around the globe that it is my privilege to work alongside.

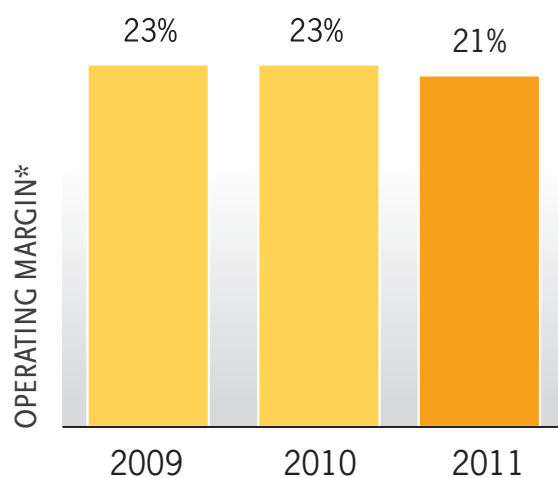
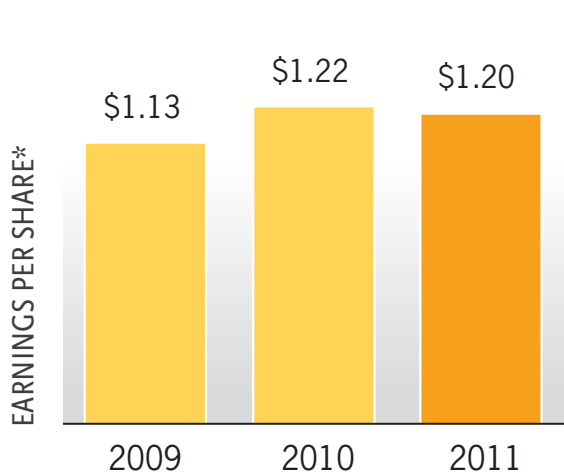
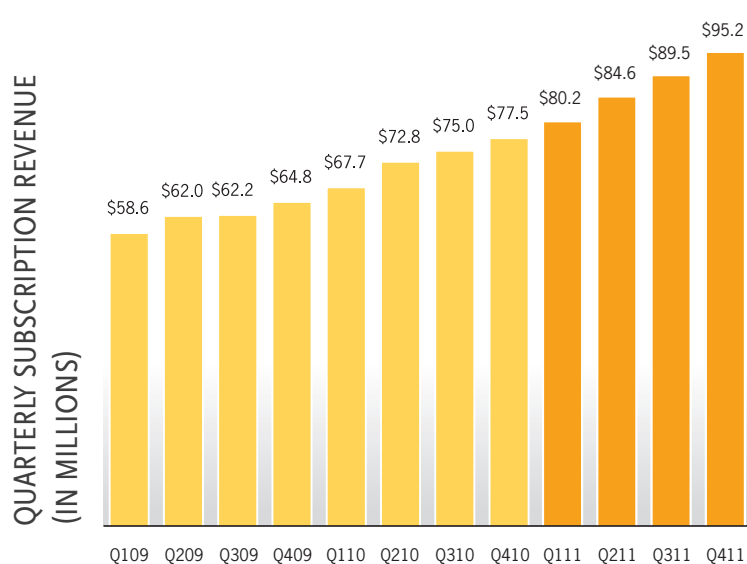
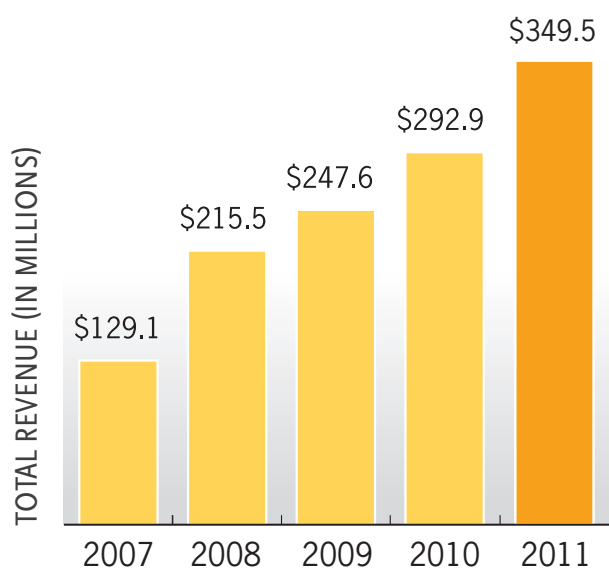
As with all great relationships, sustainability is essential. As we look ahead, we see a number of compelling growth opportunities that can help us improve the value we deliver to our customers, increase our market leadership position, and improve our competitive advantage in the market. Successful execution against our market opportunity has driven and will continue to drive compelling and sustainable value for our long-term shareholders.

On behalf of our Board of Directors and the Concur management team, thank you for your continued support of our company.



Steve Singh
Chief Executive Officer and Chairman of the Board of Directors
Concur
January 30, 2012

Fiscal Year 2011 Financial Highlights



FINANCIAL SUMMARY

Year ended September 30,	2007	2008	2009	2010	2011
<i>(In Thousands, Except for Per Share Data)</i>					
Revenues	\$129,107	\$215,491	\$247,596	\$292,936	\$349,488
Net income (loss) attributable to Concur	\$8,225	\$17,135	\$25,197	\$20,144	(\$10,743)
Net income (loss) per share attributable to Concur, diluted	\$0.20	\$0.35	\$0.49	\$0.38	(\$0.20)
Shares used in calculation of diluted net income per share	41,033	48,459	51,740	53,090	\$53,464
Cash, cash equivalents, and short-term investments	\$168,835	\$267,725	\$262,734	\$630,695	\$555,549
Total assets	\$345,482	\$640,970	\$670,356	\$1,042,797	\$1,155,851
Senior convertible notes, net				\$228,128	\$239,461
Deferred rent and other long-term liabilities	\$7,797	\$3,454	\$1,800	\$1,149	\$744
Stockholders' equity	\$284,360	\$534,489	\$520,801	\$637,826	\$698,655

* Excludes the effect of share based compensation, amortization of intangibles, acquisition and other related costs, revaluation of contingent consideration, contingent consideration included in compensation expense, noncontrolling interest in joint venture, and income tax expense (benefit).

Fiscal Year 2011 Business Highlights

FISCAL 2011 Q1 BUSINESS HIGHLIGHTS

Concur acquired Triplt – the leading mobile travel organizer that makes it easy for millions of travelers to organize and share their trips. This acquisition extends Concur's reach to the business traveler audience, supports and extends the Concur Connect Platform and provides new revenue streams for Concur beyond the traditional subscription revenue model.

Concur established a new joint venture in Tokyo, Japan to meet the demands of the increasing number of corporations in Japan and throughout Asia looking for cloud computing and mobile solutions to help them control expenses. The joint venture included investment from SunBridge Corporation, the firm responsible for the salesforce.com Japan joint venture, and Marc Benioff, acting as a minority direct investor.

Concur chairman and CEO Steve Singh and Concur GM and EVP Gregg Brockway were named to Business Travel Magazine's annual list of the "25 Most Influential Executives" in the business travel industry for 2011. It was the seventh consecutive year Mr. Singh was recognized by this prestigious industry list.

Concur hosted more than 1,350 attendees at Fusion, the company's premier client event.

FISCAL 2011 Q2 BUSINESS HIGHLIGHTS

Concur expanded its operations to India and announced a strategic alliance with privately held Cleartrip, India's leading online travel portal. The alliance included a \$40 million strategic investment for a minority interest in Cleartrip.

Concur launched Concur Breeze – the online and mobile expense reporting service designed specifically for small businesses – in the U.K. to help companies streamline the entire expense management process.

La Quinta hotels joined the growing list of travel suppliers that not only feed complete electronic folio data in the form of e-receipts directly into Concur, but also provide Concur clients with broad access to travel inventory.

Concur announced a new set of open APIs (application programming interfaces) that enable customers to seamlessly integrate with and extend the capabilities of Concur's products and services.

Concur enhanced the language support in its travel and expense mobile app for Android™, BlackBerry®, iPhone and iPad to include U.S. and U.K. English, French, French Canadian, German, Italian and Spanish.

Triplt announced the release of its free iPad application in the iTunes store.

Triplt was awarded the 2011 Webby for Travel – Mobile & Applications at the 15th Annual Webby Awards, which celebrates the best of the Internet.

Gartner, Inc. ranked Concur as the largest SaaS provider within the ERP market based on total software revenue for 2010.

FISCAL 2011 Q3 BUSINESS HIGHLIGHTS

Concur completed the acquisition of GlobalExpense, a leading U.K. expense claim management provider.

Concur delivered Triplt Pro integration into its core travel and expense management services, enabling Concur to consume business travel itineraries from any source or booking tool and deliver them directly into Concur expense reports, providing greater visibility for both managed and unmanaged travel programs.

Concur introduced new travel functionality including comprehensive travel request functionality for pre-trip and expenses approval.

thetrainline.com, the U.K.'s leading online rail retailer for integrated rail content, joined the growing list of travel suppliers that not only feed complete electronic folio data in the form of e-receipts directly into Concur, but also provide Concur clients with broad access to travel inventory.

Concur joined the NetSuite SuiteCloud Developer Network to create an integration of Concur with NetSuite. The joint solution will help NetSuite and Concur customers to create end-to-end processes that combine expense reporting and management with NetSuite's Accounts Payable and General Ledger services.

Concur announced a \$5 million strategic investment in Yapta, a leading provider of airfare and hotel rate tracking services. Yapta will power Triplt Pro's airfare price tracking and assurance capabilities.

Concur launched the Concur Advisor Program, designed to provide accountants in public practice and small-to-medium-sized business (SMB) consultants with solutions, training and support to better serve their clients.

FISCAL 2011 Q4 BUSINESS HIGHLIGHTS

Concur and salesforce.com joined forces to deliver Concurforce – a new Concur travel and expense management offering built on Force.com.

Concur ranked number one on the list of Most Innovative Growth Companies, as measured by the Forbes' innovation premium, used to "identify the companies they expect to be innovative today and in the future".

Concur launched the Locate & Alert service to address the growing need for enhanced duty-of-care.

Triplt released a version of the application for Windows phones.

Concur and ADP, Inc. modified the nature of their partnership to offer Concur solutions to ADP clients. ADP transferred all rights and obligations related to Concur solutions to Concur under ADP contracts that were previously resold by ADP.

Concur released its T&E Spend Report, revealing its perspective on the second largest area of controllable spend compiled from an extensive analysis of the world's most comprehensive set of travel and entertainment expense data.

Concur announced an alliance with Intuit to make Concur's market-leading expense management solution available to over 4.5 million QuickBooks® users.

Concur partnered with Abacus International, a leading provider of travel solutions and services across Asia, to offer a broad array of travel content including the hundreds of travel suppliers like airlines, hotels and car rentals available through Abacus.

Concur was listed as one of the Fastest Growing Companies in North America on Deloitte's 2011 Technology Fast 500™.

Annual Stockholders' Meeting

When: **Wednesday, March 14, 2012**
11:00 a.m. Pacific Time

Where: Harbor Club
777 108th Avenue NE
Bellevue, WA 98004

The Fiscal 2011 Annual Meeting of Stockholders will be held for the following purposes:

1. To elect three Class I 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, 2012.
3. To hold an advisory vote on the compensation of executive officers.
4. To transact such other business as may properly come before the meeting.

These items of business are more fully described in the accompanying proxy statement. Only stockholders of record at the close of business on January 18, 2012 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 98052, 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, 2011, and September 30, 2010.

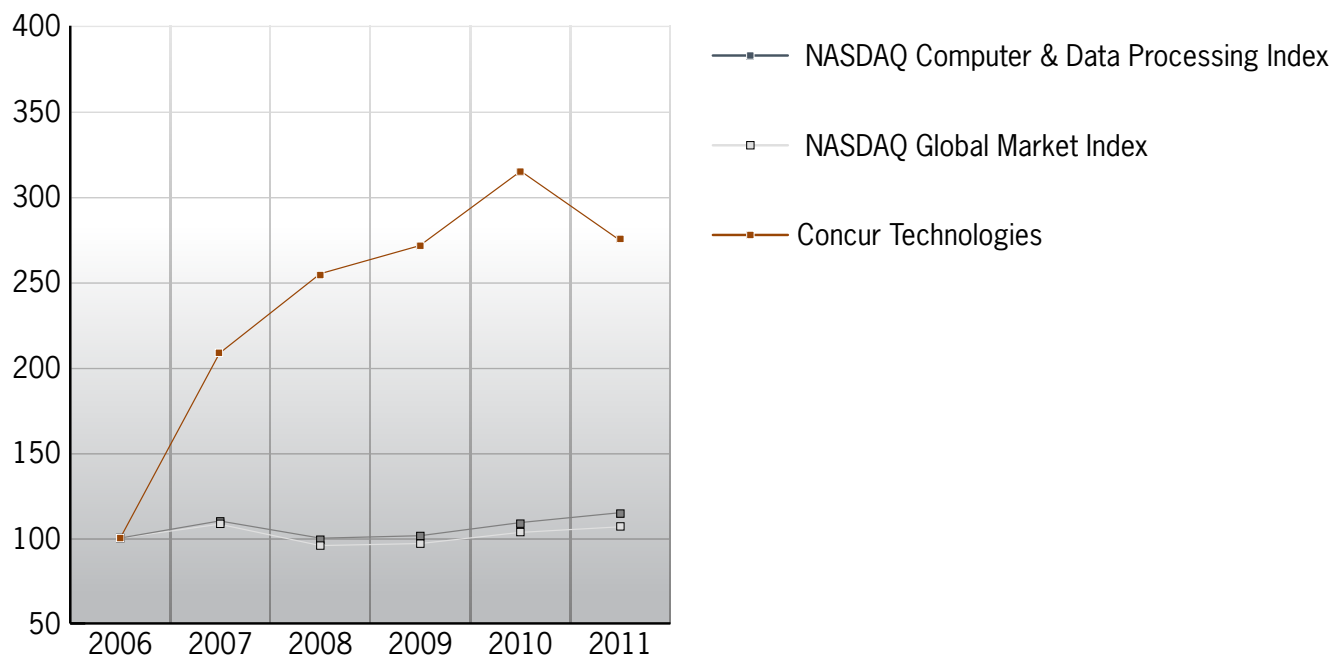
Year ended September 30, 2011	High	Low
Fourth Quarter	\$52.71	\$34.30
Third Quarter	\$58.19	\$45.51
Second Quarter	\$56.64	\$49.23
First Quarter	\$55.37	\$46.00

Year ended September 30, 2010	High	Low
Fourth Quarter	\$52.17	\$41.17
Third Quarter	\$45.88	\$37.52
Second Quarter	\$44.57	\$37.41
First Quarter	\$44.01	\$34.99

On September 30, 2011, there were approximately 240 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 2012.

Stock Performance

The following graph compares (i) the cumulative total stockholder return on the common stock from September 30, 2006, to September 30, 2011 (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, 2006, and reinvestment of all dividends.



September 30,	2006	2007	2008	2009	2010	2011
Concur Technologies	\$100.00	\$216.63	\$262.96	\$273.26	\$339.79	\$255.88
NASDAQ Global Market Index	\$100.00	\$118.37	\$93.33	\$95.07	\$107.44	\$112.25
NASDAQ Computer & Data Processing Index	\$100.00	\$119.62	\$99.69	\$106.26	\$123.02	\$129.37