

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2010

OR

☐

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from **to**

Commission file number: 001-15169

PERFICIENT, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

No. 74-2853258

(I.R.S. Employer Identification No.)

**520 Maryville Centre Drive,
Suite 400**

Saint Louis, Missouri 63141

(Address of principal executive offices)

(314) 529-3600

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements during the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☐ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of May 3, 2010, there were 30,633,688 shares of Common Stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Perficient, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

| | March 31, 2010 | December 31, 2009 |
|---|--|----------------------|
| | (In thousands, except share information) | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 17,472 | \$ 17,975 |
| Short-term investments | 5,400 | 6,327 |
| Total cash, cash equivalents and short-term investments | 22,872 | 24,302 |
| Accounts receivable, net | 37,764 | 38,244 |
| Prepaid expenses | 1,202 | 1,258 |
| Other current assets | 911 | 1,534 |
| Total current assets | 62,749 | 65,338 |
| Long-term investments | 7,454 | 3,652 |
| Property and equipment, net | 1,477 | 1,278 |
| Goodwill | 106,664 | 104,168 |
| Intangible assets, net | 8,328 | 7,605 |
| Other non-current assets | 3,203 | 2,769 |
| Total assets | \$ 189,875 | \$ 184,810 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 3,752 | \$ 3,657 |
| Other current liabilities | 12,610 | 11,476 |
| Total current liabilities | 16,362 | 15,133 |
| Other non-current liabilities | 1,397 | 1,329 |
| Total liabilities | \$ 17,759 | \$ 16,462 |
| Stockholders' equity: | | |
| Common stock (par value \$.001 per share; 50,000,000 shares authorized and 31,843,367 shares issued and 27,189,143 shares outstanding as of March 31, 2010; 31,621,089 shares issued and 27,082,569 shares outstanding as of December 31, 2009) | \$ 32 | \$ 32 |
| Additional paid-in capital | 211,886 | 208,003 |
| Accumulated other comprehensive loss | (247) | (273) |
| Treasury stock, at cost (4,654,224 shares as of March 31, 2010; 4,538,520 shares as of December 31, 2009) | (28,538) | (27,529) |
| Accumulated deficit | (11,017) | (11,885) |
| Total stockholders' equity | 172,116 | 168,348 |
| Total liabilities and stockholders' equity | \$ 189,875 | \$ 184,810 |

See accompanying notes to interim unaudited condensed consolidated financial statements.

Perficient, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

| | Three Months Ended March 31, | |
|---|---|---------------|
| | 2010 | 2009 |
| | (In thousands, except share and per share information) | |
| Revenues | | |
| Services | \$ 42,661 | \$ 44,980 |
| Software and hardware | 4,073 | 3,919 |
| Reimbursable expenses | 2,181 | 2,393 |
| Total revenues | <u>48,915</u> | <u>51,292</u> |
| Cost of revenues (exclusive of depreciation and amortization, shown separately below) | | |
| Project personnel costs | 28,370 | 30,830 |
| Software and hardware costs | 3,681 | 3,607 |
| Reimbursable expenses | 2,181 | 2,393 |
| Other project related expenses | 1,264 | 1,123 |
| Total cost of revenues | <u>35,496</u> | <u>37,953</u> |
| Gross margin | 13,419 | 13,339 |
| Selling, general and administrative | 10,382 | 10,511 |
| Depreciation | 147 | 475 |
| Amortization | 942 | 1,111 |
| Acquisition costs | 406 | -- |
| Income from operations | <u>1,542</u> | <u>1,242</u> |
| Net interest income | 29 | 98 |
| Net other income | 4 | 176 |
| Income before income taxes | 1,575 | 1,516 |
| Provision for income taxes | <u>707</u> | <u>601</u> |
| Net income | <u>\$ 868</u> | <u>\$ 915</u> |
| Basic net income per share | \$ 0.03 | \$ 0.03 |
| Diluted net income per share | \$ 0.03 | \$ 0.03 |
| Shares used in computing basic net income per share | 27,018,206 | 28,262,954 |
| Shares used in computing diluted net income per share | 28,481,632 | 28,774,210 |

See accompanying notes to interim unaudited condensed consolidated financial statements.

Perficient, Inc.
Condensed Consolidated Statement of Stockholders' Equity
Three Months Ended March 31, 2010
(Unaudited)
(In thousands)

| | Common Stock Shares | Common Stock Amount | Additional Paid-in Capital | Accumulated Other Comprehensive Loss | Treasury Stock | Accumulated Deficit | Total Stockholders' Equity |
|---|------------------------------------|------------------------------------|---|---|---------------------------|--------------------------------|---|
| Balance at December 31, 2009 | 27,083 | \$ 32 | \$ 208,003 | \$ (273) | \$ (27,529) | \$ (11,885) | \$ 168,348 |
| Proceeds from the exercise of stock options and sales of stock through the Employee Stock Purchase Plan | 44 | -- | 166 | -- | -- | -- | 166 |
| Net tax benefit from stock option exercises and restricted stock vesting | -- | -- | 138 | -- | -- | -- | 138 |
| Stock compensation related to restricted stock vesting and retirement savings plan contributions | 45 | -- | 2,476 | -- | -- | -- | 2,476 |
| Purchases of treasury stock | (116) | -- | -- | -- | (1,009) | -- | (1,009) |
| Issuance of stock for Kerdock acquisition | 133 | -- | 1,103 | -- | -- | -- | 1,103 |
| Foreign currency translation adjustment | -- | -- | -- | 26 | -- | -- | 26 |
| Net income | -- | -- | -- | -- | -- | 868 | 868 |
| Total comprehensive income | -- | -- | -- | -- | -- | -- | 894 |
| Balance at March 31, 2010 | <u>27,189</u> | <u>\$ 32</u> | <u>\$ 211,886</u> | <u>\$ (247)</u> | <u>\$ (28,538)</u> | <u>\$ (11,017)</u> | <u>\$ 172,116</u> |

See accompanying notes to interim unaudited condensed consolidated financial statements.

Perficient, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

| | Three Months Ended March 31, | |
|---|---------------------------------|-----------|
| | 2010 | 2009 |
| | (In thousands) | |
| OPERATING ACTIVITIES | | |
| Net income | \$ 868 | \$ 915 |
| Adjustments to reconcile net income to net cash provided by operations: | | |
| Depreciation | 147 | 475 |
| Amortization | 942 | 1,111 |
| Deferred income taxes | 232 | 559 |
| Non-cash stock compensation and retirement savings plan contributions | 2,476 | 2,451 |
| Tax benefit from stock option exercises and restricted stock vesting | (284) | (284) |
| Changes in operating assets and liabilities, net of acquisitions: | | |
| Accounts and note receivable | 2,289 | 3,908 |
| Other assets | 241 | (92) |
| Accounts payable | (438) | (404) |
| Other liabilities | (1,843) | (4,258) |
| Net cash provided by operating activities | 4,630 | 4,381 |
| INVESTING ACTIVITIES | | |
| Purchase of investments | (2,875) | -- |
| Purchase of property and equipment | (154) | (92) |
| Capitalization of software developed for internal use | (46) | (53) |
| Purchase of business and related costs | (1,500) | (13) |
| Net cash used in investing activities | (4,575) | (158) |
| FINANCING ACTIVITIES | | |
| Tax benefit on stock option exercises and restricted stock vesting | 284 | 284 |
| Proceeds from the exercise of stock options and sales of stock through the Employee Stock Purchase Plan | 166 | 216 |
| Purchase of treasury stock | (1,009) | (2,758) |
| Net cash used in financing activities | (559) | (2,258) |
| Effect of exchange rate on cash and cash equivalents | 1 | (2) |
| Change in cash and cash equivalents | (503) | 1,963 |
| Cash and cash equivalents at beginning of period | 17,975 | 22,909 |
| Cash and cash equivalents at end of period | \$ 17,472 | \$ 24,872 |
| Supplemental disclosures: | | |
| Cash paid for income taxes | \$ 220 | \$ 251 |
| Non-cash activity: | | |
| Stock issued for purchase of business | \$ 1,103 | -- |
| Estimated initial fair value of contingent consideration for purchase of business | \$ 2,647 | \$ -- |

See accompanying notes to interim unaudited condensed consolidated financial statements.

PERFICIENT, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2010

1. Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements of Perficient, Inc. (the “Company”) have been prepared in accordance with accounting principles generally accepted in the United States and are presented in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”) applicable to interim financial information. Accordingly, certain footnote disclosures have been condensed or omitted. In the opinion of management, the unaudited interim condensed consolidated financial statements reflect all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the Company’s financial position, results of operations and cash flows for the periods presented. These financial statements should be read in conjunction with the Company’s consolidated financial statements and notes thereto filed with the SEC in the Company’s Annual Report on Form 10-K for the year ended December 31, 2009. Operating results for the three months ended March 31, 2010 may not be indicative of the results for the full fiscal year ending December 31, 2010.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates and such differences could be material to the financial statements.

Reclassification

The Company has reclassified the presentation of certain prior period information to conform to the current year presentation.

Revision of Previously Issued Financial Statements

During the third quarter of 2009, the Company identified a cash flow presentation adjustment related to the reversal of a deferred tax asset resulting from the exercise of stock options or vesting of stock awards. The Company has determined that the impact of the adjustment is not considered material to the condensed consolidated results of operations, financial position or cash flows as of and for the three months ended March 31, 2009. The Company revised the previously issued Condensed Consolidated Statement of Cash Flows for the period ended March 31, 2009, as presented in this Form 10-Q.

The revision decreased the “Net cash provided by operating activities” and decreased the “Net cash used in financing activities” in the Condensed Consolidated Statement of Cash Flows for the three months ended March 31, 2009 by approximately \$400,000. The change in classification had no impact on the Condensed Consolidated Balance Sheet or the Condensed Consolidated Statement of Operations as of and for the three months ended March 31, 2009.

Revenue Recognition

Revenues are primarily derived from professional services provided on a time and materials basis. For time and material contracts, revenues are recognized and billed by multiplying the number of hours expended in the performance of the contract by the established billing rates. For fixed fee projects, revenues are generally recognized using the input method based on the ratio of hours expended to total estimated hours. Amounts invoiced and collected in excess of revenues recognized are classified as deferred revenues. On many projects the Company is also reimbursed for out-of-pocket expenses such as airfare, lodging and meals. These reimbursements are included as a component of revenues. Revenues from software and hardware sales are generally recorded on a gross basis based on the Company’s role as a principal in the transaction. On rare occasions, the Company enters into a transaction where it is not the principal. In these cases, revenue is recorded on a net basis.

Unbilled revenues represent the project time and expenses that have been incurred, but not yet billed to the client, prior to the end of the period. For time and materials projects, the client is invoiced for the amount of hours worked multiplied by the billing rates as stated in the contract. For fixed fee arrangements, the client is invoiced according to the agreed-upon schedule detailing the amount and timing of payments in the contract. Clients are typically billed monthly for services provided during that month, but can be billed on a more or less frequent basis as determined by the contract. If the time and expenses are worked/incurred and approved at the end of a period and the invoice has not yet been sent to the client, the amount is recorded as unbilled revenue once the Company verifies all other revenue recognition criteria have been met.

Revenues are recognized when the following criteria are met: (1) persuasive evidence of the customer arrangement exists, (2) fees are fixed and determinable, (3) delivery and acceptance have occurred, and (4) collectibility is deemed probable. The Company's policy for revenue recognition in instances where multiple deliverables are sold contemporaneously to the same counterparty is in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic 985-605, *Software – Revenue Recognition* ("ASC Subtopic 985-605"), ASC Subtopic 605-25, *Revenue Recognition – Multiple-Element Arrangements* ("ASC Subtopic 605-25"), and ASC Section 605-10-S99, *Revenue Recognition – SEC Material* ("ASC Section 605-10-S99"). Specifically, if the Company enters into contracts for the sale of services and software or hardware, then the Company evaluates whether the services are essential to the functionality of the software or hardware and whether it has objective fair value evidence for each deliverable in the transaction. If the Company has concluded that the services to be provided are not essential to the functionality of the software or hardware and it can determine objective fair value evidence exists for each deliverable of the transaction, then it accounts for each deliverable in the transaction separately, based on the relevant revenue recognition policies. Generally, all deliverables of the Company's multiple element arrangements meet these criteria. The Company may provide multiple services under the terms of an arrangement and is required to assess whether one or more units of accounting are present. Service fees are typically accounted for as one unit of accounting as fair value evidence for individual tasks or milestones is not available. The Company follows the guidelines discussed above in determining revenues; however, certain judgments and estimates are made and used to determine revenues recognized in any accounting period. If estimates are revised, material differences may result in the amount and timing of revenues recognized for a given period.

Revenues are presented net of taxes assessed by governmental authorities. Sales taxes are generally collected and subsequently remitted on all software and hardware sales and certain services transactions as appropriate.

Goodwill, Other Intangible Assets and Impairment of Long-Lived Assets

Goodwill represents the excess purchase price over the fair value of net assets acquired, or net liabilities assumed, in a business combination. In accordance with ASC Topic 350, *Intangibles – Goodwill and Other* ("ASC Topic 350"), the Company performs an annual impairment test of goodwill. The Company evaluates goodwill as of October 1 each year and more frequently if events or changes in circumstances indicate that goodwill might be impaired. As required by ASC Topic 350, the impairment test is accomplished using a two-step approach. The first step screens for impairment and, when impairment is indicated, a second step is employed to measure the impairment.

Other intangible assets include customer relationships, non-compete arrangements, internally developed software, trade name, and customer backlog, which are being amortized over the assets' estimated useful lives using the straight-line method. Estimated useful lives range from nine months to eight years. Amortization of customer relationships, non-compete arrangements, internally developed software, trade name, and customer backlog is considered an operating expense and is included in "Amortization" in the accompanying Condensed Consolidated Statements of Operations. The Company periodically reviews the estimated useful lives of its identifiable intangible assets, taking into consideration any events or circumstances that might result in a lack of recoverability or revised useful life.

The Company will continue to monitor the trend of its stock price, other market indicators and its operating results to determine whether there is a triggering event that may require the Company to perform an interim impairment test in the future and record impairment charges to earnings, which could adversely affect the Company's financial results.

Stock-Based Compensation

Stock-based compensation is accounted for in accordance with ASC Topic 718, *Compensation – Stock Compensation* ("ASC Topic 718"). Under this method, the Company recognizes share-based compensation ratably using the straight-line attribution method over the requisite service period. In addition, pursuant to ASC Topic 718, the Company is required to estimate the amount of expected forfeitures when calculating share-based compensation, instead of accounting for forfeitures as they occur, which was the Company's practice prior to the adoption of ASC Topic 718. Refer to Note 3, *Stock-Based Compensation*, for further discussion.

Fair Value of Financial Instruments

Cash equivalents, accounts receivable, accounts payable, and other accrued liabilities are stated at amounts which approximate fair value due to the near term maturities of these instruments. Investments are stated at amounts which approximate fair value based on quoted market prices or other observable inputs.

3. Stock-Based Compensation

Stock Award Plans

The Company made various stock option and award grants under the 1999 Stock Option/Stock Issuance Plan (the “1999 Plan”) prior to May 2009. In April 2009, the Company’s stockholders approved the 2009 Long-Term Incentive Plan (the “Incentive Plan”), which had been previously approved by the Company’s Board of Directors. The Incentive Plan allows for the granting of various types of stock awards, not to exceed a total of 1.5 million shares, to eligible individuals. The Compensation Committee of the Board of Directors administers the Incentive Plan and determines the terms of all stock awards made under the Incentive Plan.

Stock-based compensation cost recognized for the three months ended March 31, 2010 and 2009 was approximately \$2.5 million, which included \$0.2 million and \$0.3 million, respectively, of expense for retirement savings plan contributions. The associated current and future income tax benefits recognized for the three months ended March 31, 2010 and 2009 were approximately \$0.8 million. As of March 31, 2010, there was \$26.6 million of total unrecognized compensation cost related to non-vested share-based awards. This cost is expected to be recognized over a weighted-average period of three years.

Stock option activity for the three months ended March 31, 2010 was as follows (in thousands, except exercise price information):

| | Shares | Range of Exercise Prices | Weighted- Average Exercise Price |
|--|---------------|-------------------------------------|---|
| Options outstanding at January 1, 2010 | 1,704 | \$ 0.03 – 16.94 | \$ 5.08 |
| Options exercised | (41) | 0.03 – 7.48 | 3.22 |
| Options canceled | (76) | 12.00 – 16.00 | 14.03 |
| Options outstanding at March 31, 2010 | 1,587 | 0.03 – 16.94 | 4.70 |
| Options vested at March 31, 2010 | 1,416 | \$ 0.03 – 16.94 | \$ 4.51 |

Restricted stock activity for the three months ended March 31, 2010 was as follows (in thousands, except fair value information):

| | Shares | Weighted- Average Grant Date Fair Value |
|--|---------------|--|
| Restricted stock awards outstanding at January 1, 2010 | 3,133 | \$ 8.79 |
| Awards granted | 313 | 11.38 |
| Awards vested | (21) | 8.58 |
| Awards forfeited | (30) | 7.94 |
| Restricted stock awards outstanding at March 31, 2010 | 3,395 | \$ 9.04 |

4. Net Income per Share

The following table presents the calculation of basic and diluted net income per share (in thousands, except per share information):

| | Three Months Ended March 31, | |
|---|---------------------------------|---------|
| | 2010 | 2009 |
| Net income | \$ 868 | \$ 915 |
| Basic: | | |
| Weighted-average shares of common stock outstanding | 27,018 | 28,263 |
| Shares used in computing basic net income per share | 27,018 | 28,263 |
| Effect of dilutive securities: | | |
| Stock options | 749 | 497 |
| Warrants | 7 | 4 |
| Restricted stock subject to vesting | 708 | 10 |
| Shares used in computing diluted net income per share (1) | 28,482 | 28,774 |
| Basic net income per share | \$ 0.03 | \$ 0.03 |
| Diluted net income per share | \$ 0.03 | \$ 0.03 |

(1) For the three months ended March 31, 2010, approximately 46,000 options for shares and 785,000 shares of restricted stock were excluded from shares used in computing diluted net income per share because they would have had an anti-dilutive effect.

5. Investments and Fair Value Measurement

During 2009, the Company began investing a portion of its excess cash in short- and long-term investments. The short-term investments consist of corporate bonds and certificates of deposit with original maturities greater than three months and remaining maturities of less than one year. The long-term investments consist of U.S. treasury bills, U.S. agency bonds and corporate bonds with original maturities of greater than one year (maximum original maturity is 24 months as of March 31, 2010). At March 31, 2010, all of the Company's investments were classified as available-for-sale and were valued in accordance with the fair value hierarchy specified in ASC Subtopic 820-10, *Fair Value Measurement and Disclosure* ("ASC Subtopic 820- 10"). As of March 31, 2010, gross accumulated unrealized gains and losses for these investments were immaterial.

ASC Subtopic 820-10 includes a fair value hierarchy that is intended to increase consistency and comparability in fair value measurements and related disclosures. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. The fair value hierarchy consists of the following three levels:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Cash, cash equivalents and investments were classified as the following (in thousands):

| | As of March 31, 2010 | Quoted Prices in Active Markets (Level 1) | Observable Inputs (Level 2) | Unobservable Inputs (Level 3) |
|--|-------------------------|--|-----------------------------------|-------------------------------------|
| Cash Equivalents: | | | | |
| Money Market Funds | \$ 15,773 | \$ 15,773 | \$ - | \$ - |
| Short-term Investments: | | | | |
| Corporate Bonds | 3,493 | - | 3,493 | - |
| Certificates of Deposit | 1,907 | - | 1,907 | - |
| Long-term Investments: | | | | |
| Corporate Bonds | 3,783 | - | 3,783 | - |
| U.S. Treasury Bills | 1,620 | 1,620 | - | - |
| U.S. Agency Bonds | 2,051 | - | 2,051 | - |
| Total Cash Equivalents & Investments | \$ 28,627 | \$ 17,393 | \$ 11,234 | \$ - |
| Cash | 1,699 | | | |
| Total Cash, Cash Equivalents, & Investments | \$ 30,326 | | | |

Investments are generally classified as Level 1 or Level 2 because they are valued using quoted market prices in active markets, quoted prices in less active markets, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Money market funds and U.S. treasury bills are valued based on unadjusted quoted prices in active markets for identical securities. The Company uses consensus pricing, which is based on multiple pricing sources, to value its investment in corporate bonds, certificates of deposit and U.S. agency bonds.

6. Commitments and Contingencies

The Company leases office space under various operating lease agreements. The Company has the option to extend the term of certain lease agreements. Future minimum commitments under these lease agreements as of March 31, 2010 are as follows (in thousands):

| | Operating Leases |
|-------------------------------------|---------------------|
| 2010 remaining | \$ 1,837 |
| 2011 | 2,100 |
| 2012 | 1,071 |
| 2013 | 733 |
| 2014 | 429 |
| Thereafter | 22 |
| Total minimum lease payments | \$ 6,192 |

7. Balance Sheet Components

The components of accounts receivable are as follows (in thousands):

| | March 31, 2010 | December 31, 2009 |
|---------------------------------|-------------------|----------------------|
| Accounts receivable | \$ 22,893 | \$ 26,632 |
| Unbilled revenues | 15,232 | 11,927 |
| Allowance for doubtful accounts | (361) | (315) |
| Total | \$ 37,764 | \$ 38,244 |

The components of other current liabilities are as follows (in thousands):

| | March 31, 2010 | December 31, 2009 |
|--------------------------------|-------------------|----------------------|
| Accrued acquisition costs (1) | \$ 3,147 | \$ -- |
| Accrued variable compensation | 3,074 | 4,561 |
| Accrued subcontractor fees | 1,945 | 1,847 |
| Payroll related costs | 1,362 | 1,375 |
| Accrued medical claims expense | 650 | 703 |
| Deferred revenues | 485 | 898 |
| Other current liabilities | 1,947 | 2,092 |
| Total | <u>\$ 12,610</u> | <u>\$ 11,476</u> |

(1) Includes \$2.6 million representing the initial fair value estimate of contingent consideration that may be earned by the Kerdock Consulting, LLC (“Kerdock”) selling shareholders. Refer to Note 8 for further discussion.

The components of other non-current liabilities are as follows (in thousands):

| | March 31, 2010 | December 31, 2009 |
|---------------------------------|-------------------|----------------------|
| Deferred compensation liability | \$ 1,200 | \$ 1,104 |
| Other non-current liabilities | 197 | 225 |
| Total | <u>\$ 1,397</u> | <u>\$ 1,329</u> |

Property and equipment consists of the following (in thousands):

| | March 31, 2010 | December 31, 2009 |
|---|-------------------|----------------------|
| Computer hardware (useful life of 3 years) | \$ 4,773 | \$ 4,724 |
| Furniture and fixtures (useful life of 5 years) | 1,468 | 1,409 |
| Leasehold improvements (useful life of 5 years) | 1,040 | 1,016 |
| Software (useful life of 1 year) | 1,013 | 1,002 |
| Less: Accumulated depreciation | (6,817) | (6,873) |
| Total | <u>\$ 1,477</u> | <u>\$ 1,278</u> |

During January 2010, the Company completed a study of useful lives of its property and equipment and as a result, changed the estimated useful life of its computer hardware from two to three years. Accordingly, the change in the estimated useful life was treated as a change in accounting estimate and applied prospectively as of January 1, 2010. The change did not have a material impact on the Company’s results of operations during the three months ended March 31, 2010.

8. Business Combinations

Acquisition of Kerdock Consulting, LLC

On March 26, 2010, the Company acquired substantially all of the assets of Kerdock, pursuant to the terms of an Asset Purchase Agreement. Kerdock is located in Houston, Texas and is an Oracle business intelligence and enterprise performance management consulting firm. The acquisition of Kerdock provides the Company with high-end expertise in enterprise performance management solutions and existing client relationships with enterprise customers, as well as extends the Company’s presence in the Southwest United States.

The Company has initially estimated the total allocable purchase price consideration to be \$5.2 million. The initial purchase price estimate is comprised of \$1.5 million in cash paid and \$1.1 million of Company common stock issued at closing, increased by \$2.6 million representing the initial fair value estimate of additional earnings-based contingent consideration that may be realized by the Kerdock selling shareholders 12 months after the closing date of the acquisition. If the contingency is achieved, cash will be paid to the Kerdock selling shareholders for 62.5% of the earnings-based contingent consideration and stock will be issued for the remainder. The contingent consideration is recorded in “Other current liabilities” on the Condensed Consolidated Balance Sheet as of March 31, 2010. The Company incurred approximately \$0.4 million in transaction costs, which were expensed when incurred.

The Company has estimated the allocation of the total purchase price consideration between tangible assets, identified intangible assets, liabilities, and goodwill as follows (in millions):

| | | |
|----------------------------|----|------------|
| Acquired tangible assets | \$ | 2.3 |
| Acquired intangible assets | | 1.6 |
| Liabilities assumed | | (1.2) |
| Goodwill | | 2.5 |
| Total purchase price | \$ | <u>5.2</u> |

The Company estimates that the intangible assets acquired have useful lives of nine months to five years.

The amounts above represent the initial fair value estimates as of March 31, 2010 and are subject to subsequent adjustment as the Company obtains additional information during the measurement period and finalizes its fair value estimates. Any subsequent adjustments to these fair value estimates occurring during the measurement period will result in an adjustment to goodwill or income, as applicable.

The results of the Kerdock operations have been included in the Company's unaudited interim condensed consolidated financial statements since the acquisition date. The Company has not furnished pro forma financial information relating to the Kerdock acquisition because such information is not material to the Company's financial results.

9. Goodwill and Intangible Assets

Goodwill

During the first quarter of 2010, the Company's stock price traded above its book value. Based on the continued upward trend of the Company's stock price and positive business and market outlook for the information technology services industry, the Company did not experience a significant adverse change in its business climate and therefore does not believe a triggering event occurred that would require a detailed test of goodwill for impairment as of an interim date. The Company will complete its annual goodwill impairment test as of October 1, 2010, during the fourth quarter of 2010.

The changes in the carrying amount of goodwill for the three months ended March 31, 2010 are as follows (in thousands):

| | | |
|------------------------------|----|----------------|
| Balance at December 31, 2009 | \$ | 104,168 |
| Kerdock acquisition (Note 8) | | 2,496 |
| Balance at March 31, 2010 | \$ | <u>106,664</u> |

Intangible Assets with Definite Lives

The following table presents a summary of the Company's intangible assets that are subject to amortization (in thousands):

| | March 31, 2010 | | | December 31, 2009 | | |
|-------------------------------|------------------------|--------------------------|----------------------|------------------------|--------------------------|----------------------|
| | Gross Carrying Amounts | Accumulated Amortization | Net Carrying Amounts | Gross Carrying Amounts | Accumulated Amortization | Net Carrying Amounts |
| Customer relationships | \$ 17,940 | \$ (10,556) | \$ 7,384 | \$ 16,613 | \$ (9,752) | \$ 6,861 |
| Non-compete agreements | 749 | (521) | 228 | 683 | (483) | 200 |
| Customer backlog | 100 | -- | 100 | -- | -- | -- |
| Trade name | 100 | -- | 100 | -- | -- | -- |
| Internally developed software | 1,715 | (1,199) | 516 | 1,669 | (1,125) | 544 |
| Total | <u>\$ 20,604</u> | <u>\$ (12,276)</u> | <u>\$ 8,328</u> | <u>\$ 18,965</u> | <u>\$ (11,360)</u> | <u>\$ 7,605</u> |

The estimated useful lives of identifiable intangible assets are as follows:

| | |
|-------------------------------|-------------|
| Customer relationships | 3 - 8 years |
| Non-compete agreements | 3 - 5 years |
| Internally developed software | 3 - 5 years |
| Trade name | 3 years |
| Customer backlog | 9 months |

10. Line of Credit

In May 2008, the Company entered into a Credit Agreement (the "Credit Agreement") with Silicon Valley Bank ("SVB") and KeyBank National Association ("KeyBank"). The Credit Agreement provides for revolving credit borrowings up to a maximum principal amount of \$50 million, subject to a commitment increase of \$25 million. The Credit Agreement also allows for the issuance of letters of credit in the aggregate amount of up to \$500,000 at any one time; outstanding letters of credit reduce the credit available for revolving credit borrowings. Substantially all of the Company's assets are pledged to secure the credit facility. In July 2009, U.S. Bank National Association assumed \$10 million of KeyBank's commitment. In March 2010, Bank of America, N.A. assumed the remaining \$15 million of KeyBank's commitment.

All outstanding amounts owed under the Credit Agreement become due and payable no later than the final maturity date of May 30, 2012. Borrowings under the credit facility bear interest at the Company's option of SVB's prime rate (4.00% on March 31, 2010) plus a margin ranging from 0.00% to 0.50% or one-month LIBOR (0.25% on March 31, 2010) plus a margin ranging from 2.50% to 3.00%. The additional margin amount is dependent on the amount of outstanding borrowings. As of March 31, 2010, the Company had \$50 million of maximum borrowing capacity. The Company will incur an annual commitment fee of 0.30% on the unused portion of the line of credit.

The Company is required to comply with various financial covenants under the Credit Agreement. Specifically, the Company is required to maintain a ratio of earnings before interest, taxes, depreciation, and amortization ("EBITDA") plus stock compensation and minus income taxes paid and capital expenditures to interest expense and scheduled payments due for borrowings on a trailing three months basis annualized of not less than 2.00 to 1.00 and a ratio of current maturities of long-term debt to EBITDA plus stock compensation and minus income taxes paid and capital expenditures of not more than 2.75 to 1.00. As of March 31, 2010, the Company was in compliance with all covenants under the credit facility and the Company expects to be in compliance during the next twelve months.

11. Income Taxes

The Company files income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. The Internal Revenue Service ("IRS") has completed examinations of the Company's U.S. income tax returns for 2002, 2003 and 2004. As of March 31, 2010, the IRS has proposed no significant adjustments to any of the Company's tax positions.

Under the provisions of the ASC Subtopic 740-10-25, *Income Taxes – Recognition*, the Company had no unrecognized tax benefits as of March 31, 2010.

The Company's effective tax rate was 44.9% for the three months ended March 31, 2010 compared to 39.6% for the three months ended March 31, 2009. The increase in the effective rate is primarily due to an increase in projected non-deductible executive compensation. The difference between the Company's federal statutory rate of 34% and effective tax rate relates primarily to state income taxes, net of the federal benefit, and permanent non-deductible items such as non-deductible executive compensation and 50% of meals and entertainment expenses, partially offset by the tax benefits of certain dispositions of incentive stock options by holders. As of March 31, 2010, the Company's net current and non-current deferred tax assets were \$0.2 million and \$0.8 million, respectively. Generally, deferred tax assets are related to stock compensation, accruals and net operating losses of acquired companies and deferred tax liabilities are related to identifiable intangibles and prepaid expenses. Net current deferred tax assets are recorded in "Other current assets" and net non-current deferred tax assets are recorded in "Other non-current assets" on the Condensed Consolidated Balance Sheet as of March 31, 2010.

12. Recent Accounting Pronouncements

Effective January 1, 2009, the Company adopted ASC Paragraph 350-30-50-2, *Intangibles – Goodwill – General Intangibles Other Than Goodwill* ("ASC Paragraph 350-30-50-2"). ASC Paragraph 350-30-50-2 requires companies estimating the useful life of a recognized intangible asset to consider their historical experience in renewing or extending similar arrangements or, in the absence of historical experience, to consider assumptions that market participants would use about renewal or extension as adjusted for ASC Topic 350's entity-specific factors. The adoption of ASC Paragraph 350-30-50-2 did not have a material impact on the Company's unaudited interim condensed consolidated financial statements.

Effective January 1, 2009, the Company adopted ASC Topic 805, *Business Combinations* (“ASC Topic 805”). ASC Topic 805 establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree, recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase, and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The revised statement requires, among other things, that transaction costs be expensed instead of recognized as purchase price. ASC Topic 805 applies prospectively to business combinations for which the acquisition date is on or after January 1, 2009.

Effective January 1, 2009, the Company adopted ASC Subtopic 805-20, *Business Combinations – Identifiable Assets and Liabilities, and Any Noncontrolling Interest* (“ASC Subtopic 805-20”), to amend and clarify the initial recognition and measurement, subsequent measurement and accounting, and related disclosures arising from contingencies in a business combination under ASC Topic 805. Under the new guidance, assets acquired and liabilities assumed in a business combination that arise from contingencies should be recognized at fair value on the acquisition date if fair value can be determined during the measurement period. If fair value can not be determined, acquired contingencies should be accounted for using existing guidance. ASC Subtopic 805-20 applies to business combinations for which the acquisition date is on or after January 1, 2009.

Effective September 30, 2009, the Company adopted ASC Topic 855, *Subsequent Events* (“ASC Topic 855”), which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before the financial statements are issued or are available to be issued. ASC Topic 855 sets forth the period after the balance sheet date during which management should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. The Company adopted ASC Topic 855 as required; adoption did not have a material impact on the Company’s unaudited interim condensed consolidated financial statements.

Effective September 30, 2009, the Company adopted ASC Topic 105, *Generally Accepted Accounting Principles*. This statement modifies the GAAP hierarchy by establishing only two levels of GAAP, authoritative and non-authoritative. Effective July 1, 2009, the ASC, also known collectively as the “Codification,” is considered the single source of authoritative U.S. accounting and reporting standards, except for additional authoritative rules and interpretive releases issued by the SEC. The Codification was developed to organize GAAP pronouncements by topic so that users can more easily access authoritative accounting guidance. It is organized by topic, subtopic, section, and paragraph, each of which is identified by a numerical designation. All accounting references herein have been updated with ASC references.

Effective January 1, 2010, the Company adopted ASC Topic 810, *Consolidation* (“ASC Topic 810”). This statement changes how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The determination of whether a company is required to consolidate an entity is based on, among other things, an entity’s purpose and design and a company’s ability to direct the activities of the entity that most significantly impacts the entity’s economic performance. The adoption of ASC Topic 810 did not have a material impact on the Company’s unaudited interim condensed consolidated financial statements.

In October 2009, the FASB issued ASC Subtopic 605-25, *Revenue Recognition – Multiple-Element Arrangements* (“ASC Subtopic 605-25”). This statement is an amendment to the accounting standards related to the accounting for revenue in arrangements with multiple deliverables including how the arrangement consideration is allocated among delivered and undelivered items of the arrangement. Among the amendments, this standard eliminates the use of the residual method for allocating arrangement consideration and requires an entity to allocate the overall consideration to each deliverable based on an estimated selling price of each individual deliverable in the arrangement in the absence of having vendor-specific objective evidence or other third party evidence of fair value of the undelivered items. This standard also provides further guidance on how to determine a separate unit of accounting in a multiple-deliverable revenue arrangement and expands the disclosure requirements about the judgments made in applying the estimated selling price method and how those judgments affect the timing or amount of revenue recognition. This standard is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. The Company is currently evaluating the impact of ASC Subtopic 605-25 on its financial statements; however, management does not believe that it will have a material impact.

In October 2009, the FASB issued an amendment to ASC Subtopic 985-605. This standard clarifies the existing accounting guidance such that tangible products that contain both software and non-software components that function together to deliver the product’s essential functionality, shall be excluded from the scope of the software revenue recognition accounting standards. Accordingly, sales of these products may fall within the scope of other revenue recognition accounting standards or may now be within the scope of this standard and may require an allocation of the arrangement consideration for each element of the arrangement. This standard is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. The Company is currently evaluating the impact of ASC Subtopic 985-605 on its financial statements; however, management does not believe that it will have a material impact.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Statements made in this Quarterly Report on Form 10-Q, including without limitation this Management's Discussion and Analysis of Financial Condition and Results of Operations, other than statements of historical information, are forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements may sometimes be identified by such words as "may," "will," "expect," "anticipate," "believe," "estimate" and "continue" or similar words. We believe that it is important to communicate our future expectations to investors. However, these forward-looking statements involve many risks and uncertainties. Our actual results could differ materially from those indicated in such forward-looking statements as a result of certain factors, including but not limited to, those set forth under Risk Factors in our Annual Report on Form 10-K previously filed with the Securities and Exchange Commission ("SEC") and elsewhere in this Quarterly Report on Form 10-Q. We are under no duty to update any of the forward-looking statements after the date of this Quarterly Report on Form 10-Q to conform these statements to actual results.

Overview

We are an information technology consulting firm serving Forbes Global 2000 and other large enterprise companies with a primary focus on the United States. We help our clients gain competitive advantage by using Internet-based technologies to make their businesses more responsive to market opportunities and threats, strengthen relationships with their customers, suppliers and partners, improve productivity, and reduce information technology costs. We design, build and deliver business-driven technology solutions using third-party software products. Our solutions include custom applications, portals and collaboration, eCommerce, customer relationship management, enterprise content management, business intelligence, business integration, mobile technology, technology platform implementations, and service oriented architectures. Our solutions enable our clients to operate a real-time enterprise that dynamically adapts business processes and the systems that support them to meet the changing demands of an increasingly global, Internet-driven and competitive marketplace.

Services Revenues

Services revenues are derived from professional services that include developing, implementing, integrating, automating and extending business processes, technology infrastructure, and software applications. Most of our projects are performed on a time and materials basis, while a smaller portion of our revenues are derived from projects performed on a fixed fee basis. Fixed fee engagements represented approximately 13% of our services revenues for the three months ended March 31, 2010 compared to 11% for the three months ended March 31, 2009. For time and material projects, revenues are recognized and billed by multiplying the number of hours our professionals expend in the performance of the project by the established billing rates. For fixed fee projects, revenues are generally recognized using the input method based on the ratio of hours expended to total estimated hours. Amounts invoiced and collected in excess of revenues recognized are classified as deferred revenues. On most projects, we are also reimbursed for out-of-pocket expenses such as airfare, lodging and meals. These reimbursements are included as a component of revenues. The aggregate amount of reimbursed expenses will fluctuate depending on the location of our customers, the total number of our projects that require travel and whether our arrangements with our clients provide for the reimbursement of travel and other project related expenses.

Software and Hardware Revenues

Software and hardware revenues are derived from sales of third-party software and hardware. Revenues from sales of third-party software and hardware are generally recorded on a gross basis provided we act as a principal in the transaction. On rare occasions, we do not meet the requirements to be considered a principal in the transaction and act as an agent. In these cases, revenues are recorded on a net basis. Software and hardware revenues are expected to fluctuate depending on our customers' demand for these products.

If we enter into contracts for the sale of services and software or hardware, management evaluates whether the services are essential to the functionality of the software or hardware and whether objective fair value evidence exists for each deliverable in the transaction. If management concludes the services to be provided are not essential to the functionality of the software or hardware and can determine objective fair value evidence exists for each deliverable of the transaction, then we account for each deliverable in the transaction separately, based on the relevant revenue recognition policies. Generally, all deliverables of our multiple element arrangements meet these separation criteria.

Cost of revenues

Cost of revenues consists primarily of cash and non-cash compensation and benefits, including bonuses and non-cash compensation related to equity awards, associated with our technology professionals. Cost of revenues also includes the costs associated with subcontractors. Third-party software and hardware costs, reimbursable expenses and other unreimbursed project related expenses are also included in cost of revenues. Project related expenses will fluctuate generally depending on outside factors including the cost and frequency of travel and the location of our customers. Cost of revenues does not include depreciation of assets used in the production of revenues which are primarily personal computers, servers and other information technology related equipment.

Gross Margins

Our gross margins for services are affected by the utilization rates of our professionals (defined as the percentage of our professionals' time billed to customers divided by the total available hours in the respective period), the salaries we pay our consulting professionals and the average billing rate we receive from our customers. If a project ends earlier than scheduled, we retain professionals in advance of receiving project assignments, or if demand for our services declines, our utilization rate will decline and adversely affect our gross margins. Gross margin percentages of third-party software and hardware sales are typically lower than gross margin percentages for services, and the mix of services and software and hardware for a particular period can significantly impact our total combined gross margin percentage for such period. In addition, gross margin for software and hardware sales can fluctuate due to pricing and other competitive pressures.

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A") are primarily composed of sales related costs, general and administrative salaries, office costs, stock compensation expense, bad debts, and other miscellaneous expenses. We work to minimize selling costs by focusing on repeat business with existing customers and by accessing sales leads generated by our software vendors, most notably IBM, Oracle and Microsoft, whose products we use to design and implement solutions for our clients. These relationships enable us to reduce our selling costs and sales cycle times and increase win rates through leveraging our partners' marketing efforts and endorsements.

Plans for Growth and Acquisitions

Our goal is to continue to build one of the leading independent information technology consulting firms in North America by expanding our relationships with existing and new clients and through the resumption of our disciplined acquisition strategy. Our future growth plan includes expanding our business with a primary focus on the United States, both organically and through acquisitions. Given the economic conditions during 2008 and 2009, we suspended acquisition activity pending improved visibility into the health of the economy. With the expected return to growth in 2010, we have resumed our disciplined acquisition strategy as evidenced by our acquisition of Kerdock Consulting, LLC ("Kerdock") on March 26, 2010. We also intend to further leverage our existing offshore capabilities to support our future growth and provide our clients flexible options for project delivery.

Results of Operations

Three months ended March 31, 2010 compared to three months ended March 31, 2009

Revenues. Total revenues decreased 5% to \$48.9 million for the three months ended March 31, 2010 from \$51.3 million for the three months ended March 31, 2009. Services revenues decreased 5% to \$42.7 million for the three months ended March 31, 2010 from \$45.0 million for the three months ended March 31, 2009. Revenue has begun to level out but continues to be challenging due to the slow recovery of demand in the information technology industry. Revenue increased sequentially by 3% or \$1.5 million, however, in the first quarter of 2010 compared to the fourth quarter of 2009.

Software and hardware revenues increased 4% to \$4.1 million for the three months ended March 31, 2010 from \$3.9 million for the three months ended March 31, 2009 due mainly to an overall increase in demand for software and hardware. Reimbursable expenses decreased 9% to \$2.2 million for the three months ended March 31, 2010 from \$2.4 million for the three months ended March 31, 2009 as a result of the decline in services revenue. We do not realize any profit on reimbursable expenses.

Cost of Revenues. Cost of revenues decreased 6% to \$35.5 million for the three months ended March 31, 2010 from \$38.0 million for the three months ended March 31, 2009. The decrease in cost of revenues is related to the decrease in revenues and management's efforts in managing cost structures, primarily headcount. The average number of professionals performing services, including subcontractors, decreased to 1,010 for the three months ended March 31, 2010 from 1,078 for the three months ended March 31, 2009.

Costs associated with software and hardware sales increased 2% to \$3.7 million for the three months ended March 31, 2010 from \$3.6 million for the three months ended March 31, 2009, which directly relates to the increase in software and hardware revenues as discussed above.

Gross Margin. Gross margin increased slightly to \$13.4 million for the three months ended March 31, 2010 from \$13.3 million for the three months ended March 31, 2009. Gross margin as a percentage of revenues increased to 27.4% for the three months ended March 31, 2010 from 26.0% for the three months ended March 31, 2009 due to increases in services and software and hardware gross margin. Services gross margin, excluding reimbursable expenses, increased to 30.5% or \$13.0 million for the three months ended March 31, 2010 from 29.0% or \$13.0 million for the three months ended March 31, 2009. The increase in services gross margin is primarily a result of higher utilization and management's efforts to manage headcount. The average utilization rate of our professionals, excluding subcontractors, increased to 83% for the three months ended March 31, 2010 compared to 75% for the three months ended March 31, 2009. The average bill rate for our professionals, excluding subcontractors, decreased to \$105 per hour for the three months ended March 31, 2010 from \$108 per hour for the three months ended March 31, 2009, primarily due to competition in the marketplace and increased usage of China offshore resources. The average bill rate for the three months ended March 31, 2010 excluding China was \$116 per hour compared to \$117 per hour for the three months ended March 31, 2009. Software and hardware gross margin increased to 9.6% or \$0.4 million for the three months ended March 31, 2010 from 8.0% or \$0.3 million for the three months ended March 31, 2009. Software and hardware gross margin increased primarily due to an increase in higher margin hardware sales during the three months ended March 31, 2010.

Selling, General and Administrative. SG&A expenses decreased slightly to \$10.4 million for the three months ended March 31, 2010 from \$10.5 million for the three months ended March 31, 2009. SG&A expenses, as a percentage of revenues, increased to 21.2% for the three months ended March 31, 2010 from 20.5% for the three months ended March 31, 2009. Bad debt and stock compensation increased as a percentage of revenues while general and administrative salaries decreased as a percentage of revenues compared to the prior year comparable period. Net bad debt recoveries of \$0.2 million in the three months ended March 31, 2009 caused the slight increase in bad debt expense as a percentage of revenue period over period.

Depreciation. Depreciation expense decreased 69% to \$0.1 million for the three months ended March 31, 2010 from \$0.4 million for the three months ended March 31, 2009. The decrease in depreciation expense is mainly attributable to various assets becoming fully depreciated during 2009 and the modification of the estimated useful life of computer hardware in first quarter of 2010 based on completion of a useful life study. Depreciation expense as a percentage of revenues was 0.3% and 0.9% for the three months ended March 31, 2010 and 2009, respectively.

Amortization. Amortization expense decreased 15% to \$0.9 million for the three months ended March 31, 2010 from \$1.1 million for the three months ended March 31, 2009. The decrease in amortization expense reflects the completion of the amortization of certain acquired intangible assets during 2009 and the first quarter of 2010.

Acquisition Costs. Acquisition-related costs of \$0.4 million were incurred during the first quarter of 2010 related to the acquisition of Kerdock. Acquisition-related costs were incurred for legal, accounting and valuation services performed by third parties.

Net Interest Income. We had interest income of \$29,000, net of interest expense, for the three months ended March 31, 2010, compared to interest income of \$98,000, net of interest expense, for the three months ended March 31, 2009. Net interest income for the three months ended March 31, 2010 was lower than the comparable prior year quarter due to earning lower average interest rates on our outstanding balances. Also, net interest income in 2009 included interest received on the outstanding balance of a client note receivable.

Net Other Income. We had other income of \$4,000, net of other expense, for the three months ended March 31, 2010, compared to other income of \$176,000, net of other expense, for the three months ended March 31, 2009. Net other income during the first quarter of 2009 was related to government incentives received by our China operations.

Provision for Income Taxes. We provide for federal, state and foreign income taxes at the applicable statutory rates adjusted for non-deductible expenses. Our effective tax rate increased to 44.9% for the three months ended March 31, 2010 from 39.6% for the three months ended March 31, 2009 due mainly to an increase in projected non-deductible executive compensation.

Liquidity and Capital Resources

Selected measures of liquidity and capital resources are as follows (in millions):

| | As of March 31, 2010 | As of December 31, 2009 |
|---|----------------------------|-------------------------------|
| Cash, cash equivalents and investments | \$ 30.3 | \$ 28.0 |
| Working capital (including cash and cash equivalents) | \$ 46.4 | \$ 50.2 |
| Amounts available under credit facilities | \$ 50.0 | \$ 50.0 |

Net Cash Provided By Operating Activities

Net cash provided by operating activities for the three months ended March 31, 2010 was \$4.6 million compared to \$4.4 million for the three months ended March 31, 2009. For the three months ended March 31, 2010, the primary components of operating cash flows were net income of \$0.9 million plus non-cash charges of \$3.5 million and net working capital reductions of \$0.2 million. The primary components of operating cash flows for the three months ended March 31, 2009 were net income of \$0.9 million plus non-cash charges of \$4.3 million, partially offset by investments in working capital of \$0.8 million. Our days sales outstanding as of March 31, 2010 decreased to 65 days from 73 days at March 31, 2009.

Net Cash Used In Investing Activities

During the three months ended March 31, 2010, we used \$2.9 million to purchase investments, \$1.5 million for the purchase of Kerdock and \$0.2 million to purchase equipment and develop certain software. During the three months ended March 31, 2009, we used \$0.2 million to purchase equipment, develop certain software and pay certain acquisition-related costs.

Net Cash Used In Financing Activities

During the three months ended March 31, 2010, we received proceeds of \$0.2 million from exercises of stock options and sales of stock through our Employee Stock Purchase Plan and we realized a tax benefit of \$0.3 million related to vesting of stock awards and stock option exercises. We used \$1.0 million to repurchase shares of our common stock through the stock repurchase program. For the three months ended March 31, 2009, we received proceeds of \$0.2 million from exercises of stock options and sales of stock through our Employee Stock Purchase Plan and we realized a tax benefit of \$0.3 million related to vesting of stock awards and stock option exercises. We used \$2.8 million to repurchase shares of our common stock through the stock repurchase program.

Availability of Funds from Bank Line of Credit Facility

In May 2008, we entered into a Credit Agreement (the "Credit Agreement") with Silicon Valley Bank ("SVB") and KeyBank National Association ("KeyBank"). The Credit Agreement provides for revolving credit borrowings up to a maximum principal amount of \$50 million, subject to a commitment increase of \$25 million. The Credit Agreement also allows for the issuance of letters of credit in the aggregate amount of up to \$500,000 at any one time; outstanding letters of credit reduce the credit available for revolving credit borrowings. Substantially all of our assets are pledged to secure the credit facility. In July 2009, U.S. Bank National Association assumed \$10 million of KeyBank's commitment. In March 2010, Bank of America, N.A. assumed the remaining \$15 million of KeyBank's commitment.

All outstanding amounts owed under the Credit Agreement become due and payable no later than the final maturity date of May 30, 2012. Borrowings under the credit facility bear interest at our option of SVB's prime rate (4.00% on March 31, 2010) plus a margin ranging from 0.00% to 0.50% or one-month LIBOR (0.25% on March 31, 2010) plus a margin ranging from 2.50% to 3.00%. The additional margin amount is dependent on the amount of outstanding borrowings. As of March 31, 2010, we had \$50 million of maximum borrowing capacity. We will incur an annual commitment fee of 0.30% on the unused portion of the line of credit.

As of March 31, 2010, we were in compliance with all covenants under our credit facility and we expect to be in compliance during the next twelve months.

Stock Repurchase Program

In 2008, our Board of Directors authorized the repurchase of up to \$20.0 million of our common stock. In 2009, the Board of Directors authorized the repurchase of up to an additional \$20.0 million of our common stock for a total repurchase program of \$40.0 million. The program expires on June 30, 2011.

We established a written trading plan in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934 (the "Exchange Act"), under which we made a portion of our stock repurchases. Additional repurchases will be at times and in amounts as we deem appropriate and will be made through open market transactions in compliance with Rule 10b-18 of the Exchange Act, subject to market conditions, applicable legal requirements and other factors.

Since the program's inception in 2008, we have repurchased approximately 4.7 million shares of our outstanding common stock through March 31, 2010 for a total cost of approximately \$28.5 million.

Lease Obligations

There were no material changes outside the ordinary course of our business in lease obligations or other contractual obligations in the first three months of 2010.

Shelf Registration Statement

In July 2008, we filed a shelf registration statement with the SEC to allow for offers and sales of our common stock from time to time. Approximately four million shares of common stock may be sold under this registration statement if we choose to do so. The shelf registration will expire in July 2011.

Conclusion

We believe that the currently available funds, access to capital from our credit facility and cash flows generated from operations will be sufficient to meet our working capital requirements and other capital needs for the next twelve months.

Critical Accounting Policies

Our accounting policies are fully described in Note 2, *Summary of Significant Accounting Policies*, to our Consolidated Financial Statements in our 2009 Annual Report on Form 10-K. We believe our most critical accounting policies include revenue recognition, accounting for goodwill and intangible assets, purchase accounting, accounting for stock-based compensation, and income taxes.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Exchange Rate Sensitivity

We are exposed to market risks associated with changes in foreign currency exchange rates because we generate a portion of our revenues and incur a portion of our expenses in currencies other than the U.S. dollar. As of March 31, 2010, we were exposed to changes in exchange rates between the U.S. dollar and the Canadian dollar, between the U.S. dollar and the Chinese Yuan, and between the U.S. dollar and the Indian Rupee. We have not hedged foreign currency exposures related to transactions denominated in currencies other than U.S. dollars. Our exposure to foreign currency risk is not significant.

Interest Rate Sensitivity

We had unrestricted cash, cash equivalents and investments totaling \$30.3 million and \$28.0 million at March 31, 2010 and December 31, 2009, respectively. The cash equivalents consist of money market funds and the investments consist of corporate bonds, certificates of deposit, U.S. treasury bills and U.S. agency bonds, which are subject to market risk due to changes in interest rates. Fixed interest rate securities may have their market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. We believe that we do not have any material exposure to changes in the market value of our investment portfolio as a result of changes in interest rates. Declines in interest rates, however, will reduce future interest income.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our management, with the participation of our principal executive officer and principal financial officer, concluded that these disclosure controls and procedures were effective.

There was no change in our internal control over financial reporting as defined in Exchange Act Rule 13a-15(f) during the three months ended March 31, 2010, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

In evaluating all forward-looking statements, you should specifically consider various risk factors that may cause actual results to vary from those contained in the forward-looking statements. Our risk factors are included in our Annual Report on Form 10-K for the year ended December 31, 2009, as filed with the SEC on March 4, 2010 and available at www.sec.gov. There have been no material changes to these risk factors since the filing of our Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Securities

On March 26, 2010, we acquired substantially all of the assets of Kerdock Consulting, LLC ("Kerdock"). As part of the initial purchase price paid in this acquisition, we issued unregistered shares of our common stock. The aggregate initial purchase price paid in this transaction was approximately \$3 million, which consisted of approximately \$1.5 million in cash and 133,571 unregistered shares of our common stock. We relied on Section 4(2) of the Securities Act of 1933, as amended, as the basis for exemption from registration. These shares were issued to Kerdock in a privately negotiated transaction and not pursuant to a public solicitation.

Issuer Purchases of Securities

In 2008, our Board of Directors approved a share repurchase authority of up to \$20.0 million. In 2009, our Board of Directors approved an additional share repurchase authority of up to \$20.0 million for a total repurchase program of \$40.0 million. The repurchase program expires June 30, 2011. While it is not our intention, the program could be suspended or discontinued at any time, based on market, economic or business conditions. The timing and amount of repurchase transactions will be determined by our management based on its evaluation of market conditions, share price and other factors.

Since the program's inception in 2008, we have repurchased approximately \$28.5 million of our outstanding common stock through March 31, 2010.

| Period | Total Number of Shares Purchased | Average Price Paid Per Share (1) | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| Beginning Balance as of December 31, 2009 | 4,538,520 | 6.07 | 4,538,520 | \$ 12,471,648 |
| January 1-31, 2010 | 115,704 | 8.73 | 115,704 | \$ 11,462,238 |
| February 1-28, 2010 | -- | -- | -- | \$ 11,462,238 |
| March 1-31, 2010 | -- | -- | -- | \$ 11,462,238 |
| Ending Balance as of March 31, 2010 | 4,654,224 | 6.13 | 4,654,224 | |

(1) Average price paid per share includes commission.

Item 6. Exhibits

The exhibits filed as part of this Report on Form 10-Q are listed in the Exhibit Index immediately preceding the exhibits.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PERFICIENT, INC.

Date: May 6, 2010

By: /s/ Jeffrey S. Davis
Jeffrey S. Davis
Chief Executive Officer (*Principal Executive Officer*)

Date: May 6, 2010

By: /s/ Paul E. Martin
Paul E. Martin
Chief Financial Officer (*Principal Financial Officer*)

Date: May 6, 2010

By: /s/ Richard T. Kalbfleish
Richard T. Kalbfleish
Vice President of Finance and Administration (*Principal Accounting Officer*)

EXHIBITS INDEX

| Exhibit Number | Description |
|----------------|--|
| 3.1 | Certificate of Incorporation of Perficient, Inc., previously filed with the Securities and Exchange Commission as an Exhibit to our Registration Statement on Form SB-2 (File No. 333-78337) declared effective on July 28, 1999 by the Securities and Exchange Commission and incorporated herein by reference |
| 3.2 | Certificate of Amendment to Certificate of Incorporation of Perficient, Inc., previously filed with the Securities and Exchange Commission as an Exhibit to our Form 8-A (File No. 000-51167) filed with the Securities and Exchange Commission pursuant to Section 12(g) of the Securities Exchange Act of 1934 on February 15, 2005 and incorporated herein by reference |
| 3.3 | Certificate of Amendment to Certificate of Incorporation of Perficient, Inc., previously filed with the Securities and Exchange Commission as an Exhibit to our Registration Statement on form S-8 (File No. 333-130624) filed on December 22, 2005 and incorporated herein by reference |
| 3.4 | Bylaws of Perficient, Inc., previously filed with the Securities and Exchange Commission as an Exhibit to our current Report on Form 8-K (File No. 001-15169) filed November 9, 2007 and incorporated herein by reference |
| 4.1 | Specimen Certificate for shares of Perficient, Inc. common stock, previously filed with the Securities and Exchange Commission as an Exhibit to our Quarterly Report on Form 10-Q (File No. 001-15169) filed May 7, 2009 and incorporated herein by reference |
| 4.2 | Form of Common Stock Purchase Warrant, previously filed with the Securities and Exchange Commission as an Exhibit to our Current Report on Form 8-K (File No. 001-15169) filed on January 17, 2002 and incorporated herein by reference |
| 10.1† | Perficient, Inc. Amended and Restated 1999 Stock Option/Stock Issuance Plan, previously filed with the Securities and Exchange Commission as an Exhibit to our annual report on Form 10-K for the year ended December 31, 2005 and incorporated by reference herein |
| 10.2† | Perficient, Inc. 2009 Long-Term Incentive Plan, as amended, previously filed with the Securities and Exchange Commission as an Exhibit to our current report on Form 8-K filed February 25, 2010 and incorporated herein by reference |
| 10.3†* | Employment agreement between Perficient, Inc. and Paul E. Martin dated and effective as of May 5, 2010 |
| 10.4†* | Form of Restricted Stock Award Agreement |
| 31.1* | Certification by the Chief Executive Officer of Perficient, Inc. as required by Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2* | Certification by the Chief Financial Officer of Perficient, Inc. as required by Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1** | Certification by the Chief Executive Officer and Chief Financial Officer of Perficient, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| † | Identifies an Exhibit that consists of or includes a management contract or compensatory plan or arrangement. |
| * | Filed herewith. |
| ** | Included but not to be considered “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section. |

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is entered into effective as of May 5, 2010, between Perficient, Inc. a Delaware corporation (the "Company"), and Paul E. Martin ("Employee").

WITNESSETH:

WHEREAS, the Company desires that Employee continue to be employed by the Company, and render services to the Company, and Employee is willing to be so employed and to render such services to the Company, all upon the terms and subject to the conditions contained herein in consideration for, among other things, the Company's agreement to provide Employee with Confidential Information pursuant to the terms of this Agreement, and Employee's receipt of Confidential Information pursuant to a relationship of trust and confidence and under conditions of confidentiality and non use and non disclosure.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **EMPLOYMENT.** Subject to and upon the terms and conditions contained in this Agreement, the Company hereby agrees to continue to employ Employee and Employee agrees to continue in the employ of the Company, for the period set forth in paragraph 2 hereof, to render to the Company, its affiliates and/or subsidiaries the services described in paragraph 3 hereof.

2. **TERM.** Employee's employment under this Agreement shall commence as of the date hereof and continue through December 31, 2011 unless extended in writing by mutual agreement of the parties or earlier terminated pursuant to the terms and conditions set forth herein (the "Employment Term").

3. **DUTIES.**

(a) Employee shall serve as the Chief Financial Officer of the Company, reporting directly to the Chief Executive Officer of the Company (the "CEO"). Employee shall perform all duties and services incident to the positions held by him.

(b) Employee agrees to abide by all By-laws and policies of the Company promulgated from time to time by the Company.

4. **BEST EFFORTS.** Employee agrees to devote his full business time and attention, as well as his best efforts, energies and skill, to the discharge of the duties and responsibilities attributable to his position.

5. **COMPENSATION.**

(a) As compensation for his services and covenants hereunder, Employee shall receive a base salary ("Base Salary"), payable pursuant to the Company's normal payroll procedures in place from time to time, at the rate of \$225,000 per annum, less all necessary and required federal, state and local payroll deductions. The CEO may decide, in his sole discretion, to increase Employee's Base Salary from time to time during the term of this Agreement with the approval of the Board of Directors or its Compensation Committee, in which case any such Base Salary as so adjusted shall thereafter constitute the Base Salary.

(b) For each calendar year, Employee shall be eligible to participate in the Company's annual incentive plan for executives. Under this plan, Employee will be eligible to receive a bonus of up to 80 percent (80%) of his Base Salary (such 80% bonus shall be the "Target Bonus"), less all necessary and required federal, state and local payroll deductions. The criteria for determining the amount of the bonus, and the conditions that must be satisfied to entitle Employee to receive the bonus for any year during the term of this Agreement shall be determined by the CEO in his sole discretion with the approval of the Board of Directors or its Compensation Committee, but in a manner consistent with that used to determine Employee's bonus in prior years. The actual

earned annual cash incentive, if any, payable to Employee for any performance period will depend upon the extent to which the applicable performance goals are achieved and will be decreased or increased for under or over performance. Payment of any incentive or bonus to Employee shall be in accordance with bonus policies established from time to time by the Company. Such incentive or bonus will be paid not later than the March 15 immediately following the end of the calendar year to which the incentive or bonus relates. The CEO may decide, in his sole discretion, to adjust Employee's Target Bonus during the term of this Agreement with the approval of the Board of Directors or its Compensation Committee, in which case any such Target Bonus as so adjusted shall thereafter constitute the Target Bonus.

6. EXPENSES. Employee shall be reimbursed for business expenses incurred by him which are reasonable and necessary for Employee to perform his duties under this Agreement in accordance with policies established from time to time by the Company. Employee shall receive reimbursement for other expenses consistent with past practice and as approved by the CEO. The reimbursement of any such expense that is includible in gross income for federal income tax purposes shall be paid no later than the end of the calendar year following the calendar year in which the expense was incurred.

7. EMPLOYEE BENEFITS.

(a) During the Employment Term and (subject to the provisions and conditions of subparagraph 9 (e)) any severance period hereunder, Employee shall be entitled to participate in such group term insurance, disability insurance, health and medical insurance benefits and retirement plans or programs as are from time to time generally made available to executive employees of the Company pursuant to the policies of the Company; provided that Employee shall be required to comply with the conditions attendant to coverage by such plans and shall comply with and be entitled to benefits only to the extent former employees are eligible to participate in such arrangements pursuant to the terms of the arrangement, any insurance policy associated therewith and applicable law, and, further, shall be entitled to benefits only in accordance with the terms and conditions of such plans. The Company may withhold from any benefits payable to Employee all federal, state, local and other taxes and amounts as shall be permitted or required to be withheld pursuant to any applicable law, rule or regulation.

(b) Employee shall be entitled to vacation in accordance with the Company's policies as may be established from time to time by the Company for its executive staff, which shall be taken at such time or times as shall be mutually agreed upon with the Company.

8. DEATH AND DISABILITY.

(a) The Employment Term shall terminate on the date of Employee's death, in which event the Company shall, within 30 days of the date of death, pay to his estate, Employee's Base Salary, any unpaid bonus awards (including any bonus award for a plan year that has ended prior to the time employment terminated where the award was scheduled to be paid after the date employment terminated), reimbursable expenses and benefits owing to Employee through the date of Employee's death together with any benefits payable under any life insurance program in which Employee is a participant. Except as otherwise contemplated by this Agreement, Employee's estate will not be entitled to any other compensation upon termination of this Agreement pursuant to this subparagraph 8(a).

(b) The Employment Term shall terminate upon Employee's Disability. For purposes of this Agreement, "Disability" shall mean that Employee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months. For purposes of determining Employee's Disability, the CEO may rely on a determination by the Social Security Administration that Employee is totally disabled or a determination by the Company's disability insurance carrier that Employee has satisfied the above definition of Disability. In case of such termination, Employee shall be entitled to receive his Base Salary, any unpaid bonus awards (including any bonus award for a plan year that has ended prior to the time employment terminated where the award was scheduled to be paid after the date employment terminated), reimbursable expenses and benefits owing to Employee through the date of termination within 30 days of the date of the Company's determination of Employee's Disability, together with any benefits payable under any disability insurance program

in which Employee is a participant. Except as otherwise contemplated by this Agreement, Employee will not be entitled to any other compensation upon termination of his employment pursuant to this subparagraph 8(b).

(c) In no event will the Employee or his estate have the discretion to determine the calendar year of payment.

9. TERMINATION OF EMPLOYMENT.

(a) The Company shall have the right, upon delivery of written notice to the Employee, to terminate the Employee's employment hereunder at any time prior to the expiration of the Employment Term (i) pursuant to a Termination for Cause or (ii) pursuant to a Without Cause Termination. The Employee shall have the right, upon delivery of written notice to the Company, to terminate his employment hereunder at any time prior to the expiration of the Employment Term pursuant to a Constructive Termination or otherwise by providing the Company with not less than 30 days prior written notice.

(b) In the event that the Company terminates the Employee's employment pursuant to a Without Cause Termination, or if the Employee voluntarily terminates his employment pursuant to a Constructive Termination, then the Company shall be obligated to pay Employee: (i) within 30 days of the date of Employee's termination, in a lump-sum, his Base Salary, any unpaid bonus awards (not including any bonus award for a plan year that has ended prior to the time employment terminated where the award was scheduled to be paid after the date employment terminated), reimbursable expenses and benefits owing to Employee through the day on which Employee's employment terminated, and (ii) (subject to the provisions and conditions of subparagraph 9 (e)) 60 days after the date Employee's employment terminates, a severance payment to the Employee in an amount equal to 12 months of Base Salary. Subject to the provisions and conditions of subparagraph 9 (e), Employee shall also be entitled to benefits pursuant to paragraph 7 hereof for the one year period commencing on the date of termination; provided that all stock option grants and/or restricted stock grants that would otherwise vest during the severance period will vest, regardless of the satisfaction of any conditions contained therein, and the rest shall be forfeited. Except as otherwise contemplated by this Agreement, Employee will not be entitled to any other compensation upon termination of this Agreement pursuant to this subparagraph 9(b).

Notwithstanding anything in this Agreement to the contrary (including but not limited to the provisions of paragraph 9 (b) or paragraph 10) if the Employee is a "specified employee," as defined in Code Section 409A and the regulations thereunder, on the date the Employee's employment is terminated, then amounts that constitute nonqualified deferred compensation subject to Code Section 409A that would otherwise have been paid during the six-month period immediately following the date the Employee's employment terminated shall be paid on the first regular payroll date immediately following the six-month anniversary of the date the Employee's employment terminates, with interest on each amount for the period of the delay at the rate of yield on U.S. Treasury Bills with the earliest maturity date that occurs at least six months after such date of termination of employment (as reported in the Wall Street Journal) from the such date of employment termination to the date of actual payment. Reimbursements or payments directly to the service provider for health care expenses incurred during such six month period, plus reimbursements and in kind benefits in an amount up to the applicable dollar limit on elective deferrals to a 401(k) plan under Section 402(g)(1)(B) of the Code (\$16,500 for 2010), and other amounts that do not constitute nonqualified deferred compensation subject to Section 409A, shall not be subject to this six month delay requirement.

(c) In the event that the Company terminates the Employee's employment hereunder due to a Termination for Cause or the Employee voluntarily terminates employment with the Company for any reason (other than a termination of employment by the Employee pursuant to a Constructive Termination), the Employee shall not be entitled to any severance, except that the Company shall be obligated to pay Employee his Base Salary, any unpaid bonus awards (not including any bonus award for a plan year that has ended prior to the time employment terminated where the award was scheduled to be paid after the date employment terminated), reimbursable expenses and benefits owing to Employee through the day on which Employee is terminated in a lump sum payment within 30 days after the date of Employee's termination of employment. Except as otherwise contemplated by this Agreement, Employee will not be entitled to any other compensation upon termination of this Agreement pursuant to this subparagraph 9(c).

(d) For purposes of this Agreement, the following terms have the following meanings:

(i) The term “Termination for Cause” means, to the maximum extent permitted by applicable law, a termination of the Employee’s employment by the Company attributed to (a) the repeated or willful failure of Employee to substantially perform his duties hereunder (other than any such failure due to physical or mental illness) that has not been cured reasonably promptly after a written demand for substantial performance is delivered to Employee by the CEO, which demand identifies the manner in which the CEO believes that Employee has not substantially performed his duties hereunder; (b) conviction of, or entering a plea of guilty or *nolo contendere* to a crime involving moral turpitude or dishonesty or to any other crime that constitutes a felony; (c) Employee’s intentional misconduct, gross negligence or material misrepresentation in the performance of his duties to the Company; or (d) the material breach by Employee of any written covenant or agreement with the Company under this Agreement or otherwise, including, but not limited to, an agreement not to disclose any information pertaining to the Company or not to compete with the Company, including (without limitation) the covenants and agreements contained in paragraph 11 hereof.

(ii) The term “Without Cause Termination” means a termination of the Employee’s employment by the Company other than due to (a) a Termination for Cause, (b) Disability, (c) the Employee’s death, or (d) the expiration of this Agreement (subject to the provisions of paragraph 10 (a)).

(iii) the term “Change in Control” shall mean:

(A) The acquisition by one person, or more than one person acting as a group, of ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company;

(B) The acquisition by one person, or more than one person acting as a group, of ownership of stock of the Company, that together with stock of the Company acquired during the twelve-month period ending on the date of the most recent acquisition by such person or group, constitutes 30% or more of the total voting power of the stock of the Company;

(C) A majority of the members of the Company’s board of directors is replaced during any twelve-month period by directors whose appointment or election is not endorsed by a majority of the members of the Company’s board of directors before the date of the appointment or election;

(D) One person, or more than one person acting as a group, acquires (or has acquired during the twelve-month period ending on the date of the most recent acquisition by such person or group) assets from the Company that have a total gross fair market value (determined without regard to any liabilities associated with such assets) equal to or more than 40% of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisitions.

Persons will not be considered to be acting as a group solely because they purchase or own stock of the same corporation at the same time, or as a result of the same public offering. However, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

This definition of Change in Control shall be interpreted in accordance with, and in a manner that will bring the definition into compliance with, the regulations under Section 409A of the Internal Revenue Code.

(iv) The term “Constructive Termination” means Employee’s voluntary termination of his employment with the Company following (i) a reduction in Employee’s base compensation (including benefits) of more than fifteen percent (15%), (ii) a material reduction of Employee’s performance-based target bonus or other incentive programs except in conjunction with a Change in Control or, in the case of (i) and (ii) except where all officers are affected equally, or (iii) a relocation of Employee’s place of employment by more than 50 miles without Employee’s consent; in each case where the condition is not remedied / corrected by the Company within 30 days after the Employee sends notice to the Company in writing specifying the reason why the Employee

claims there exists grounds for a Constructive Termination, and the Employee sends the notice within one year of discovering the existence of the condition that gives rise to a right to claim a Constructive Termination.

(v) the terms “termination of employment,” or “terminate the Employee’s employment,” (or “termination” or “terminate” when used in the context of Employee’s employment) shall mean a separation from service with the Company and its affiliates as defined in IRS regulations under Section 409A of the Code. An affiliate is any corporation or other business entity that is, along with the Company, a member of a controlled group of businesses, as defined in Code Sections 414(b) and 414(c), provided that the language: “at least 50 percent” shall be used instead of “at least 80 percent” each place it appears in such definition. A corporation or other business entity is an affiliate only while a member of such controlled group.

(e) To be eligible to receive the severance payment described in subparagraph 9 (b)(ii), and the post-termination benefits described in paragraph 7 and subparagraph 9 (b): (i) the Employee must execute and deliver to the Company within 45 days after the date Employee’s employment terminates, a separation agreement (“Separation Agreement”), as described below, in form and substance satisfactory to the Company, and including a general release and waiver of claims, and (ii) all conditions to the effectiveness of the Separation Agreement and the release and waiver granted therein have been satisfied, including but not limited to the expiration of any applicable time period to consider signing the Separation Agreement and the failure to revoke acceptance of the Separation Agreement within seven days after it is signed and delivered to the Company. The Separation Agreement will be in a form and substance satisfactory to the Company, include a release and waiver of all claims the Employee may have against the Company and its subsidiaries, shareholders, successors and affiliates (and each of their respective employees, officers, directors, plans and agents) arising out of or based upon any facts or conduct occurring prior to the date the Separation Agreement is signed, include non disparagement and confidentiality obligations on behalf of the Employee, and include a provision by the Employee reaffirming and agreeing to comply with the terms of this Agreement and any other agreement signed by the Employee in favor of the Company or any of its subsidiaries or affiliates. The release will not include the Employee’s right to enforce any post-employment obligations to the Employee, including obligations of the Company under this Agreement, and any right to indemnification in the Employee’s capacity as an officer, director or employee of the Company and its affiliates. The Separation Agreement will be prepared by the Company and provided to the Employee at the time the Employee’s employment is terminated or as soon as administratively practicable thereafter, not to exceed seven days after the date employment terminates. The conditions to payment set out in this subparagraph 9 (e) shall not be required if the Company fails to provide some form of separation agreement to the Employee within seven days after employment terminates. The Company will have no obligations to make the severance payment specified in subparagraph 9 (b)(ii) or provide the post-termination benefits specified in subparagraph 9 (b) or paragraph 7, if the Employee does not sign and deliver the Separation Agreement to the Company within 45 days of its delivery to the Employee, or revokes acceptance of the Separation Agreement within a period of seven days after delivery of the signed Separation Agreement to the Company.

(f) In no event will the Employee have the discretion to determine the calendar year of payment.

10. CHANGE IN CONTROL - TERMINATION OF EMPLOYMENT AND COMPENSATION IN EVENT OF TERMINATION.

(a) Upon the occurrence of a Corporate Transaction (as defined in the Restricted Stock Award Agreement (“Restricted Stock Agreement”) between Employee and the Company), 50% of all unvested stock option grants and/or restricted stock grants previously awarded to Employee shall immediately vest, regardless of the satisfaction of any conditions contained therein. In addition, if the Company (or any successor thereto) terminates Employee’s employment with the Company pursuant to a Without Cause Termination in connection with or within one year following a Change in Control, then all stock option grants and/or restricted stock grants previously awarded to Employee which are not yet vested shall immediately vest, and (subject to the provisions and conditions of subparagraph 9 (e)) the Employee shall be entitled to all other payments and benefits set forth in subparagraph 9 (b). For purposes of this paragraph 10(a), a termination of Employee’s employment within one year following a Change in Control will constitute a Without Cause Termination even if employment terminates within such one year period but after or due to expiration of the term of this Agreement.

(b) In the event that any part of any payment or benefit received (including, without limitation, granting of and/or acceleration of vesting of stock options and restricted stock) pursuant to the terms of subparagraph 10(a) (the “Change in Control Payments”) would be subject to the Excise Tax determined as provided below, then the Employee may elect, in the sole discretion of the Employee, to receive in-lieu of the amounts payable pursuant to paragraph 10(a) a lesser amount equal to \$100 less than 3.00 times the Employee’s “Annualized Includable Compensation” (within the meaning of Section 280G(d)(1) of the Code) (such amount the “Cut-Back Amount”) by eliminating the accelerated vesting to the extent necessary to reduce the payments and benefits under subparagraph 10(a) to the Cut-Back Amount. Any amounts paid as a result of an election by the Employee pursuant to this subparagraph 10(b) will be in full satisfaction of the amounts otherwise payable to the Employee pursuant to subparagraph 10(a) hereof. For purposes of determining whether any of the Change in Control Payments will be subject to the Excise Tax and the amounts of such Excise Tax; (1) the total amount of the Change in Control Payments shall be treated as “parachute payments” within the meaning of Section 280G(b)(2) of the Code, and all “excess parachute payments” within the meaning of Section 280G(b)(1) of the Code shall be treated as subject to Excise Tax, except to the extent that, in the opinion of independent counsel selected by the Company and reasonably acceptable to the Employee (“Independent Counsel”), a Change in Control Payment (in whole or in part) does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code, or such “excess parachute payments” (in whole or in part) are not subject to the Excise Tax, (2) the amount of the Change in Control Payments that shall be treated as subject to the Excise Tax shall be equal to the lesser of (A) the total amount of the Change in Control Payments or (B) the amount of “excess parachute payments” within the meaning of Section 280G(b)(1) of the Code (after applying clause (1) hereof), and (3) the value of any noncash benefits or any deferred payment or benefit shall be determined by Independent Counsel in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

(c) In the event of any change in, or further interpretation of, Sections 280G or 4999 of the Code and the regulations promulgated thereunder, the Employee shall be entitled, by written notice to the Company, to request an opinion of Independent Counsel regarding the application of such change or interpretation to any of the foregoing, and the Company shall use its best efforts to cause such opinion to be rendered as promptly as practicable. Any fees and expenses of Independent Counsel incurred in connection with this Agreement shall be borne by the Employee.

11. DISCLOSURE OF TRADE SECRETS AND OTHER PROPRIETARY INFORMATION; RESTRICTIVE COVENANTS.

(a) Employee acknowledges that he is bound by and will continue to comply with the terms of the Company’s Confidentiality and Intellectual Property Agreement (“Confidentiality Agreement”). The Company will provide Employee with valuable confidential information belonging to the Company or its subsidiaries or its affiliates above and beyond any confidential information previously received by Employee and will associate Employee with the goodwill of the Company or its subsidiaries or its affiliates above and beyond any prior association of Employee with that goodwill. In return, Employee promises never to disclose or misuse such confidential information and never to misuse such goodwill. To enforce Employee’s promises in this regard, Employee agrees to comply with the provisions of this paragraph 11 and the provisions of the Confidentiality Agreement.

(b) Employee will not, during the Employment Term, directly or indirectly, as an employee, employer, consultant, agent, principal, partner, manager, stockholder, officer, director, or in any other individual or representative capacity, engage in or participate in any other business that is competitive with the business of providing information technology software consulting services. The ownership by Employee of 5% or less of the issued and outstanding shares of a class of securities which is traded on a national securities exchange or in the over-the-counter market, shall not cause Employee to be deemed a stockholder under this subparagraph 11(b) or constitute a breach of this subparagraph 11(b).

(c) Employee will not, during the Employment Term and for a period of 60 months thereafter, directly or indirectly, work in the United States as an employee, employer, consultant, agent, principal, partner, manager, stockholder, officer, director, or in any other individual or representative capacity for any person or entity who is competitive with the business of providing information technology software consulting services. The ownership by Employee of 5% or less of the issued and outstanding shares of a class of securities which is

traded on a national securities exchange or in the over-the-counter market, shall not cause Employee to be deemed a stockholder under this subparagraph 11(c) or constitute a breach of this subparagraph 11(c).

(d) Employee will not, during the Employment Term and for a period of 60 months thereafter, on his behalf or on behalf of any other business enterprise, directly or indirectly, under any circumstance other than at the direction and for the benefit of the Company, (i) solicit for employment or hire any person employed by the Company or any of its subsidiaries, or (ii) call on, solicit, or take away any person or entity who was a customer of the Company or any of its subsidiaries or affiliates during Employee's employment with the Company, in either case for a business that is competitive with the business of providing information technology software consulting services.

(e) It is expressly agreed by Employee that the nature and scope of each of the provisions set forth above in this paragraph 11 are reasonable and necessary. If, for any reason, any aspect of the above provisions as it applies to Employee is determined by a court of competent jurisdiction to be unreasonable or unenforceable under applicable law, the provisions shall be modified to the extent required to make the provisions enforceable. Employee acknowledges and agrees that his services are of unique character and expressly grants to the Company or any subsidiary or affiliate of the Company or any successor of any of them, the right to enforce the above provisions through the use of all remedies available at law or in equity, including, but not limited to, injunctive relief.

12. COMPANY PROPERTY.

(a) Any patents, inventions, discoveries, applications or processes designed, devised, planned, applied, created, discovered or invented by Employee during the Employment Term, regardless of when reduced to writing or practice, which pertain to any aspect of the Company's or its subsidiaries' or affiliates' business as described above shall be the sole and absolute property of the Company, and Employee shall promptly report the same to the Company and promptly execute any and all documents that may from time to time reasonably be requested by the Company to assure the Company the full and complete ownership thereof.

(b) All records, files, lists, including computer generated lists, drawings, documents, equipment and similar items relating to the Company's business which Employee shall prepare or receive from the Company shall remain the Company's sole and exclusive property. Upon termination of this Agreement, Employee shall promptly return to the Company all property of the Company in his possession. Employee further represents that he will not copy or cause to be copied, print out or cause to be printed out any software, documents or other materials originating with or belonging to the Company. Employee additionally represents that, upon termination of his employment with the Company, he will not retain in his possession any such software, documents or other materials.

13. **EQUITABLE RELIEF.** It is mutually understood and agreed that Employee's services are special, unique, unusual, extraordinary and of an intellectual character giving them a peculiar value, the loss of which cannot be reasonably or adequately compensated in damages in an action at law. Accordingly, in the event of any breach of this Agreement by Employee, including, but not limited to, the breach of any of the provisions of paragraphs 11 or 12 hereof, the Company shall be entitled to equitable relief by way of injunction or otherwise in addition to any damages which the Company may be entitled to recover.

14. **CONSENT TO JURISDICTION AND VENUE.** The Employee hereby consents and agrees that state courts located in St. Louis County, Missouri and the United States District Court for the Eastern District of Missouri each shall have personal jurisdiction and proper venue with respect to any dispute between the Employee and the Company. In any dispute with the Company, the Employee will not raise, and hereby expressly waives, any objection or defense to any such jurisdiction as an inconvenient forum.

15. **NOTICE.** Except as otherwise expressly provided, any notice, request, demand or other communication permitted or required to be given under this Agreement shall be in writing, shall be sent by one of the following means to the Employee at his address set forth on the signature page of this Agreement and to the Company at 520 Maryville Centre Drive, Suite 400, St. Louis, Missouri 63141, Attention: Chief Executive Officer (or to such other address as shall be designated hereunder by notice to the other parties and persons receiving copies, effective upon actual receipt), and shall be deemed conclusively to have been given: (a) on the first business day

following the day timely deposited with Federal Express (or other equivalent national overnight courier) or United States Express Mail, with the cost of delivery prepaid or for the account of the sender; (b) on the fifth business day following the day duly sent by certified or registered United States mail, postage prepaid and return receipt requested; or (c) when otherwise actually received by the addressee on a business day (or on the next business day if received after the close of normal business hours or on any non-business day).

16. **INTERPRETATION; HEADINGS.** The parties acknowledge and agree that the terms and provisions of this Agreement have been negotiated, shall be construed fairly as to all parties hereto, and shall not be construed in favor of or against any party. The paragraph headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

17. **SUCCESSORS AND ASSIGNS; ASSIGNMENT; INTENDED BENEFICIARIES.** Neither this Agreement, nor any of Employee's rights, powers, duties or obligations hereunder, may be assigned by Employee. This Agreement shall be binding upon and inure to the benefit of Employee and his heirs and legal representatives and the Company and its successors. Successors of the Company shall include, without limitation, any corporation or corporations acquiring, directly or indirectly, all or substantially all of the assets of the Company, whether by merger, consolidation, purchase, lease or otherwise, and such successor shall thereafter be deemed "the Company" for the purpose hereof.

18. **NO WAIVER BY ACTION.** Any waiver or consent from the Company respecting any term or provision of this Agreement or any other aspect of the Employee's conduct or employment shall be effective only in the specific instance and for the specific purpose for which given and shall not be deemed, regardless of frequency given, to be a further or continuing waiver or consent. The failure or delay of the Company at any time or times to require performance of, or to exercise any of its powers, rights or remedies with respect to, any term or provision of this Agreement or any other aspect of the Employee's conduct or employment in no manner (except as otherwise expressly provided herein) shall affect the Company's right at a later time to enforce any such term or provision.

19. **COUNTERPARTS; MISSOURI GOVERNING LAW; AMENDMENTS; ENTIRE AGREEMENT; SURVIVAL OF TERMS.** This Agreement may be executed in two counterpart copies, each of which may be executed by one of the parties hereto, but all of which, when taken together, shall constitute a single agreement binding upon all of the parties hereto. This Agreement and all other aspects of the Employee's employment shall be governed by and construed in accordance with the applicable laws pertaining in the State of Missouri (other than those that would defer to the substantive laws of another jurisdiction). Each and every modification and amendment of this Agreement shall be in writing and signed by the parties hereto, and any waiver of, or consent to any departure from, any term or provision of this Agreement shall be in writing and signed by each affected party hereto. This Agreement, the Confidentiality Agreement, any Award Agreement, and the Restricted Stock Award Agreement between the Company and Employee contain the entire agreement of the parties and supersede all prior representations, agreements and understandings, oral or otherwise, between the parties with respect to the matters contained herein, including but not limited to any written offer letter or letter agreement concerning employment. In the event of any conflict between this Agreement and any Award Agreement, or the Restricted Stock Agreement, the terms of this Agreement shall control. Paragraphs 9 through 13 hereof (and paragraphs 14 through 19 hereof as they may apply to such paragraphs) shall survive the expiration or termination of this Agreement for any reason.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Employment Agreement as of the date first above written.

PERFICIENT, INC.

By: /s/ Jeffrey S. Davis

Name: Jeffrey S. Davis

Title: Chief Executive Officer

/s/ Paul E. Martin

Paul E. Martin, Individually

Address: 520 Maryville Centre Drive, Suite 400

St. Louis, MO 63141

Telephone: (314) 529-3600

PERFICIENT, INC.

2009 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK AWARD AND NON-COMPETITION AGREEMENT

(EMPLOYEE GRANT)

Name

Date of Grant:

Number of Shares:

THIS RESTRICTED STOCK AWARD AND NON-COMPETITION AGREEMENT (this "Agreement") is entered into between Perficient, Inc. a Delaware corporation (the "Corporation"), and [Name] ("Employee" or ""Employee") effective the later of the date this Agreement is signed by the Corporation, and the date it is signed by the Employee, indicated below.

WITNESSETH:

WHEREAS, Employee is employed by the Corporation and/or desires to be employed by the Corporation, in an executive capacity and desires to have access to Confidential Information (defined below) of the Corporation;

WHEREAS, pursuant to the Perficient, Inc. 2009 Long-Term Incentive Plan (the "**Plan**"), which was adopted effective April 24, 2009, the Corporation also has elected to grant Employee an opportunity to receive the aggregate number of Restricted Shares of the Corporation's authorized Common Stock, par value \$0.001 per share, listed above (the "**Award**"), subject to the terms and conditions set forth in this Agreement and the Plan and provided Employee agrees to the terms of this Agreement;

WHEREAS, Employee is willing and desires to receive the Award pursuant to and upon the terms and conditions set out in this Agreement and the Plan and acknowledges receipt of Confidential Information in consideration and exchange for Employee's agreement to maintain confidentiality and not compete with the Corporation as set out in this Agreement;

WHEREAS, a condition to Employee's receipt of the Award, and Employee's receipt of Confidential Information (which Employee acknowledges receiving), is Employee's execution of this Agreement and delivery of the same to the Corporation and in particular Employee's agreement to comply with and abide by the restrictions on competition and solicitation of employees and customers set out in this Agreement;

NOW, THEREFORE, in consideration of the matters referenced above, and in order for Employee to receive the Award (and to induce the Corporation to grant the Award), and to receive access to Confidential Information, the parties agree as follows:

1. Applicability of the Plan; Other Agreements. (a) This Award is granted pursuant to the Perficient, Inc. 2009 Long-Term Incentive Plan (the "**Plan**"), which was adopted effective April 24, 2009, a copy of which has been furnished to Employee and shall be deemed a part of this Agreement as if fully set forth herein. If any provision of this Agreement (other than the provisions of paragraphs 19-22) conflicts with the expressly applicable terms of the Plan, the provisions of the Plan shall control, and, if necessary, the applicable provisions of the Agreement shall be deemed to be amended to comply with the terms of the Plan.

(b) This Agreement sets forth the terms of the agreement between Employee and the Corporation with respect to the Restricted Shares. By accepting this Agreement, Employee agrees to be bound by all of the terms hereof. “Terms” capitalized but not defined herein shall have the meaning set forth in the Plan.

(c) This Agreement is in addition to and not in lieu of, and does not supersede, cancel or replace, (i) any agreement regarding confidentiality, intellectual property, non-competition, or non-solicitation or non-recruitment of customers, consultants or employees previously or subsequently signed by Employee, or (ii) any provisions of an existing agreement regarding any such subjects. Likewise, this Agreement does not alter or amend the terms of any existing agreement between the Corporation and Employee concerning employment, except that such agreement shall not operate to preclude the enforcement, or cancel, the terms of this Agreement, and this Agreement shall be enforceable independent of any such agreement. In case of any conflict between the terms of this Agreement, and the terms of any such agreement concerning employment, the terms of that agreement shall not operate to cancel, supersede or preclude the enforcement of the terms of this Agreement. The terms of any other such agreement shall be construed and enforced without reference to this Agreement unless such agreement references this Agreement specifically or generally.

2. **Definitions.** As used in this Agreement, the following terms have the meanings set forth below:

(a) “**Agreement**” means this Restricted Stock Award Agreement.

(b) “**Award**” has the meaning set forth above in the first recital of this Agreement.

(c) “**Board of Directors**” means the board of directors of the Corporation.

(d) “**Business Day**” means any day other than a Saturday, a Sunday or a day on which banking institutions in the State of Texas are authorized or obligated by law or executive order to close.

(e) “**Committee**” means the Compensation Committee of the Board of Directors.

(f) “**Common Stock**” means the authorized common stock of the Corporation, par value \$.001 per share, as described in the Corporation’s Certificate of Incorporation.

(g) “**Corporation**” means Perficient, Inc., a Delaware corporation.

(h) “**Date of Grant**” means the date designated as such at the beginning of this Agreement.

(i) “**Employee**” means an individual who is in the employ of the Corporation (or any Parent or Subsidiary), subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

(j) “**Exchange Act**” means the Securities Exchange Act of 1934.

(k) **“Fair Market Value”** means (i) with respect to a Share, the last reported sale price of a Share on the date of determination, or on the most recent date on which the Share is traded prior to that date, as reported on the NASDAQ Global Select Market, and (ii) with respect to any other property, the fair market value of such property determined by such methods or procedures as shall be established from time to time by the Committee.

(l) **“Involuntary Termination”** means the termination of Employee’s Service which occurs by reason of:

(i) Employee’s involuntary dismissal or discharge by the Corporation for reasons other than Misconduct, or

(ii) Employee’s voluntary resignation following (A) a change in Employee’s position with the Corporation (or the Parent or the Subsidiary employing Employee) which materially reduces Employee’s duties and responsibilities or the level of management to which Employee reports, (B) a reduction in Employee’s level of compensation (including base salary, fringe benefits and target bonus under any corporate performance-based bonus or incentive programs) by more than fifteen percent (15%), or (C) a relocation of Employee’s place of employment by more than fifty (50) miles, provided that only if such change, reduction or relocation is effected without Employee’s consent.

(m) **“Misconduct”** means the commission of any act of fraud, embezzlement or dishonesty by Employee, any unauthorized use or disclosure by Employee of confidential information or trade secrets of the Corporation (or any Parent or Subsidiary), or any intentional wrongdoing by Employee, whether by omission or commission, which adversely affects the business or affairs of the Corporation (or any Parent or Subsidiary) in a material manner. This shall not limit the grounds for the dismissal or discharge of any person in the Service of the Corporation (or any Parent or Subsidiary).

(n) **“NASDAQ”** means the National Association of Securities Dealers Automated Quotations.

(o) **“Parent”** means any corporation (other than the Corporation) in an unbroken chain of corporations ending with the Corporation, provided each corporation in the unbroken chain (other than the Corporation) owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(p) **“Plan”** has the meaning set forth in the first paragraph of this Agreement.

(q) **“Restricted Shares”** means the shares of Stock subject to the restrictions specified in Paragraph 4 of this Agreement.

(r) **“Service”** means Employee’s performance of services for the Corporation (or any Parent or Subsidiary) in the capacity of an Employee, a non-employee member of the board of directors or a consultant or independent advisor. With respect to the Restricted Shares, the Committee may, in its sole discretion, determine that if Employee are on leave of absence for any reason Employee will be considered to still be in Service to the Corporation.

(s) “**Stock**” means Common Stock, or any other securities that are substituted for Common Stock as provided in this Agreement.

(t) “**Subsidiary**” means any corporation (other than the Corporation) in an unbroken chain of corporations beginning with the Corporation, provided each corporation (other than the last corporation) in the unbroken chain owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

3. Escrow of Restricted Shares. The Corporation shall issue in Employee’s name a certificate or certificates representing the Restricted Shares and retain that certificate or those certificates until the restrictions on such Restricted Shares expire as described in this Agreement or the Restricted Shares are forfeited as contemplated in this Agreement. Employee shall execute one or more stock powers in blank for those certificates and deliver those stock powers to the Corporation. Employee hereby agrees that the Corporation shall hold the certificate or certificates representing the Restricted Shares and the related stock powers pursuant to the terms of this Agreement until such time as such certificate or certificates are either delivered to Employee or canceled pursuant to this Agreement.

4. Ownership of Restricted Shares. From and after the time that a certificate or certificates representing the Restricted Shares has been issued in Employee’s name, Employee will be entitled to all the rights of absolute ownership of the Restricted Shares, including the right to vote those shares, subject, however, to the terms, conditions and restrictions set forth in this Agreement, and except that Employee shall not be entitled to receive dividends with respect to the Restricted Shares that are under restrictions at the time the dividend is to be paid.

5. Restrictions; Forfeiture. The Restricted Shares are restricted in that they may not be sold, transferred or otherwise alienated or hypothecated until such restrictions are removed or expire as described in Paragraph 6 of this Agreement. The Restricted Shares are also restricted in the sense that they may be forfeited to the Corporation. If the Restricted Shares are forfeited as provided in this Agreement, the Corporation shall have the right to deliver the certificate(s) representing the Restricted Shares, along with the stock power(s) described in Paragraph 3 of this Agreement, to the Corporation’s transfer agent for cancellation or, at the Corporation’s election, for transfer to the Corporation to be held by the Corporation in treasury or any designee of the Corporation.

6. Expiration of Restrictions and Risk of Forfeiture. Except as otherwise provided in any employment agreement in effect between Employee and the Corporation, if any, the restrictions on all of the Restricted Shares granted pursuant to this Agreement will expire and become transferable and non-forfeitable according to the schedule set forth in this Paragraph 6; provided, however, that such restrictions will expire on such dates only if Employee has been an employee performing Service continuously since the Date of Grant through the applicable vesting date.

| On or After Each of the Following Vesting Dates | Cumulative Percentage of Shares as to Which the Restricted Shares are Transferable and Non forfeitable |
|---|--|
| 1st Vest Date | 20% |
| 2nd Vest Date | 40% |

| | |
|---------------|------|
| 3rd Vest Date | 60% |
| 4th Vest Date | 80% |
| 5th Vest Date | 100% |

7. Conditions, Termination of Employment and Forfeiture.

(a) Except as otherwise provided in the employment agreement in effect between Employee and the Corporation, if any, if Employee's Service as an employee is terminated for any reason, including Employee's death or disability, then that portion, if any, of this Award for which restrictions have not lapsed as of the date of termination shall become null and void, provided, however, that the portion, if any, of this Award for which restrictions have lapsed as of the date of such termination shall survive such termination.

(b) If at any time prior to the date on which the restrictions and risk of forfeiture on 100% of the Restricted Shares have lapsed, Employee does not have a current and properly executed "Confidentiality and Intellectual Property Assignment Agreement" on file with the Corporation, and Employee does not properly execute a current "Confidentiality and Intellectual Property Assignment Agreement," and return the same to the Corporation within 30 days after being notified by the Corporation of such failure, then the Corporation may, in its discretion and upon action of its Chief Executive Officer or President and Chief Operating Officer, cause the portion of the Award for which restrictions have not lapsed to become null and void and such Restricted Shares shall be forfeited to the Corporation.

8. Adjustment Provisions.

Adjustment of Award. The terms of the Award and the number of Restricted Shares granted hereunder shall be subject to adjustment, from time to time, in accordance with the following provisions:

(a) If at any time or from time to time the Corporation shall subdivide as a whole (by reclassification, by a Stock split, by the issuance of a distribution on Stock payable in Stock, or otherwise) the number of shares of Stock then outstanding into a greater number of shares of Stock, then the number of Restricted Shares granted under the Award shall be increased proportionately.

(b) If at any time or from time to time the Corporation shall consolidate as a whole (by reclassification, reverse Stock split, or otherwise) the number of shares of Stock then outstanding into a lesser number of shares of Stock, the number of Restricted Shares granted under the Award shall be decreased proportionately.

(c) Whenever the number of Restricted Shares subject to the Award is required to be adjusted as provided in this Paragraph 8 the Corporation shall, within thirty (30) days following such adjustment, prepare and give to Employee a notice setting forth, in reasonable detail, the event requiring adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the change in the number of Restricted Shares subject to the Award after giving effect to the adjustment.

(d) Adjustments under Paragraphs 8(a) and (b) shall be made by the Committee, and its determination as to what adjustments shall be made and the extent thereof shall be final, binding and conclusive. No fractional interest shall be issued on account of any such adjustments.

9. Delivery of Certificates of Stock. Promptly following the expiration of the restrictions on the Restricted Shares as contemplated in Paragraph 6 of this Agreement, and subject to Paragraph 10, the Corporation shall cause to be issued and delivered to Employee or Employee's designee a certificate representing the number of Restricted Shares as to which restrictions have lapsed, free of any restrictive legend relating to the lapsed restrictions, upon receipt by the Corporation of any tax withholding as may be requested. The value of such Restricted Shares shall not bear any interest owing to the passage of time.

10. Conditions to Delivery of Stock. Nothing herein shall require the Corporation to issue any shares with respect to the Award if that issuance would, in the opinion of counsel for the Corporation, constitute a violation of the Securities Act of 1933 or any similar or superseding statute or statutes, any other applicable statute or regulation, or the rules of any applicable securities exchange or securities association, as then in effect.

11. Securities Act Legend. Certificates for shares of Stock, when issued, may have the following legend, or statements of other applicable restrictions endorsed thereon and may not be immediately transferable:

THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR ANY STATE SECURITIES LAWS. THE SHARES MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED, TRANSFERRED, OR OTHERWISE DISPOSED OF UNTIL THE HOLDER HEREOF PROVIDES EVIDENCE SATISFACTORY TO THE ISSUER (WHICH, IN THE DISCRETION OF THE ISSUER, MAY INCLUDE AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER) THAT SUCH OFFER, SALE, PLEDGE, TRANSFER, OR OTHER DISPOSITION WILL NOT VIOLATE APPLICABLE FEDERAL OR STATE LAWS.

This legend shall not be required for shares of Stock issued pursuant to an effective registration statement under the Securities Act of 1933.

12. Legend Regarding Restrictions on Transfer. Each certificate representing shares issued to Employee pursuant to this Agreement shall bear the following legend with respect to the restrictions on transferability contained in this Agreement:

THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY IMPOSED BY THAT CERTAIN RESTRICTED STOCK AWARD AND NON-COMPETITION AGREEMENT BETWEEN PERFICIENT, INC. (THE "CORPORATION") AND _____ DATED AS OF _____, AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE ALIENATED OR HYPOTHECATED EXCEPT AS THEREIN PROVIDED. THE CORPORATION WILL FURNISH A COPY OF SUCH AGREEMENT TO THE RECORD HOLDER OF THIS CERTIFICATE WITHOUT CHARGE ON REQUEST TO THE CORPORATION AT ITS PRINCIPAL PLACE OF BUSINESS OR REGISTERED OFFICE.

13. **Rights as a Stockholder.** Employee shall have no right as a stockholder with respect to any Restricted Shares until a certificate representing those shares is issued in Employee's name.

14. **Furnish Information.** Employee agrees to furnish to the Corporation all information requested by the Corporation to enable the Corporation to comply with any reporting or other requirement imposed upon the Corporation by or under any applicable statute or regulation.

15. **Remedies.** If the Corporation incurs legal fees and other expenses to enforce this Agreement and/or seek redress for any violation, Employee promises and agrees to pay all costs, court costs, fees and expenses, including reasonable attorneys fees, incurred by the Corporation to enforce this Agreement whether by an action to enforce specific performance or for damages for Employee's breach or otherwise and/or recover and collect damages for any violation, whether or not litigation is commenced. This is in addition to and not in lieu of any other remedies which the Corporation may have for any violation of this Agreement.

16. **Information Confidential.** As partial consideration for the granting of the Award hereunder, Employee hereby agrees with the Corporation that Employee will keep confidential all information and knowledge that Employee has relating to the terms and conditions of this Agreement; provided, however, that such information may be disclosed as required by law and may be given in confidence to Employee's spouse, tax and financial advisors, or to a financial institution to the extent that such information is necessary to secure a loan. In the event any breach of this promise comes to the attention of the Corporation, it shall take into consideration that breach in determining whether to recommend the grant of any future similar award to Employee, as a factor militating against the advisability of granting any such future award to Employee.

17. **Consideration.** No restriction on the Restricted Shares shall lapse unless and until Employee has performed services for the Corporation or any of its Subsidiaries that the Corporation believes is equal to or greater in value than the par value of the Stock subject to this Award.

18. **Payment of Taxes.** The Corporation may from time to time, in its discretion, require Employee to pay to the Corporation (or a Subsidiary or Parent if Employee is an employee of a Subsidiary or Parent) the amount that the Corporation deems necessary to satisfy the Corporation's or its Parent's or its Subsidiary's current or future obligation to withhold federal, state or local income or other taxes that Employee incurs as a result of the Award. With respect to any required tax withholding, Employee may (a) direct the Corporation to withhold from the shares of Stock to be issued to Employee the number of shares necessary to satisfy the Corporation's obligation to withhold taxes, that determination to be based on the shares' Fair Market Value at the time as of which such determination is made; (b) deliver to the Corporation sufficient shares of Stock to satisfy the Corporation's tax withholding obligations, based on the shares' Fair Market Value at the time as of which such determination is made; or (c) deliver sufficient cash to the Corporation to satisfy its tax withholding obligations. If Employee elects to use such a stock withholding feature, Employee must make the election at the time and in the manner that the Corporation prescribes. The Corporation may, at its sole option, deny Employee's request to satisfy withholding obligations through Stock instead of cash. In the event the Corporation subsequently determines that the aggregate Fair Market Value (as determined above) of any shares of Stock withheld as payment of any tax withholding obligation is insufficient to discharge that tax withholding obligation, then Employee shall pay to the Corporation, immediately upon the Corporation's request, the amount of that deficiency.

19. Disclosure of Trade Secrets And Other Proprietary Information; Restrictive Covenants.

(a) Employee acknowledges that Employee is bound by and will continue to comply with the terms of the Corporation's Confidentiality and Intellectual Property Agreement ("Confidentiality Agreement") previously signed by Employee in favor of the Corporation. The terms of the Confidentiality Agreement are incorporated herein by reference. The Corporation will provide Employee with valuable Confidential Information (as defined below) belonging to the Corporation or its subsidiaries or its affiliates above and beyond any Confidential Information previously received by Employee and will associate Employee with the goodwill of the Corporation or its subsidiaries or its affiliates above and beyond any prior association of Employee with that good will. In return, Employee promises never to disclose or misuse such confidential information, never to misuse such goodwill, and never to use (other than for the benefit and on behalf of the Corporation) any Confidential Information, or reveal or disclose any of the same to a third party. To enforce Employee's promises in this regard, Employee agrees to comply with the provisions of this paragraph 19 and the provisions of the Confidentiality Agreement.

(b) Without in any way limiting the foregoing, the Corporation hereby makes a binding promise not conditioned upon continued employment to provide Employee with Confidential Information. "Confidential Information" means any and all confidential or proprietary information and materials, as well as all trade secrets, belonging to the Corporation, its affiliated or associated persons (including its partners, investors and their affiliated or associated persons), its customers, or other third parties who furnished such information, materials, and/or trade secrets to the Corporation with expectations of confidentiality. Confidential Information includes, without limitation, any and all confidential or proprietary information and materials, whether explicitly identified or marked as Confidential or proprietary or not, including, without limitation: (i) technical information of the Corporation, its affiliates, its customers or other third parties, including computer programs, software, databases, know-how, formulae, compositions, processes, discoveries, machines, inventions, designs, developmental or experimental work, improvements, original works of authorship, training programs and procedures, diagrams, charts, and similar items; (ii) business information of the Corporation, its affiliates, its customers or other third parties, including business plans, compensation data, sales data, customer lists and information, supplier lists, prices and costs, credit information, financial data, information regarding the skills and compensation of employees and contractors of the Corporation, information regarding the purchasing history, credit, contract renewal dates, key contacts, and concerns of customers, and similar items; (iii) information relating to future plans of the Corporation, its affiliates, its customers or other third parties, including marketing strategies, sales plans, pending projects and proposals, research and development efforts and strategies, and similar items; (iv) other valuable, confidential information and trade secrets of the Corporation, its affiliates, its customers or other third parties; and (v) any information or material that grants an advantage over others in the industry by virtue of not being generally known. In return, Employee agrees to the terms of this Agreement and in particular the provisions of paragraphs 19-20 of this Agreement.

(c) Employee will at all times during the term of Employee's employment with the Corporation and thereafter: (a) hold in strictest confidence and use Employee's best efforts and the utmost diligence to protect and safeguard the Confidential Information of the Corporation and of others with whom the Corporation has a business relationship; and (b) not directly or indirectly use (except as may be required for Employee to perform Employee's duties for the Corporation) or disclose to any person or entity any Confidential Information of the Corporation or of others with whom the Corporation has a business relationship, without the prior and specific written authorization of the Corporation.

(d) During Employee's employment with the Corporation, and for a period of three years after such employment terminates, regardless of the reason why employment terminates, and regardless of whether employment is terminated by Employee or by the Corporation with or without cause, Employee will not directly or indirectly, as an employee, employer, consultant, agent, principal, partner, manager, stockholder, officer, director, or in any other individual or representative capacity: (i) engage in or participate in any business that is competitive with the business of providing information technology software consulting services (or any other business or type of service then engaged in, marketed or provided by the Corporation) anywhere within a region or metropolitan area of the United States or any other country where the Corporation provides or markets information technology consulting services or any other such service, or has concrete plans to do so; (ii) work for any person or entity that is engaged in the business of providing information technology software consulting services (or any other business or type of service then engaged in, marketed or provided by the Corporation) anywhere within a region or metropolitan area of the United States or any other country where the Corporation provides or markets information technology consulting services or any other such service, or has concrete plans to do so; or (iii) work for a business or person who or which was a client or customer of the Corporation at any time during Employee's last two years of employment. The ownership by Employee of 5% or less of the issued and outstanding shares of a class of securities which is traded on a national securities exchange or in the over-the-counter market shall not cause Employee to be deemed a stockholder under this Agreement, or in and of itself constitute a breach of this Agreement.

(e) During Employee's employment with the Corporation, and for a period of three years after such employment terminates (one year in the case of Section 19 (e)(i)), regardless of the reason why employment terminates, and regardless of whether employment is terminated by Employee or by the Corporation with or without cause, Employee will not directly or indirectly, on Employee's own behalf or on behalf or for the benefit of any other business enterprise, directly or indirectly: (i) solicit the employment of, recruit, employ, hire, cause to be employed or hired, entice away, or establish a business with, any person (other than non-supervisory or non-managerial personnel who are employed in a clerical or maintenance position) who was employed by or had a consulting or contractual relationship with the Corporation at any time within the 12 months immediately prior to the date Employee's employment terminated, or suggest to or discuss with any such person the discontinuation of that person's status or employment with the Corporation, or such person's employment or participation in any activity in competition with the Corporation, (ii) call on, solicit, or take away the business of any person or entity who was a customer of the Corporation or any of its subsidiaries or affiliates during Employee's employment with the Corporation, in either case for a business that is competitive with (or for services that are competitive with) the business of providing information technology software consulting services or any other business or service then engaged in, marketed, or provided by the Corporation; (iii) solicit or market information technology software consulting services (or any other business or type of service then engaged in, marketed or provided by the Corporation) to any entity that was a customer or potential customer of the Corporation at any time during the last two years of Employee's Corporation employment, or communicate in any way with any such person concerning any such business or service, or (iv) encourage any person or entity who was a customer or client of the Corporation at any time during the last two years of Employee's Corporation employment to cease doing business with the Corporation or to reduce that person's or entity's level of business with the Corporation, or take away or procure for the benefit of any other person any business that is provided or marketed by, or competitive with, a service or business provided or marketed by the Corporation at any time during the last two years of Employee's Corporation employment.

(f) For a period of three years immediately following the termination of Employee's employment, Employee promises to disclose (within seven calendar days) to the Corporation in writing any employment, consulting, or other service relationship Employee enters into after the termination of Employee's employment.

20. Provisions Relating To The Restrictive Covenants.

(a) Employee acknowledges that each of the provisions of Paragraph 19 of this Agreement are reasonable and necessary to preserve the very strong and legitimate business interests of the Corporation, including its interests in protecting and preserving its goodwill, Confidential Information and customer and client relationships, that the restrictions in Paragraph 19 will not prevent Employee from earning a reasonable livelihood in Employee's chosen business or profession, or otherwise, that the restrictions in Paragraph 19 do not impose an undue hardship on Employee and will not injure the public, and that a breach or threatened breach of any provision of this Agreement will cause the Corporation immediate and irreparable harm and injury for which the Corporation will not have an adequate remedy at law. Consequently, the Corporation shall have the right to secure injunctive relief to enforce any breach or threatened breach of any provision of this Agreement, without the necessity or requiring any bond to be posted to obtain injunctive relief, and Employee waives any right to require that the Corporation post a bond in any amount to secure any such injunctive relief of a temporary or permanent nature.

(b) Without breaching the confidentiality provisions of this Agreement, Employee agrees to disclose the existence and terms of this Agreement to any subsequent employer.

(c) To the extent that any covenant set forth in this Agreement shall be determined to be invalid or unenforceable in any respect or to any extent, the covenant shall not be void or rendered invalid, but instead shall be automatically amended for such lesser term, to such lesser extent, or in such other lesser degree, as will grant the Corporation the maximum protection and restrictions on Employee's activities permitted by applicable law in such circumstances. In the event the Employee violates any of the restrictions contained in Paragraph 19, the period of time during which the restriction is in effect shall automatically be extended for the period of time during which Employee was in violation of that provision.

(d) The Corporation's right to enforce the terms of this Agreement shall not be affected by the existence or non-existence of any other similar agreement for anyone else employed by or who contracted with the Corporation, or by the Corporation's failure to fully enforce, or enforce at all, the terms of any other such agreement for any other employee or contractor.

(e) The restrictions set forth in Paragraph 19 continue in full force and effect whether Employee's employment terminates with or without cause by Employee or the Corporation, regardless of the reason why employment terminates, and whether there is any change in any terms or conditions of Employee's employment, any products or services offered or sold by the Corporation, any compensation arrangement, or benefits provided to Employee, or any position, duties or responsibilities held by Employee.

(f) In order to preserve the Corporation's rights under this Agreement, the Corporation is authorized and has the right to inform any person or business with whom Employee has entered into any business, contractual, consulting or employment arrangement, or is negotiating or has contracted to do so, of the existence of this Agreement, and the Corporation shall not be liable for doing so.

21. Corporation Property. (a) Any patents, inventions, discoveries, applications or processes designed, devised, planned, applied, created, discovered or invented by Employee during Employee's employment, regardless of when reduced to writing or practice, which pertain to any aspect of the Corporation's or its subsidiaries' or affiliates' business as described above shall be the sole and absolute property of the Corporation, and Employee shall promptly report the same to the Corporation and promptly execute any and all documents that may from time to time reasonably be requested by the Corporation to assure the Corporation the full and complete ownership thereof.

(b) All records, files, lists, including computer generated lists, drawings, documents, equipment and similar items relating to the Corporation's business which Employee shall prepare or receive from the Corporation shall remain the Corporation's sole and exclusive property. Upon termination of this Agreement, or otherwise before then on request, Employee shall promptly return to the Corporation all property of the Corporation in Employee's possession. Employee further represents and agrees that Employee will not copy or cause to be copied, print out or cause to be printed out any software, documents or other materials originating with or belonging to the Corporation. Employee additionally represents that, upon termination of Employee's employment with the Corporation or otherwise before then upon request, Employee will not retain in Employee's possession any such software, documents or other materials.

22. Right of the Corporation, Parent and Subsidiary to Terminate Employment. Nothing contained in this Agreement shall confer upon Employee the right to continue in the employ of the Corporation or any Parent or any Subsidiary, or interfere in any way with the rights of the Corporation or any Parent or any Subsidiary to terminate Employee's employment at any time. Notwithstanding any provision contained in this Agreement, in the event of any conflict or inconsistency between the terms and conditions of this Agreement and the terms and conditions of the employment agreement, if any, between Employee and the Corporation, the terms of the employment agreement shall be controlling (except that the provisions of paragraphs 19-20 shall continue to be enforceable and in full force and effect).

23. No Liability for Good Faith Determinations. The Corporation and the members of the Board of Directors shall not be liable for any act, omission or determination taken or made in good faith with respect to this Agreement or the Restricted Shares granted hereunder.

24. Amendment. The Award may be amended by the Board of Directors or by the Committee at any time (i) if the Board of Directors or the Committee determines, in its sole discretion, that amendment is necessary or advisable in light of any addition to or change in any federal or state tax law, federal or state securities law or other law or regulation, which change occurs after the Date of Grant and by its terms applies to the Award; or (ii) other than in the circumstances described in clause (i) or provided in the Plan, with Employee's consent.

25. Execution of Receipts and Releases. Any payment of cash or any issuance or transfer of shares of Stock or other property to Employee, or to Employee's legal representative, heir, legatee or distributee, in accordance with the provisions hereof, shall, to the extent thereof, be in full satisfaction of all claims of such persons hereunder. The Corporation may require Employee or Employee's legal representative, heir, legatee or distributee, as a condition precedent to such payment or issuance, to execute a release and receipt therefore in such form as the Corporation shall determine.

26. No Guarantee of Interests. The Board of Directors and the Corporation do not guarantee the Stock of the Corporation from loss or depreciation.

27. Corporation Records. Records of the Corporation or its Subsidiaries regarding Employee's period of employment, termination of employment and the reason therefore, leaves of absence, re-employment and other matters shall be conclusive for all purposes hereunder, unless determined by the Corporation to be incorrect.

28. Corporation Action. Any action required of the Corporation shall be by resolution of its Board of Directors or by a person authorized to act by resolution of the Board of Directors.

29. Severability. If any provision of this Agreement is held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions hereof, but such provision shall be fully severable and this Agreement shall be construed and enforced as if the illegal or invalid provision had never been included herein.

30. Notices.

(a) Whenever any notice is required or permitted hereunder, such notice must be in writing and personally delivered or sent by mail. Any such notice required or permitted to be delivered hereunder shall be deemed to be delivered on the date on which it is personally delivered, or, whether actually received or not, on the third Business Day after it is deposited in the United States mail, certified or registered, postage prepaid, addressed to the person who is to receive it at the address which such person has theretofore specified by written notice delivered in accordance herewith.

The Corporation and Employee agree that any notices shall be given to the Corporation or to Employee at the following address; provided that the Corporation or Employee may change, at any time and from time to time, by written notice to the other, the address which it or he had previously specified for receiving notices.

Corporation or Board of Directors: Perficient, Inc.
520 Maryville Centre Drive, Suite 400
St. Louis, MO 63141
Attn: Paul E. Martin

Holder: At Employee's current address as shown below underneath Employee's signature, or if not so shown, then as shown in the Corporation's records

(b) Any person entitled to notice hereunder may waive such notice.

31. Interpretation, Headings. The parties acknowledge and agree that the terms and provisions of this Agreement have been negotiated, shall be construed fairly as to all parties hereto, and shall not be construed in favor of or against any party. The paragraph headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement. The obligation of the Corporation to sell and deliver Stock hereunder is subject to applicable laws and to the approval of any governmental authority required in connection with the authorization, issuance, sale, or delivery of such Stock.

32. Successors And Assigns; Assignment; Intended Beneficiaries. Neither this Agreement, nor any of Employee's rights, powers, duties or obligations hereunder, may be assigned by Employee. This Agreement shall be binding upon and inure to the benefit of Employee and Employee's heirs and legal representatives and the Corporation and its successors. Successors of the Corporation shall include, without limitation, any corporation or corporations acquiring, directly or indirectly, all or substantially all of the assets of the Corporation, whether by merger, consolidation, purchase, lease or otherwise, and such successor shall thereafter be deemed "the Corporation" for the purpose hereof. The Corporation shall have the right to assign this Agreement in connection with the sale of all or a portion of its business or assets, to an affiliate, or otherwise by operation of law, and such assignment shall not in any way release Employee from any of Employee's obligations under this Agreement, nor preclude or limit the Corporation's right to enforce the same.

33. No Waiver By Action. Any waiver or consent from the Corporation respecting any term or provision of this Agreement or any other aspect of the Employee's conduct or employment shall be effective only in the specific instance and for the specific purpose for which given and shall not be deemed, regardless of frequency given, to be a further or continuing waiver or consent. The failure or delay of the Corporation at any time or times to require performance of, or to exercise any of its powers, rights or remedies with respect to, any term or provision of this Agreement or any other aspect of the Employee's conduct or employment in no manner (except as otherwise expressly provided herein) shall affect the Corporation's right at a later time to enforce any such term or provision.

34. Counterparts; Missouri Governing Law; Amendments. This Agreement may be executed in two counterpart copies, each of which may be executed by one of the parties hereto, but all of which, when taken together, shall constitute a single agreement binding upon all of the parties hereto. This Agreement and all other aspects of the Employee's employment shall be governed by and construed and interpreted in accordance with the internal laws of the State of Missouri without reference to conflicts of law principles, or any rule or decision that would defer to the substantive laws of another jurisdiction. Neither this Agreement nor any of its terms may be changed, amended, added to, waived or altered except in writing signed by the Corporation and Employee and specifically referencing the provisions of this Agreement. Section headings are for convenience of reference and shall not be used to interpret the terms of this Agreement.

35. Entire Agreement. This Agreement is in addition to, and does not supersede or replace, the Confidentiality Agreement, any Award Agreement, any restricted stock award agreement or any other agreement between the Corporation and Employee, and this Agreement may be enforced on its own terms and without in any manner being altered, amended, canceled, or superseded by any other such agreement. Likewise, any other such agreement may be enforced without reference to this Agreement.

36. Headings. The titles and headings of Paragraphs are included for convenience of reference only and are not to be considered in construction of the provisions hereof.

37. Word Usage. Words used in the masculine shall apply to the feminine where applicable, and wherever the context of this Agreement dictates, the plural shall be read as the singular and the singular as the plural.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed by its duly authorized officer as of the Date of Grant first above written.

PERFICIENT, INC.

By: _____

Paul E. Martin
Chief Financial Officer

Dated: _____

ACKNOWLEDGED AND AGREED:

Name

Dated: _____

Address: _____

Telephone: _____

E mail: _____

CERTIFICATIONS

I, Jeffrey S. Davis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Perficient, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2010

/s/ Jeffrey S. Davis
Jeffrey S. Davis
Chief Executive Officer

CERTIFICATIONS

I, Paul E. Martin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Perficient, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2010

/s/ Paul E. Martin
Paul E. Martin,
Chief Financial Officer

**CERTIFICATION OF
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER**

Pursuant to 18 U.S.C. Sec. 1350 and in connection with the accompanying report on Form 10-Q for the period ended March 31, 2010 that contains financial statements of Perficient, Inc. (the "Company") filed for such period and that is being filed concurrently with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company hereby certify that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2010

By: /s/ Jeffrey S. Davis
Jeffrey S. Davis
Chief Executive Officer (*Principal Executive Officer*)

Date: May 6, 2010

By: /s/ Paul E. Martin
Paul E. Martin
Chief Financial Officer (*Principal Financial Officer*)