PERFICIENT INC
Form DEF 14A
March 24, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant þ
Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
þ Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to Rule 14a-12

PERFICIENT, INC.
(Name of Registrant as Specified in Its Charter)

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PERFICIENT, INC.

1120 South Capital of Texas Highway, Building 3, Suite 220
Austin, Texas 78746

Notice of Annual Meeting of Stockholders
To Be Held April 24, 2009

NOTICE IS HEREBY GIVEN that the 2009 Annual Meeting of the Stockholders of Perficient, Inc. (“Perficient” or the “Company”) will be held at the Company’s headquarters located at 1120 South Capital of Texas Highway, Building 3, Suite 220, Austin, Texas 78746 on April 24, 2009 at 9:00 a.m. local time, for the following purposes:

1. To elect six directors to hold office for a term of one year or until their successors have been duly elected and qualified;

2. To approve the Company’s 2009 Long-Term Incentive Plan;

3. To ratify KPMG LLP as the Company’s independent registered public accounting firm; and

4. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors of Perficient has fixed the close of business on March 9, 2009 as the record date for the determination of stockholders of Perficient entitled to notice of and to vote at the Annual Meeting. Only holders of record of Perficient common stock at the close of business on that date will be entitled to notice of and to vote at the Annual Meeting or any adjournments or postponements thereof. A list of such stockholders will be available for inspection at the Company's headquarters located at 1120 South Capital of Texas Highway, Building 3, Suite 220, Austin, Texas 78746, during ordinary business hours for the ten-day period prior to the 2009 Annual Meeting.

Your attention is directed to the accompanying Proxy Statement for further information regarding each proposal to be made.

Whether or not you plan to attend the 2009 Annual Meeting, you are asked to complete, sign and date the enclosed proxy and return it promptly by mail in the enclosed self-addressed envelope, which does not require postage if mailed in the United States, or alternatively, to vote your proxy by telephone or the Internet according to the instructions on your proxy card. You may revoke your proxy at any time prior to the 2009 Annual Meeting. If you decide to attend the 2009 Annual Meeting and wish to change your proxy vote, you may do so automatically by voting in person at the 2009 Annual Meeting.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be held on April 24, 2009.

The Proxy Statement and the Annual Report on Form 10-K are available at www.perficient.com under the heading “Investor Relations” and then “SEC Filings”.

By Order of the Board of Directors

/s/ Paul E. Martin

Paul E. Martin
Secretary

PERFICIENT, INC.
1120 South Capital of Texas Highway, Building 3, Suite 220
Austin, Texas 78746

Proxy Statement for Annual Meeting of Stockholders

This Proxy Statement is furnished by the Board of Directors (the "Board of Directors") of Perficient, Inc., a Delaware corporation ("Perficient" or the "Company"), in connection with the solicitation of proxies to be used at the Annual Meeting of Stockholders (the "Meeting") to be held on April 24, 2009 at the Company's headquarters located at 1120 South Capital of Texas Highway, Building 3, Suite 220, Austin, Texas 78746 at 9:00 a.m. local time, and at any adjournment thereof. This Proxy Statement and the accompanying Notice and Proxy are being mailed to stockholders on or about March 24, 2009. The principal executive offices of Perficient are located at the address listed above.

PURPOSE OF MEETING

The specific proposals to be considered and acted upon at the Meeting are summarized in the accompanying Notice of Annual Meeting of Stockholders. Each proposal is described in more detail in this Proxy Statement.

VOTING RIGHTS AND SOLICITATION OF PROXIES

Only holders of record of Perficient common stock, $.001 par value per share (the "Common Stock"), at the close of business on the record date, March 9, 2009 (the "Record Date"), will be entitled to vote at the Meeting, and at any adjournment thereof. On the Record Date, there were outstanding and entitled to vote 32,113,146 shares of Common Stock. Each outstanding share of Common Stock is entitled to one vote on each matter to be voted upon. Votes cast, either in person or by proxy, will be tabulated by The Bank of New York Mellon Corporation, the Company's transfer agent.

Quorum Required

The Company's bylaws provide that the holders of a majority of the Company's outstanding shares of stock entitled to vote at the Meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business at the Meeting. Abstentions and broker non-votes will be counted as present for the purpose of determining the presence of a quorum.

Effect of Broker Non-Votes and Abstentions

A broker "non-vote" occurs on an item when shares held by a bank, broker or other nominee are present or represented at the meeting but such nominee is not permitted to vote on that item without instructions from the beneficial owner of the shares and no instruction is given. Broker non-votes and shares as to which proxy authority has been withheld with respect to any matter are not entitled to vote for purposes of determining whether stockholder approval of that matter has been obtained and, therefore, will have no effect on the outcome of the vote on any such matter. Abstentions have the same effect as negative votes.

Voting Procedures

Holders of record of our common stock may vote using one of the following methods:

In Person: Stockholders of record may attend the Meeting and vote in person.

By Mail: Stockholders of record may vote by completing, signing, dating and returning the proxy card in the accompanying self-addressed envelope, which does not require postage if mailed in the United States.

By Telephone: Stockholders of record may call the toll-free number on the accompanying proxy card to vote by telephone, in accordance with the instructions set forth on the proxy card and through voice prompts received during the call.

By Internet: Stockholders of record may access the voting website listed on the accompanying proxy card to vote through the Internet in accordance with the instructions included on the proxy card and prompts on the voting website. Stockholders electing to vote through the Internet may incur telephone and Internet access charges.

Proxies submitted by telephone or the Internet are treated in the same manner as if the stockholder had signed, dated and returned the proxy card by mail. Therefore, stockholders of record electing to vote by telephone or the Internet should not return their proxy cards by mail.

If a proxy is properly signed by a stockholder and is not revoked, the shares represented thereby will be voted at the Meeting in the manner specified on the proxy, or if no manner is specified with respect to any matter therein, such shares will be voted by the person designated therein in accordance with the recommendations of the Board of Directors as indicated in this Proxy Statement. If any of the nominees for director are unable to serve or for good cause will not serve, an event that is not anticipated by Perficient, the shares represented by the accompanying proxy will be voted for a substitute nominee designated by the Board of Directors or the Board of Directors may determine to reduce the size of the Board of Directors. A proxy may be revoked by the stockholder at any time prior to the voting thereof by giving notice of revocation in writing to the Secretary of Perficient, by duly executing and delivering to the Secretary of Perficient a proxy bearing a later date, or by voting in person at the Meeting.

Solicitation of Proxies

Perficient will bear the entire cost of solicitation, including the preparation, assembly, printing, and mailing of this Proxy Statement, the Proxy, and any additional soliciting material furnished to stockholders. Copies of solicitation material will be furnished to brokerage houses, fiduciaries, and custodians holding shares in their names that are beneficially owned by others so that they may forward this solicitation material to such beneficial owners. Perficient may reimburse such persons for their costs of forwarding the solicitation material to such beneficial owners. The original solicitation of proxies by mail may be supplemented by solicitation by telephone, telegram, or other means by directors, officers, employees or agents of Perficient. No additional compensation will be paid to these individuals for any such service. In addition, Perficient has hired Morrow & Co., LLC, 470 West Ave, Stamford, CT 06902, to assist with the solicitation of stockholders for a fee of approximately $5,500 plus costs and expenses to aid in the solicitation of proxies and to verify records relating to the solicitation.

PROPOSAL 1. ELECTION OF DIRECTORS.

At this year's Meeting, six directors will be elected to hold office for a term expiring at the next Annual Meeting of Stockholders. The nominees for election (the "Nominee Directors") are:

John T. McDonald
Ralph C. Derrickson
John S. Hamlin
Max D. Hopper
David S. Lundeen
David D. May

Each Nominee Director is currently serving as a director of Perficient. Each director will be elected to serve until a successor is elected and qualified or until the director's earlier resignation or removal.

If any of the Nominee Directors listed above becomes unable to serve or for good cause will not serve, an event that is not anticipated by the Company, (i) the shares represented by the proxies will be voted for a substitute nominee or substitute nominees designated by the Board of Directors or (ii) the Board of Directors may determine to reduce the size of the Board of Directors. At this time, the Board of Directors knows of no reason why any of the persons listed above may not be able to serve as directors if elected.

Directors and Executive Officers

The name and age of each of the Nominee Directors and executive officers of Perficient and their respective positions with Perficient are listed in the table below. Additional biographical information concerning each of the Nominee Directors and executive officers, including the period during which each such individual has served Perficient, follows the table.

Name	Age	Position
John T. McDonald	45	Chairman of the Board and Chief Executive Officer
Jeffrey S. Davis	44	President and Chief Operating Officer
Paul E. Martin	48	Chief Financial Officer, Treasurer and Secretary
Timothy J. Thompson	48	Vice President of Client Development
Richard T. Kalbfleish	53	Controller and Vice President of Finance and Administration
Ralph C. Derrickson	50	Director
John S. Hamlin	43	Director
Max D. Hopper	74	Director
David S. Lundeen	47	Director
David D. May	45	Director

John T. McDonald joined the Company in April 1999 as Chief Executive Officer and was elected Chairman of the Board in March 2001. From April 1996 to October 1998, Mr. McDonald was president of VideoSite, Inc., a multimedia software company that was acquired by GTECH Corporation in October 1997, 18 months after Mr. McDonald became VideoSite's president. From May 1995 to April 1996, Mr. McDonald was a Principal with Zilkha & Co., a New York-based merchant banking firm. From June 1993 to April 1996, Mr. McDonald served in various positions at Blockbuster Entertainment Group, including Director of Corporate Development and Vice President, Strategic Planning and Corporate Development of NewLeaf Entertainment Corporation, a joint venture between Blockbuster and IBM. From 1987 to 1993, Mr. McDonald was an attorney with Skadden, Arps, Slate, Meagher & Flom in New York, focusing on mergers and acquisitions and corporate finance. Mr. McDonald currently serves as a member of the board of directors of a number of privately held companies and non-profit organizations. Mr. McDonald received a B.A. in Economics from Fordham University and a J.D. from Fordham Law School.

Jeffrey S. Davis became the Chief Operating Officer of the Company upon the closing of the acquisition of Vertecon in April 2002 and was named the Company's President in 2004. He previously served the same role of Chief Operating Officer at Vertecon from October 1999 to its acquisition by Perficient. Prior to Vertecon, Mr. Davis was a Senior Manager and member of the leadership team in Arthur Andersen's Business Consulting Practice starting in January 1999 where he was responsible for defining and managing internal processes, while managing business development and delivery of products, services and solutions to a number of large accounts. Prior to Arthur Andersen, Mr. Davis worked at Ernst & Young LLP for two years, Mallinckrodt, Inc. for two years, and spent five years at McDonnell Douglas in many different technical and managerial positions. Mr. Davis has a M.B.A. from Washington University and a B.S. degree in Electrical Engineering from the University of Missouri.

Paul E. Martin joined the Company in August 2006 as Chief Financial Officer, Treasurer and Secretary. From August 2004 until February 2006, Mr. Martin was the Interim co-Chief Financial Officer and Interim Chief Financial Officer of Charter Communications, Inc. ("Charter"), a publicly traded multi-billion dollar in revenue domestic cable television multi-system operator. From April 2002 through April 2006, Mr. Martin was the Senior Vice President, Principal Accounting Officer and Corporate Controller of Charter and was Charter's Vice President and Corporate Controller from March 2000 to April 2002. Prior to Charter, Mr. Martin was Vice President and Controller for Operations and Logistics for Fort James Corporation, a manufacturer of paper products with multi-billion dollar revenues. From 1995 to February 1999, Mr. Martin was Chief Financial Officer of Rawlings Sporting Goods Company, Inc., a publicly traded multi-million dollar revenue sporting goods manufacturer and distributor. Mr. Martin received a B.S. degree with honors in accounting from the University of Missouri – St. Louis. Mr. Martin is also a member of the University of Missouri – St. Louis School of Business Leadership Council.

Timothy J. Thompson joined the Company as Vice President of Client Development upon the closing of the acquisition of Vertecon in April 2002. In this capacity, Mr. Thompson serves as the top sales and marketing executive for the Company, and is responsible for major account development, marketing, sales enablement, territory management, and business partner development. Mr. Thompson has over 26 years of experience in the Information Technology industry. This experience includes 6 years as the Director of Business Development for the Great Plains Market Circle at Arthur Andersen and 12 years in various sales and sales management positions at IBM. Mr. Thompson has a B.S. in Mathematics from the University of Notre Dame and a M.B.A. from Washington University. Mr. Thompson is involved in several charitable organizations and he is on the board of directors of one of the largest charitable fundraising and grant foundations serving the needs of the St. Louis community.

Richard T. Kalbfleish joined the Company as Controller in November 2004 and became Vice President of Finance and Administration and Assistant Treasurer in May 2005. In August 2006, Mr. Kalbfleish became the Principal Accounting Officer of the Company. Prior to joining the Company, Mr. Kalbfleish served as Vice President of Finance and Administration with IntelliMark/Technisource, a national IT staffing company, for 11 years. Mr. Kalbfleish has over 23 years of experience at the Controller level and above in a number of service industries with an emphasis on acquisition integration and accounting, human resources and administrative support. Mr. Kalbfleish has a B.S.B.A. in Accountancy from the University of Missouri - Columbia.

Ralph C. Derrickson became a member of the Board of Directors in July 2004. Mr. Derrickson has more than 27 years of technology management experience in a wide range of settings including start-up, interim management and restructuring situations. Currently Mr. Derrickson is President and CEO of Carena, Inc. Prior to joining Carena, Inc., Mr. Derrickson was managing director of venture investments at Vulcan Inc., an investment management firm with headquarters in Seattle, Washington from October 2001 to July 2004. Mr. Derrickson is a founding partner of Watershed Capital, an early-stage venture capital firm, and is the managing member of RCollins Group, LLC, a management advisory firm. He served as a board member of Metricom, Inc., a publicly traded company, from April 1997 to November 2001 and as Interim CEO of Metricom from February 2001 to August 2001. He served as vice president of product development at Starwave Corporation, one of the pioneers of the Internet. Earlier, Mr. Derrickson held senior management positions at NeXT Computer, Inc. and Sun Microsystems, Inc. He has served on the boards of numerous start-up technology companies. Mr. Derrickson is on the faculty of the Michael G. Foster School of Business at the University of Washington, and serves on the Executive Advisory Board of the Center for Entrepreneurship and Innovation at the University of Washington, as well as a member of the President's Circle of the National Academy of Sciences, The National Academy of Engineering and the Institute of Medicine. Mr. Derrickson holds a bachelor's degree in systems software from the Rochester Institute of Technology.

John S. Hamlin became a member of the Board of Directors in March 2009. Mr. Hamlin is President and Managing Partner of Bozeman Limited Partnership, an Austin, Texas-based private equity firm. He is currently a corporate board member of Recreational Equipment, Inc. in Seattle, Washington, where he serves on the compensation committee, Spiceworks, a privately held network management software company in Austin, Texas, and Bare Escentuals, a premium cosmetic company based in San Francisco, California. He serves on the advisory boards of Bazaarvoice, a privately held online ratings and review company in Austin, Texas, and IMVU, a privately held social networking company in Palo Alto, California. He was formerly a corporate board member and audit committee member at Safeco which was sold to Liberty Mutual Insurance for a 51% premium in the summer of 2008. Prior to Bozeman, Mr. Hamlin spent 11 years at Dell Inc. where he was an Executive Officer and Senior Vice President reporting directly to the Office of the Chairman. From 2005 to 2007 he was the Senior Vice President responsible for Dell's global online business and brand strategy. Mr. Hamlin previously served as Senior Vice President and General Manager of Dell's US consumer business for 5 years, and led that business from #6 to #1 share in the US. He also served as Vice President and General Manager of Dell's Home and Small Business division in Japan, and held marketing and operations positions in the US Home and Small Business division before moving to Japan. Prior to joining Dell, Mr. Hamlin worked in the venture capital field for three years and served as a strategic consultant at Bain & Company for six years.

Max D. Hopper became a member of the Board of Directors in September 2002. Mr. Hopper began his information systems career in 1960 at Shell Oil and served with EDS, United Airlines and Bank of America prior to joining American Airlines. During Mr. Hopper's twenty-year tenure at American Airlines he served as CIO, and as CEO of several business units. Most recently, he founded Max D. Hopper Associates, Inc., a consulting firm that specializes in the strategic use of information technology and business-driven technology. Mr. Hopper currently serves on the board of directors for several companies such as Gartner Group as well as other private corporations.

David S. Lundeen became a member of the Board of Directors in April 1998. From March 1999 through 2002, Mr. Lundeen was a partner with Watershed Capital, a private equity firm based in Mountain View, California. From June 1997 to February 1999, Mr. Lundeen was self-employed, managed his personal investments and acted as a consultant and advisor to various businesses. From June 1995 to June 1997, he served as the Chief Financial Officer and Chief Operating Officer of BSG Corporation. From January 1990 until June 1995, Mr. Lundeen served as President of Blockbuster Technology and as Vice President of Finance of Blockbuster Entertainment Corporation. Prior to that time, Mr. Lundeen was an investment banker with Drexel Burnham Lambert in New York City. Mr. Lundeen currently serves as a member of the board of directors of Parago, Inc., and as Chairman of the Board of Interstate Connections, Inc. Mr. Lundeen received a B.S. in Engineering from the University of Michigan in 1984 and an M.B.A. from the University of Chicago in 1988. The Board of Directors has determined that Mr. Lundeen is an audit committee financial expert, as such term is defined in the rules and regulations promulgated by the Securities and Exchange Commission ("SEC").

David D. May, CFA, became a member of the Board of Directors in March 2009. Mr. May is the co-founder and portfolio manager of Third Coast Capital, an Austin-based long-short equity hedge fund. Prior to forming Third Coast Capital in 2004, Mr. May was a co-founder and Managing Partner of Ridgecrest Partners, a New York City-based hedge fund founded in 1998. From 1996 to 1998, Mr. May was a Partner at Ardsley Partners, a Connecticut-based hedge fund, where he served as an analyst and a portfolio manager. Previously, he was a Vice President at Luther King Capital Management in Fort Worth, Texas, an investment advisory firm. During his twelve years with the company, he served as a portfolio manager for a broad range of investment portfolios and co-founded the LKCM Mutual Funds, of which he served as President of the Fund group. He received a B.A. in Business and an M.B.A. from Texas Christian University. Mr. May currently sits on the Board of Blackhawk Healthcare.

There are no family relationships between any of the Company's directors and executive officers.

Vote Required and Board of Directors' Recommendation

The affirmative vote of the holders of a plurality of the shares of Common Stock voted in person or by proxy at the Meeting is required for the election of each director.

The Board of Directors recommends a vote "FOR" the election of each of the Nominee Directors.

COMPOSITION AND MEETINGS OF THE BOARD OF DIRECTORS AND COMMITTEES

The Board of Directors is currently comprised of six directors. The Board of Directors has affirmatively determined that a majority of the directors qualify as independent directors as defined by SEC regulations and Nasdaq Stock Market listing standards. The independent directors are Ralph C. Derrickson, John S. Hamlin, Max D. Hopper, David S. Lundeen, and David D. May.

During fiscal year 2008, the Board of Directors held eight meetings and did not act by unanimous written consent. Each of the directors participated in at least 75% of the aggregate of all meetings of the Board of Directors and the total number of meetings held by all committees of the Board of Directors of which each respective director was a member during the time he was serving as such during the fiscal year ended December 31, 2008. All members of the Board of Directors are encouraged to attend the Meeting. Three of the directors attended our 2008 Annual Meeting of Stockholders.

Committees of the Board of Directors

The Board of Directors has created a Compensation Committee, an Audit Committee and a Nominating and Corporate Governance Committee. Each member of the committees is independent as defined by SEC regulations and Nasdaq Stock Market listing standards.

Compensation Committee

The Compensation Committee establishes salaries, incentives and other forms of compensation for Perficient's directors, executive officers and key employees, and administers its equity incentive plans and other incentive and benefit plans. This committee held six meetings during fiscal year 2008. The members of the Compensation Committee are Max D. Hopper and David S. Lundeen. Kenneth R. Johnsen was also a member of the Compensation Committee until his resignation on March 20, 2009. Mr. Lundeen serves as chairman of the Compensation Committee. A copy of the current Compensation Committee charter is available on the Company’s website, www.perficient.com.

Audit Committee

The Audit Committee has the sole authority to appoint, retain and terminate the Company's independent accountants and is directly responsible for the compensation, oversight and evaluation of the work of the independent accountants. The independent accountants report directly to the Audit Committee. The Audit Committee also has the sole authority to approve all audit engagement fees and terms and all non-audit engagements with the Company’s independent accountants and must pre-approve all auditing and permitted non-audit services to be performed for the Company by the independent accountants, subject to certain exceptions provided by the Securities Exchange Act of 1934, as amended (the “Exchange Act”). A copy of the current Audit Committee Charter is available on the Company’s website, www.perficient.com.

This committee held four meetings during fiscal year 2008. The members of the Audit Committee are Max D. Hopper, David S. Lundeen and Ralph C. Derrickson. Mr. Lundeen serves as chairman of the Audit Committee. The Board of Directors has determined that Mr. Lundeen is qualified as the Audit Committee financial expert within the meaning of SEC regulations and that he has accounting and related financial management expertise within the meaning of the listing standards of the Nasdaq Stock Market. The Board of Directors has affirmatively determined that Messrs. Hopper, Lundeen and Derrickson qualify as independent directors as defined by the Nasdaq Stock Market listing standards and believes that each member has sufficient knowledge and experience in financial matters to perform his duties on the committee.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for establishing the criteria for selecting directors, recommending to the Board of Directors individuals for election or reelection, overseeing orientation and continuing education programs, advising the Board of Directors on corporate governance practices, recommending chairpersons of each of the Board of Director committees, and reporting annually on the performance of the Board of Directors. A copy of the current Nominating and Corporate Governance Committee Charter is available on the Company's website, www.perficient.com.

This committee held one meeting during fiscal year 2008. The Committee also met in 2009 to confirm the recommendation of the Directors nominated by the Board of Directors for reelection (the Board of Directors approved the nominations after consultation with members of the Nominating and Corporate Governance Committee but before the committee's meeting) and review composition of its committees. The members of the Nominating and Corporate Governance Committee are David S. Lundeen and Max D. Hopper. Mr. Hopper serves as chairman of the Nominating and Corporate Governance Committee.

Identification of Director Candidates

The Nominating and Corporate Governance Committee is responsible for evaluating potential or suggested director nominees and identifying individuals qualified to become members of the Board of Directors. This committee will also evaluate persons suggested by stockholders and conduct the appropriate inquiries into the backgrounds and qualifications of all possible nominees. The Nominating and Corporate Governance Committee has established criteria for selecting new director nominees, which includes knowledge of business, industry and economic environment, educational background, professional experience, and availability to serve as a director of the Company. The committee also considers the make up of the Board of Directors as a whole in terms of the professional diversity represented by various occupations. Each nominee should be a person of integrity and be committed to devoting the time and attention necessary to fulfill his or her duties to the Company.

Pursuant to the bylaws of Perficient, nominations of persons for election to the Board of Directors may be made at a meeting of stockholders by or at the direction of the Board of Directors or by any stockholder entitled to vote in the election of Directors at the meeting who complies with the notice procedures set forth in the bylaws. Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the Company. Such stockholder's notice shall set forth:

(A) the name, age, business address and residence address of such person;

(B) the principal occupation or employment of such person;

(C) the class and number of shares of the Company which are beneficially owned by such person;

(D) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder; and

(E) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required in each case pursuant to Regulation 14A of the Exchange Act (including without limitation such person's written consent to being named in the proxy statement, if any, as a nominee and to serve as a director if elected).

Any nominations received from stockholders must be in full compliance with applicable laws and with the bylaws of Perficient.

Communications with the Board

Communications by stockholders or by other parties may be sent to the Board of Directors by U.S. mail or overnight delivery and should be addressed to the Board of Directors c/o Secretary, Perficient, Inc., 1120 South Capital of Texas Highway, Building 3, Suite 220, Austin, Texas 78746. Communications directed to the Board of Directors, or one or more directors, will be reviewed by the Secretary and forwarded to the Board of Directors if appropriate and may be made anonymously.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Compensation Discussion & Analysis

Overview

The Compensation Committee of the Board of Directors ("Compensation Committee") is responsible for reviewing, evaluating and approving the agreements, plans, policies and programs of the Company to compensate its officers and directors. The Compensation Committee consists of Messrs. Hopper and Lundeen. Mr. Lundeen serves as chairman of the Compensation Committee. None of the committee members performed as an officer or employee of Perficient or any of its subsidiaries at any time during fiscal 2008 or at any other time. None of the executive officers of the Company served on the board of directors of any company of which one of the Company's directors was an executive officer.

The Committee makes all decisions related to the compensation of the Chief Executive Officer ("CEO") and Chief Operating Officer ("COO"). The CEO annually reviews the performance of the named executive officers, other than himself, and presents individual compensation recommendations to the Compensation Committee. The Compensation Committee has the authority to accept, modify or disregard the CEO's compensation recommendations.

Executive Compensation Objectives and Elements of Compensation

During 2008, various types of compensation were provided to the named executive officers of the Company set forth in the "Summary Compensation Table" at page 14, who are:

- John T. McDonald, CEO,
- Jeffrey S. Davis, COO,
- Paul E. Martin, Chief Financial Officer ("CFO"),
- Richard T. Kalbfleish, Vice President of Finance and Administration ("VP – Finance & Administration"), and
- Timothy J. Thompson, Vice President of Client Development ("VP – Client Development").

The objectives of the compensation programs of the Company are:

- To recruit and retain the top management available in the industry of the Company in order to aid and to support its rapid growth;
- To allow employees to acquire a proprietary interest in the Company as an incentive to remain employed with the Company; and
- To reward employees for service to the Company by delivering salaries that appropriately recognize job responsibilities and individual performance.

The Company's compensation programs are designed to attract, retain, and reward executives who are responsible for achieving the business objectives necessary to assure both revenue and profit growth while providing clients of the Company with the highest quality solutions and services. A significant portion of compensation paid to executives is directly related to delivering revenue and profit growth and other factors that influence shareholder value, thereby aligning the executive's interests closely with our shareholders' interests. This leads the Company to focus more on variable compensation than on base salary. The Company's variable compensation programs for executives are structured to pay for high performance and are typically dependent on the Company's financial results. It is the Company's view that an incentive-based compensation philosophy keeps management motivated and retains top executives to ensure the Company's long-term success. Each executive officer is rewarded with the following types of cash and non-cash compensation:

- Base salary;
- Performance based annual cash bonus award;
- Long-term equity incentive compensation;
- Company-sponsored employee benefits, such as life insurance benefits, and a tax-qualified savings plan (401(k) plan); and
- Upon a termination for certain specified reasons or a change of control, severance and the potential acceleration of vesting of long-term equity awards.

There is no predetermined policy for allocating compensation between these elements, and each type of compensation is designed to achieve a specific purpose in line with management's compensation program objectives.

Peer Group

The Compensation Committee utilized the analysis of Longnecker & Associates ("Longnecker"), an independent compensation consulting firm, from Longnecker's November 27, 2007 report to determine if the Company's executive officers' base salary was comparable to the Company's peers and a market average. This market average was comprised of a combination of market compensation data from peer company proxy statements as well as published industry sources utilizing companies that operate in the computer programming services industry with average revenues of approximately $217 million and average market capitalization of $703 million ("external market") in 2007. The following companies were included in the peer group: Advent Software, Inc., Computer Programs & Systems, Inc., Computer Task Group, Inc., Diamond Management & Technology Consultants Inc., EPIQ Systems, Inc., iGATE Corporation, QuadraMed Corporation, Secure Computing Corporation, Synaptics, Incorporated, and Syntel, Inc. Published survey compensation data from the following sources was utilized: William Mercer, Watson Wyatt, World at Work, and the Economic Research Institute. The report prepared by Longnecker analyzed the compensation paid to the Company's top 20 highest paid employees. Therefore, the comparisons of the compensation paid to the Company's executive officers to the external market midpoint included those top 20 highest paid employees and not merely the Company's named executive officers. While the data and input provided by Longnecker is a factor in its analysis of various compensation elements, the Compensation Committee makes the final determination on all compensation decisions.

Base Salary

The named executive officers are offered a competitive salary in order to retain their services and to also reward their performance with the Company. For the CEO, COO and CFO, salary is predetermined as part of a written employment agreement that has been approved by the Compensation Committee. Several factors are considered by the Compensation Committee when determining and approving an employment agreement or arrangement for a named executive officer. These factors include the executive officer's performance relevant to the Company's goals and objectives, such as the Company's financial performance and relative shareholder return. For newly hired executives, the individual's relevant experience in the industry is considered. The base salary of other executive officers of the Company is recommended by the CEO with final approval given by the Compensation Committee.

From January 1, 2008 to May 15, 2008, the CFO had a base salary of $215,000. Effective May 16, 2008, the Compensation Committee increased the CFO's base salary to $225,000. The Compensation Committee determined that the base salaries of the other named executive officers were appropriate and did not make further adjustments. See the "Summary Compensation Table" on page 14 for a detailed discussion of the executives' base salaries for years 2006, 2007 and 2008.

The November 27, 2007 report provided by Longnecker showed that, including the adjustment to the base salary of the CFO for 2008, the base salaries of the Company's executives were at the external market midpoint. The Compensation Committee used this report as verification that the base salaries are close to the market midpoint or slightly below, which allows for more emphasis on variable compensation and is in line with the Company's compensation program objectives.

Performance Based Executive Bonus Plan

The named executive officers, excluding the VP – Client Development, for reasons discussed below under "Business Development Executive Commission Plan," are eligible for cash bonuses under the Executive Bonus Plan, which is tied to operating performance. The determination of bonus payments is based on various targets and factors. Annual incentive targets are an integral component of compensation that link and reinforce executive decision making and performance with the annual objectives of the Company. The Compensation Committee has the discretion to determine the appropriate performance criteria, which is objective and established in writing during the first quarter of each year. Typically, these targets include Non-Generally Accepted Accounting Principles Earnings Per Share (“Non-GAAP EPS”) targets and Generally Accepted Accounting Principles Earnings Per Share (“GAAP EPS”) targets that must be met each quarter and are discussed and agreed upon by the Compensation Committee and management during the Company’s annual planning process. Non-GAAP EPS is a performance measure defined as net income plus amortization of intangibles, stock compensation expense and other non-cash items, including related tax effects, divided by shares used in computing diluted net income per share, which is not in compliance with Generally Accepted Accounting Principles (“GAAP”).

Management and the Compensation Committee believe in the importance of structuring a bonus arrangement that pays the Company's stockholders first. Therefore, no incentive bonuses are payable to the Company's executives until the Company surpasses the Non-GAAP EPS and GAAP EPS targets established by the Compensation Committee.

The bonus payments under the 2008 Executive Bonus Plan were contingent upon realization of fully diluted Non-GAAP EPS and GAAP EPS of at least $0.83 and $0.55, respectively, for the year. As there were no acquisitions during the year, the targets were not reassessed by the Compensation Committee during the year and were not increased. A detailed description of the 2008 Executive Bonus Plan can be found following the "2008 Grants of Plan-Based Awards" table on page 17. In addition to amounts that may be payable under the Company's Executive Bonus Plan, the Compensation Committee may also award discretionary bonuses. The form and structure of any bonuses paid to the Company's named executive officers must be approved by the Compensation Committee. Bonus payments are offered to reward management for implementing and monitoring the objectives of the Company in line with the Company's financial goals. The effectiveness of the Company's annual incentive program was assessed on the basis of total cash actually received by executives, which includes base salary and annual incentive bonus payments with respect to 2008.

The 2008 Executive Bonus Plan also incorporated a "stair-step" feature. In prior years, the bonus pool established with respect to the named executive officers and other non-executive management employees was funded with each dollar of earnings in excess of the pre-established Non-GAAP EPS targets. Pursuant to the Company's 2008 incentive bonus arrangements, however, a portion of the bonus pool was to be funded upon the achievement of Non-GAAP EPS in excess of $0.83 (and earnings in excess of the portion of the bonus pool funded would be retained by the Company), another portion of the bonus pool was to be funded upon the achievement of Non-GAAP EPS in excess of $0.86 (and earnings in excess of the portion of the bonus pool funded would be retained by the Company), and the bonus pool would not be fully funded until the achievement of Non-GAAP EPS in excess of $0.90. The Compensation Committee implemented this feature based on the recommendation of management to ensure that the Company's executives and management would share in the benefits of increased earnings on Common Stock with the Company's stockholders. Management and the Compensation Committee believe the addition of the "stair-step" feature to the 2008 Executive Bonus Plan furthers the Company's policy of paying stockholders before executives are rewarded for Company performance.

The targets established under the 2008 Executive Bonus Plan were not met and therefore no bonuses were paid to executives for 2008. Discretionary bonuses may be paid to non-executive management for 2008 subject to Compensation Committee approval.

In February 2009, the Compensation Committee established the annual incentive targets for the named executive officers, excluding the VP – Client Development as discussed below under "Business Development Executive Commission Plan," as part of the 2009 Executive Bonus Plan. The table below lists the 2009 target bonus awards as a percent of base salary for the named executive officers:

Target Bonus