

Summary

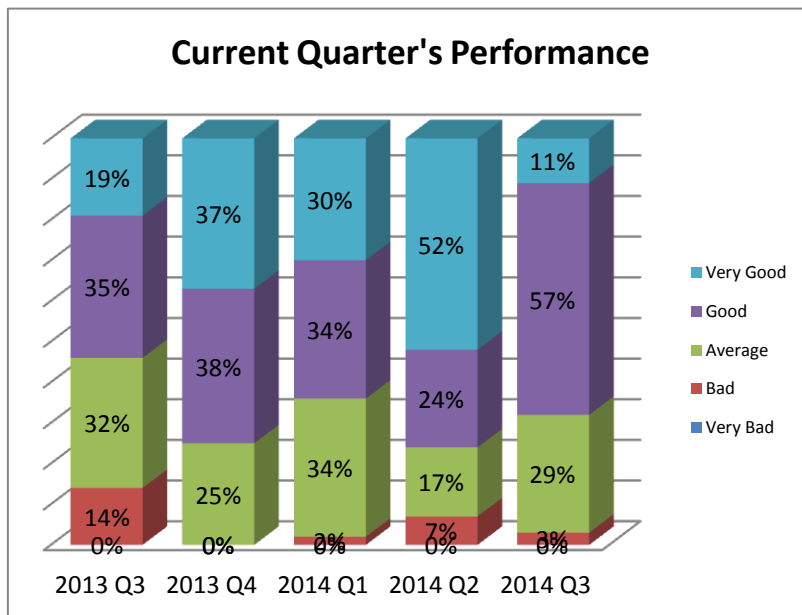
The NEOSA Quarterly Survey results for the third quarter of 2014 seem to follow the trend that’s been apparent for quite some time: namely that for the most part there are no significant trends evident. Current quarterly performance, along with quarter-to-quarter comparisons, saw marked declines in “very good” results reported, however, the combination of “very good” and “good” results, which is what we primarily watch, has stayed in fairly consistent territory. Optimism, which we thought might have peaked, took a sharp turn back into a **very** positive position.

Key Quarterly Results

- 68% of respondents reported 2nd quarter business performance was *good or very good*
- 66% reported results were *better or much better* than the 2nd quarter of 2014
- 65% reported performance was *better or much better* than the 3rd quarter of 2013
- 94% believe the next 12 months will be *better or much better* than the last 12 months
- 77% are planning to increase staff in the next 12 months

As a result, we would classify Q3 2014 quarterly results as **satisfactory**: elements of current results may have back-tracked, but overall performance is reasonably consistent. Forward looking optimism is in a very strong position and reversed a slowly declining trend over the past three quarters.

Detailed Performance Results



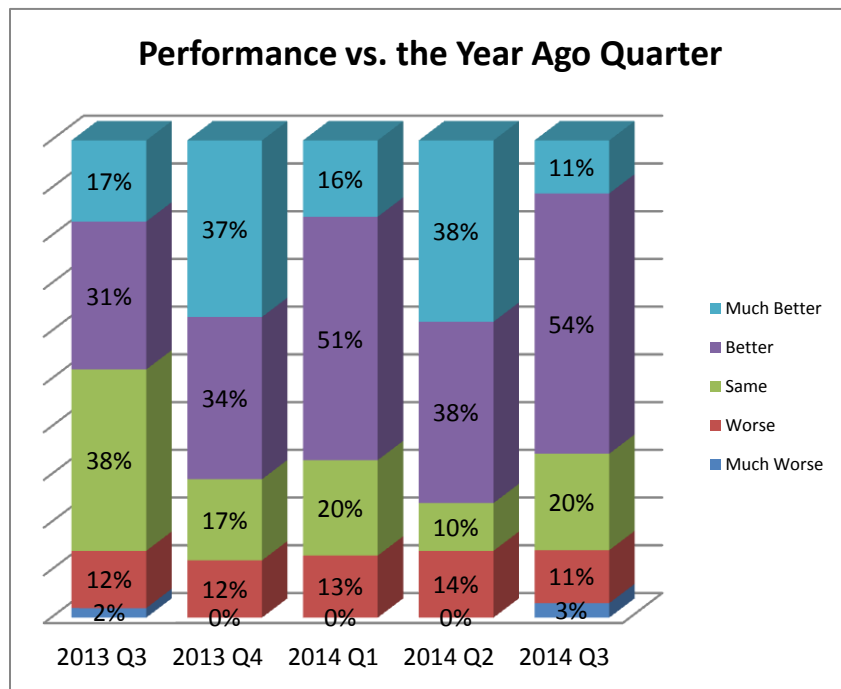
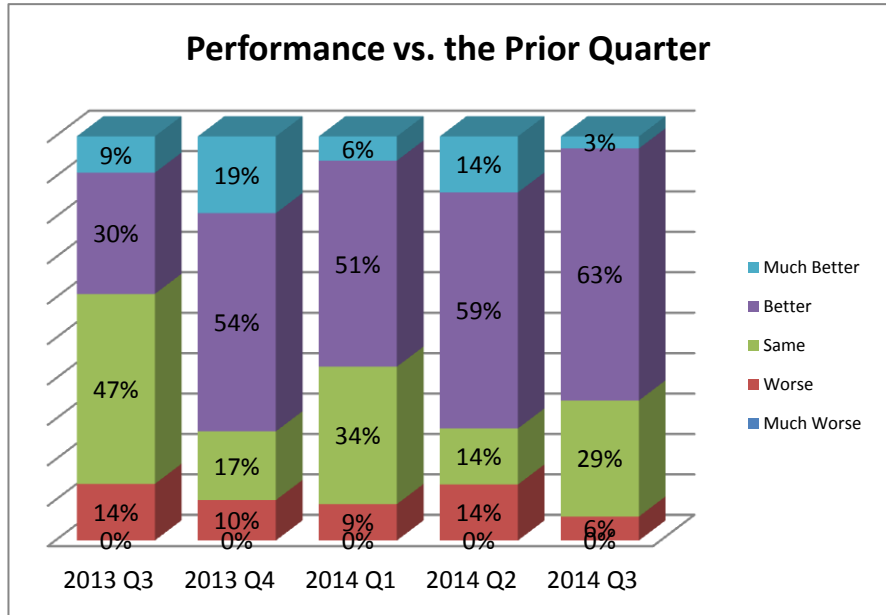
Sixty-eight (68%) of reporting companies indicated that Q3 performance was either very good or good, up from 76% at Q2.

Comparisons over the past five (5) quarters show a solid improvement over a year ago. *Very good* results have fluctuated, but the combinations of *very good/good* results have been reasonably solid, though without a real trend, for the past year.

Much better/Better results reported in Quarter 3 declined somewhat from Quarter 2, by 7 points, to 66% of responding companies

These results continue the trend of no real trend being evident for the past five+ quarters.

As a result, we are not currently concerned about an imminent slow-down based on this measure.

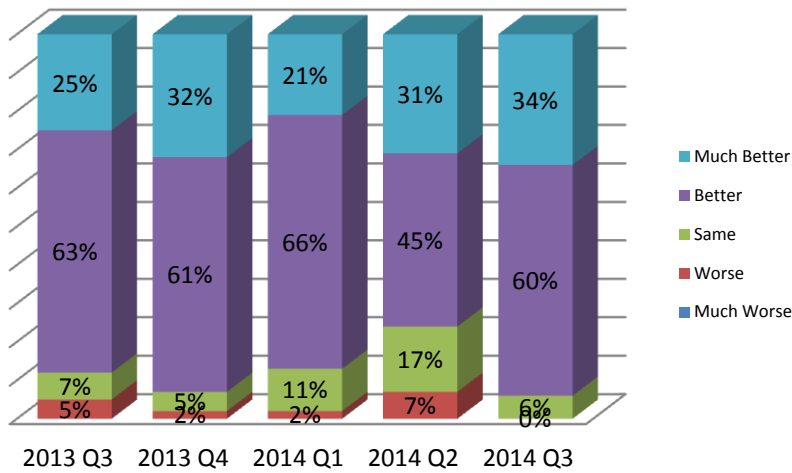


Comparisons to the same quarter a year ago seemed to be improving slowly, but took a bit of a turn back at Q3. Sixty-five percent of companies reported *Much Better / Better* results, a decline of 11 points; but, we saw a substantial decline in *Much Better* results reports.

We'll continue to watch this measure closely to help determine the overall direction of the market. A declining trend line could portend a slowdown.

We see no such trend developing at present.

Expectations for the Coming 12 Months



This measure took a dramatic turn of improvement, with 94% of respondents indicating expectations for a *Much Better / Better* coming 12 months.

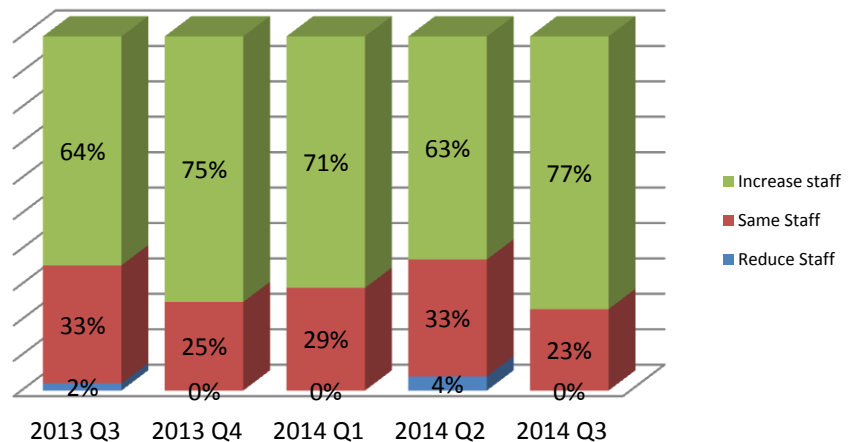
While these results put the measure back in line with prior quarters, an interesting, positive trend is developing as well. Companies reporting *Much Better* expectations for the coming year have increased steadily for the past three quarters

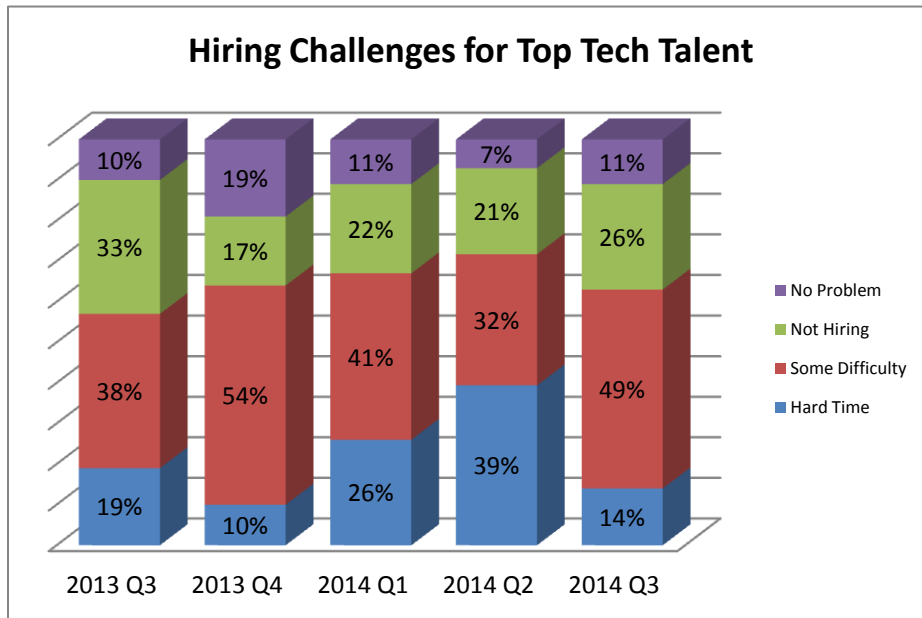
Which could be an early indicator of a very strong 2015 for local tech.

Demand for talent turned back into very strong territory and in fact, reached the highest level in the past five (5) quarters.

An overall trend line is mostly flat here, but results remain very strong and have been so for going on three years. Barring another recession, we don't see any signs of high demand for tech talent abating in the near future.

Staffing Expectations for the Next 12 Months





Reported hiring challenges eased a bit in the most recent quarter. Sixty-three percent of respondents reported at least some level of difficulty in hiring tech talent, down from 71% at Q2.

Within that measure, those reporting a *Hard Time*, declined substantially, to 14%.

Additionally, we can infer the number of companies with current openings by taking the inverse of those reporting “not hiring”. As a result, most recently, 74% of reporting companies had open positions to fill, which is less than the prior three quarter, but still very high relative to results over the past nine years of the survey.

Finally, one caveat we would add is that this quarters results are offered with a slight caution as we had fewer than 60 responses to the survey, which is below our normal response rate.