

BLACKBAUD INC
Form DEF 14A
April 29, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

SCHEDULE 14A
(RULE 14a-101)

SCHEDULE 14A INFORMATION

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

Filed by the Registrant

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)).

Definitive Proxy Statement.

Definitive Additional Materials.

Soliciting Material Pursuant to §240.14a-12.

BLACKBAUD, INC.

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(Name of Registrant as Specified in its Charter)

N/A

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(4) Date Filed:

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2000 Daniel Island Drive

Charleston, South Carolina 29492

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD JUNE 22, 2011

To the Stockholders:

You are cordially invited to attend our 2011 Annual Meeting of Stockholders to be held on Wednesday, June 22, 2011 at 10:00 a.m. Eastern Time at our corporate headquarters located at 2000 Daniel Island Drive, Charleston, South Carolina for the following purposes:

1. To elect two Class A directors for a three-year term expiring in 2014;
2. To hold an advisory vote on executive compensation;
3. To hold an advisory vote on the frequency with which future advisory votes on executive compensation should be held;
4. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011; and
5. To transact such other business as may properly come before the meeting or any adjournment thereof.

These matters are more fully described in the Proxy Statement accompanying this Notice.

The Board of Directors has fixed the close of business on April 25, 2011 as the record date for the determination of stockholders entitled to notice of and to vote at the meeting or any adjournment thereof. A list of stockholders eligible to vote at the meeting will be available during our regular business hours at our principal office in Charleston, South Carolina for the ten days prior to the meeting for review for any purposes related to the meeting.

We are pleased to take advantage of the Securities and Exchange Commission rules that allow us to furnish proxy materials, including this Notice, the Proxy Statement (including an electronic Proxy Card for the meeting) and our 2010 Annual Report to Stockholders via the Internet. Taking advantage of these rules should allow us to lower the cost of delivering annual meeting materials to our stockholders and reduce the environmental impact of printing and mailing these materials.

Our stockholders are cordially invited to attend the meeting in person. However, to assure your representation at the meeting, you are urged to vote by proxy by following the instructions contained in the accompanying Proxy Statement. You may revoke your proxy in the manner

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described in the Proxy Statement at any time before it has been voted at the meeting. Any stockholder attending the meeting may vote in person even if he or she has returned a proxy. **Your vote is important. Whether or not you plan to attend the Annual Meeting of Stockholders we hope that you will vote as soon as possible.**

For the Board of Directors,

BLACKBAUD, INC.

Jon W. Olson,

Vice President, General Counsel and Secretary

Charleston, South Carolina

Dated: April 29, 2011

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BLACKBAUD, INC.

Proxy Statement

for the

Annual Meeting of Stockholders

To Be Held June 22, 2011

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BLACKBAUD, INC.

PROXY STATEMENT

2011 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD JUNE 22, 2011

Information Concerning Solicitation and Voting

We are furnishing this Proxy Statement to the holders of our common stock in connection with the solicitation of proxies on behalf of our Board of Directors for use at the Annual Meeting of Stockholders to be held on Wednesday, June 22, 2011 at 10:00 a.m. Eastern Time, at our headquarters located at 2000 Daniel Island Drive, Charleston, South Carolina, or at any adjournment or postponement thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting of Stockholders. Only stockholders of record at the close of business on April 25, 2011 are entitled to notice of and to vote at the meeting.

In accordance with the Securities and Exchange Commission, or SEC, rules, instead of mailing a printed copy of our proxy materials to each stockholder of record, we are now furnishing proxy materials, including the Notice, this Proxy Statement, our 2010 Annual Report to Stockholders, including financial statements, and a Proxy Card for the meeting, by providing access to them on the Internet. These materials were first available on the Internet on April 29, 2011. We mailed a Notice of Internet Availability of Proxy Materials on or about April 29, 2011 to our stockholders of record and beneficial owners as of April 25, 2011, the record date for the meeting. This Proxy Statement and the Notice of Internet Availability of Proxy Materials contain instructions for accessing and reviewing our proxy materials on the Internet and for voting by proxy over the Internet. If you prefer to receive printed copies of our proxy materials, the Notice of Internet Availability of Proxy Materials contains instructions on how to request such materials by mail. You will not receive printed copies of the proxy materials unless you request them. If you elect to receive the materials by mail, you may also vote by proxy on the Proxy Card or Voter Instruction Card that you will receive in response to your request. Viewing our proxy materials and voting by proxy electronically will save us the cost of printing and mailing documents to you and will reduce the impact on the environment.

Each holder of common stock is entitled to one vote for each share held as of the record date with respect to all matters that may be considered at the meeting. Stockholders' votes will be tabulated by persons appointed by our Board of Directors to act as inspectors of election for the meeting.

We will bear the expense of soliciting proxies. You will need to obtain your own Internet access if you choose to access the proxy materials and/or vote over the Internet. We might reimburse banks, brokerage firms and other custodians, nominees and fiduciaries representing beneficial owners of our common stock, for their expenses in forwarding soliciting materials to those beneficial owners. Proxies may also be solicited by our directors, officers or employees, personally or by telephone, e-mail, facsimile or other means of communication. We do not intend to pay additional compensation for doing so.

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Questions and Answers about the 2011 Annual Meeting of Stockholders

Q: Who may vote at the meeting?

A: Our Board of Directors set April 25, 2011 as the record date for the meeting. If you owned our common stock at the close of business on April 25, 2011, you may attend and vote at the meeting. Each stockholder is entitled to one vote for each share of common stock held on all matters to be voted on. As of April 25, 2011, there were 44,502,932 shares of our common stock outstanding and entitled to vote at the meeting.

Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?

A: If your shares are registered directly in your name with our transfer agent, American Stock Transfer and Trust Company, you are considered, with respect to those shares, the stockholder of record. As the stockholder of record, you have the right to vote in person at the meeting. You will need to present a form of personal photo identification in order to be admitted to the 2011 annual meeting. If your shares are held in a brokerage account or by another nominee or trustee, you are considered the beneficial owner of shares held in street name. In that case, the Notice of Internet Availability or proxy materials have been forwarded to you by your broker, bank or other holder of record who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record on how to vote your shares by using the voting instructions included in the Notice of Internet Availability or proxy materials.

Q: What is the quorum requirement for the meeting?

A: A majority of our outstanding shares as of the record date must be present at the 2011 annual meeting in order to hold the meeting and conduct business. This is called a quorum. Your shares will be counted as present at the meeting if you:

are present and entitled to vote in person at the meeting; or

have voted by telephone, by Internet, or properly submitted a Proxy Card or Voter Instruction Card.

If you are present in person or by proxy, but abstain from voting on any or all proposals, your shares are still counted as present and entitled to vote. Each proposal listed in the Proxy Statement identifies the votes needed to approve or ratify the proposed action.

Q: What proposals will be voted on at the meeting?

A: The four proposals to be voted on at the 2011 annual meeting are as follows:

1. To elect two Class A directors for a three-year term expiring in 2014;

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2. To hold an advisory vote on executive compensation;
3. To hold an advisory vote on the frequency with which future advisory votes on executive compensation should be held; and
4. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011.

We will also consider any other business that properly comes before the meeting. As of the record date, we are not aware of any other matters to be submitted for consideration at the meeting. If any other matters are properly brought before the meeting, the persons named in the Proxy Card or Voter Instruction Card will vote the shares they represent using their best judgment.

Q: How may I vote my shares in person at the meeting?

A: If you are a stockholder of record, you have the right to vote in person at the 2011 annual meeting. You will need to present a form of personal photo identification in order to be admitted to the meeting. If you are a

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beneficial owner of shares held in street name, you are also invited to attend the meeting. Because a beneficial owner is not the stockholder of record, however, you may not vote these shares in person at the meeting unless you obtain a legal proxy from your broker, bank, nominee, or trustee that holds your shares, giving you the right to vote the shares at the meeting.

Q: How can I vote my shares without attending the meeting?

A: If your common stock is held by a broker, bank or other nominee, they should send you instructions that you must follow in order to have your shares voted. If you hold shares in your own name, you may vote by proxy in any one of the following ways:

via the Internet by accessing the proxy materials on the secured website <http://www.amstock.com/ProxyServices/ViewMaterial.asp?CoNumber=25567> and following the voting instructions on that website;

via telephone by calling toll free 1-800-PROXIES (1-800-776-9437) in the United States or 1-718-921-8500 outside the United States and following the recorded instructions; or

request printed copies of the proxy materials be mailed to you pursuant to the instructions provided in the Notice of Internet Availability of Proxy Materials and complete, date, sign and return the Proxy Card that you receive in response to your request. The Internet and telephone voting procedures are designed to authenticate stockholders' identities by use of a control number to allow stockholders to vote their shares and to confirm that stockholders' instructions have been properly recorded. Voting via the Internet or telephone must be completed by 11:59 p.m., Eastern Time, on June 21, 2011. Of course, you can always come to the meeting and vote your shares in person. If you submit or return a Proxy Card without giving specific voting instructions, your shares will be voted as recommended by our Board of Directors.

Q: How can I change my vote after submitting it?

A: If you are a stockholder of record, you can revoke your proxy before your shares are voted at the meeting by:

Filing a written notice of revocation bearing a later date than the proxy with our Corporate Secretary at 2000 Daniel Island Drive, Charleston, South Carolina 29492 at or before the taking of the vote at the meeting;

Duly executing a later-dated proxy relating to the same shares and delivering it to our Corporate Secretary at 2000 Daniel Island Drive, Charleston, South Carolina 29492 at or before the taking of the vote at the meeting; or

Attending the meeting and voting in person (although attendance at the meeting will not in and of itself constitute a revocation of a proxy).

If you are a beneficial owner of shares held in street name, you may submit new voting instructions by contacting your bank, broker, nominee or trustee. You may also vote in person at the meeting if you obtain a legal proxy from them as described in the answer to a previous question.

Q: Where can I find the voting results of the meeting?

A: The preliminary voting results will be announced at the 2011 annual meeting. The final results will be published in a Form 8-K filed with the SEC within four business days of the meeting.

Q: For how long can I access the proxy materials on the Internet?

A: The Notice, Proxy Statement, Proxy Card, 2010 Annual Report to Stockholders and Annual Report on Form 10-K for the year ended December 31, 2010 are also available in PDF and HTML format at <http://proxy.blackbaud.com> and will remain posted on this website at least until the conclusion of the meeting.

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Our Board of Directors consists of eight members and is divided into three classes, the members of which each serve for a staggered three-year term. The term of office of one class of directors expires each year in rotation so that one class is elected at each annual meeting for a full three-year term. Our Class A directors, Timothy Chou and Carolyn Miles, have been nominated to fill a three-year term expiring in 2014. The two other classes of directors, who were elected or appointed for terms expiring at the annual meetings in 2012 and 2013, respectively, will remain in office.

If you are a stockholder of record, unless you mark your Proxy Card to withhold authority to vote, the proxy holders will vote the proxies received by them for the two Class A nominees named below, each of whom is currently a director and each of whom has consented to be named in this Proxy Statement and to serve if elected. In the event that any nominee is unable or declines to serve as a director at the time of the meeting, your proxy will be voted for any nominee designated by our Board of Directors to fill the vacancy. We do not expect that any nominee will be unable or will decline to serve as a director.

If you are a beneficial owner of shares held in street name and you do not provide your broker with voting instructions, under recent amendments to the rules governing brokers, your broker may not vote your shares on the election of directors. Therefore, it is important that you vote.

The Board of Directors unanimously recommends that stockholders vote FOR the two Class A nominees listed below.

The name of and certain information regarding each Class A nominee as of April 25, 2011 is set forth below, together with information regarding our directors remaining in office. This information is based on data furnished to us by the nominees and directors. There are no family relationships among our directors, director nominees or executive officers. The business address for each nominee for matters regarding Blackbaud is 2000 Daniel Island Drive, Charleston, South Carolina 29492.

Name	Director Since	Age	Position(s) With Blackbaud
Class A Nominees for Terms Expiring in 2014			
Timothy Chou	June 2007	56	Director
Carolyn Miles	March 2007	49	Director
Class B Directors with Terms Expiring in 2012			
George H. Ellis	March 2006	62	Director
David G. Golden	July 2010	52	Director
Andrew M. Leitch	February 2004	67	Chairman of the Board of Directors
Class C Directors with Terms Expiring in 2013			
Marc E. Chardon	November 2005	55	President, Chief Executive Officer and Director
John P. McConnell	March 2006	60	Director
Sarah E. Nash	July 2010	57	Director

Class A Director Nominees

Timothy Chou has served on our Board of Directors since June 2007. Mr. Chou co-founded Openwater Networks, a private company, in November 2005 and has served on its board of directors since that time. From November 1999 until January 2005, he served as President of Oracle On Demand, a division of Oracle Corporation. Prior to that, Mr. Chou served as Chief Operating Officer of Reasoning, Inc., an information

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technology services firm, and as Vice President, Server Products, of Oracle Corporation. He has also served as a director of Embarcadero Technologies, Inc. since 2000. Mr. Chou is the author of *The End of Software* and is a lecturer at Stanford University. Mr. Chou holds a BS in Electrical Engineering from North Carolina State University and MS and PhD degrees in Electrical Engineering from the University of Illinois Urbana-Champaign.

Among other experience, qualifications, attributes and skills, Mr. Chou's knowledge and experience in the software-as-a-service industry and in senior leadership roles in large organizations in the information technology industry led to the conclusion of our Nominating and Governance Committee and of our full Board that he should serve as a director of our Company in light of our business and structure.

Carolyn Miles has served on our Board of Directors since March 2007. Ms. Miles has been Executive Vice President and Chief Operating Officer of Save the Children Federation, Inc., a nonprofit organization, since 2004 and has served in various capacities since joining Save the Children Federation in 1998. Prior to joining Save the Children Federation, Ms. Miles worked with American Express Travel-Related Services in New York and Hong Kong and managed a start-up retail operation in Hong Kong. Ms. Miles serves as a trustee of the University of Virginia's Darden School of Business board. She holds an MBA from the Darden School of Business and a BS from Bucknell University.

Among other experience, qualifications, attributes and skills, Ms. Miles' experience with nonprofit companies led to the conclusion of our Nominating and Governance Committee and of our full Board that she should serve as a director of our Company in light of our business and structure.

Other Directors Not Up for Re-election at this Meeting

Marc E. Chardon has served as our President, Chief Executive Officer and a member of our Board of Directors since November 2005. Previously, Mr. Chardon served as Chief Financial Officer for the \$11 billion Information Worker business group at Microsoft Corporation, where he was responsible for the core functions of long-term strategic financial planning and business performance management. He joined Microsoft in August 1998 as General Manager of Microsoft France. Prior to joining Microsoft, Mr. Chardon was General Manager of Digital France. He joined Digital in 1984 and held a variety of international marketing and business roles within the company. In 1994, Mr. Chardon was named Director, Office of the President, with responsibility for Digital's corporate strategy development. Mr. Chardon is an American/French dual national. He is an economics honors graduate from Harvard College.

Among other experience, qualifications, attributes and skills, as our President and Chief Executive Officer since November 2005, Mr. Chardon's unique experience and perspective on our business led to the conclusion of our Nominating and Corporate Governance Committee and of our full Board that he should serve as a director of our Company in light of our business and structure.

George H. Ellis joined our Board of Directors in March 2006. Mr. Ellis has been Chief Financial Officer of Global 360, Inc., a private company, since July 2006. Since April 2010, Mr. Ellis has served on the board of Liquidity Services, Inc., currently as Chairman of its Audit Committee. He has also served in several capacities at Softbrands, Inc., as a member of its board of directors from October 2001 to August 2009, serving as Chairman from October 2001 to June 2006, and Chief Executive Officer from October 2001 to January 2006. Mr. Ellis was also the Chairman and Chief Executive Officer of AremisSoft Corporation from October 2001 to confirmation of its plan of reorganization under Chapter 11 of the Federal Bankruptcy Code in August 2002. Mr. Ellis, who served as a director of AremisSoft from April 1999 until February 2001, accepted the position at AremisSoft to assist in the reorganization. Mr. Ellis served on the board of directors of NEON Systems, Inc. from January 2000 to December 2005 and PeopleSupport, Inc. from October 2004 to October 2008. Mr. Ellis has served on the board of directors and advisory boards of several nonprofit companies in the Dallas area. Mr. Ellis is a licensed CPA and an attorney in the State of Texas. Mr. Ellis holds a BS in accounting from Texas Tech University and a JD from Southern Methodist University.

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Among other experience, qualifications, attributes and skills, Mr. Ellis' knowledge and experience in leading large organizations in the information technology industry and his experience with nonprofit companies led to the conclusion of our Nominating and Governance Committee and of our full Board that he should serve as a director of our Company in light of our business and structure.

David G. Golden joined our Board of Directors in July 2010. Mr. Golden has been a Partner, Executive Vice President and most recently Strategic Advisor of Revolution LLC, a private investment company, since March 2006, after spending 18 years, including 5 years as Vice Chairman, with JPMorgan (and predecessor companies). Mr. Golden also serves as Executive Chairman of Code Advisors, a private merchant bank, since its founding in 2010. Mr. Golden currently serves on the boards of directors of Barnes & Noble, Everyday Health, Inc., Extend Health, Inc., Vinfolio, Inc., The Branson School, and Accelerate Brain Cancer Cure, and on the advisory boards of Granite Ventures LLC and Partners for Growth LLC. Mr. Golden holds a AB in Government from Harvard College and a JD from Harvard Law School.

Among other experience, qualifications, attributes and skills, Mr. Golden's knowledge and experience in capital markets, strategic transactions and financial and legal matters led to the conclusion of our Nominating and Governance Committee and of our full Board that he should serve as a director of our Company in light of our business and structure.

Andrew M. Leitch was appointed to our Board of Directors in February 2004 and has served as our Chairman since July 2009. Mr. Leitch was with Deloitte & Touche LLP for over 27 years, most recently serving as the Vice Chairman of the Management Committee, Hong Kong from September 1997 to March 2000. In the past five years, Mr. Leitch has served on the board of directors of the following public companies: STR Holdings, Inc. (since November 2009); Cardium Therapeutics, Inc. (since August 2007); L&L Energy Inc. (since January 2011 to April 2011); Aldila, Inc. (from May 2004 to February 2010); and Wireless Facilities Inc., now Kratos Defense & Security Solutions, Inc. (from April 2005 to March 2006). Mr. Leitch also serves as director of several private companies. He is a CPA in the State of New York and a Chartered Accountant in Ontario, Canada.

Among other experience, qualifications, attributes and skills, Mr. Leitch's experience in auditing and accounting, as well as on boards of directors and management skills led to the conclusion of our Nominating and Governance Committee and of our full Board that he should serve as a director of our Company in light of our business and structure.

John P. McConnell joined our Board of Directors in March 2006. Mr. McConnell has been the President and Chief Executive Officer of McConnell Golf LLC, a private company, since November 2006. Mr. McConnell served as the President and Chief Executive Officer of A4 Health Systems, Inc., a private company, from December 1998 until its sale in March 2006 to Allscripts Healthcare Solutions, Inc., now known as Allscripts-Misys Healthcare Solutions, Inc. Mr. McConnell sat on the board of directors of Allscripts from March 2006 until March 2008. He co-founded Medic Computer Systems, Inc. in 1982 and served as its Chief Executive Officer until its sale to Misys plc in 1997. Mr. McConnell also has served on the board of directors of several private entities including MED3000, Inc. since June 1996, RxMedic since January 2007 and the Green Spring Foundation since January 2000. He holds a BS in finance from Virginia Tech.

Among other experience, qualifications, attributes and skills, Mr. McConnell's knowledge and experience in the information technology industry and strategic transactions led to the conclusion of our Nominating and Governance Committee and of our full Board that he should serve as a director of our Company in light of our business and structure.

Sarah E. Nash joined our Board of Directors in July 2010. Ms. Nash currently serves on the board of directors of Knoll, Inc., a public company, and Merrimack Pharmaceuticals, Inc., a private company, and is a trustee of the New-York Historical Society, New York-Presbyterian Hospital, the New York Restoration Project, and Washington and Lee University. She is also a member of the Business Leadership Council of City University

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of New York and the National Board of the Smithsonian Institution. Ms. Nash spent nearly 30 years in investment banking at JPMorgan, retiring as Vice Chairman in 2005. Ms. Nash holds a BA in political science from Vassar College.

Among other experience, qualifications, attributes and skills, Ms. Nash's knowledge and experience in capital markets, strategic transactions, corporate governance and non-profit organizations led to the conclusion of our Nominating and Governance Committee and of our full Board that she should serve as a director of our Company in light of our business and structure.

Required Vote

The two nominees receiving the highest number of affirmative votes of the common stock present or represented and entitled to be voted for them shall be elected as Class A directors. In accordance with Delaware law, abstentions or votes withheld from any director are counted for purposes of determining the presence or absence of a quorum for the transaction of business, but they have no legal effect on the election of directors under Delaware law. While broker non-votes will be counted for purposes of determining the presence or absence of a quorum, they will not be counted for purposes of determining the number of shares represented and voting with respect to the particular proposal on which the broker has expressly not voted and, accordingly, will not affect the election of directors.

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CORPORATE GOVERNANCE MATTERS

Information about the Board

Our Board of Directors is currently comprised of eight members including Chairman Andrew M. Leitch, Marc E. Chardon, Timothy Chou, George H. Ellis, David G. Golden, John P. McConnell, Carolyn Miles and Sarah E. Nash.

We have historically separated the position of Chairman, currently independent director Andrew M. Leitch, and that of Chief Executive Officer, currently Marc E. Chardon. While the Board believes the separation of these positions has served the Company well, and intends to maintain this separation where appropriate and practicable, the Board does not believe that it is appropriate to prohibit one person from serving as both Chairman and Chief Executive Officer. We believe our leadership structure is appropriate given the size of our Company in terms of number of employees, Mr. Leitch's experience in boards of directors and management skills and Mr. Chardon's historical experience and understanding of our Company and industry.

Independence of Directors

Our Board of Directors has adopted categorical standards or guidelines to assist it in making independence determinations with respect to each director. These standards are published in Section 1 of our Corporate Governance Guidelines and are available under *Corporate Governance* in the *Company Investor Relations* section of our website at www.blackbaud.com. Our Board has determined that the following seven directors are independent within the meaning of the Rule 5605(a)(2) of the Nasdaq Stock Market listing rules: Mr. Chou, Mr. Ellis, Mr. Golden, Mr. Leitch, Mr. McConnell, Ms. Miles and Ms. Nash. As part of such determination of independence, our Board has affirmatively determined that none of these directors have a relationship with us that would interfere with the exercise of independent judgment in carrying out their responsibilities as directors. Mr. Chardon, our President and Chief Executive Officer, is the only member of management serving as a director.

Ms. Miles is the Executive Vice President and Chief Operating Officer of Save the Children Federation, a nonprofit organization. Save the Children Federation is a customer of ours and paid us approximately \$936,000 and \$560,000 for software and services in 2009 and 2010, respectively, pursuant to standard customer agreements. Our Board of Directors carefully considered this relationship and determined that it did not interfere with the exercise of Ms. Miles' independent judgment in carrying out the responsibilities of a director.

Selection of Nominees for our Board of Directors

The Nominating and Corporate Governance Committee of our Board of Directors has the responsibility for establishing the criteria for recommending which directors should stand for re-election to our Board and the selection of new directors to serve on our Board. In addition, the Committee is responsible for establishing the procedures for our stockholders to nominate candidates to our Board. The Committee has not formulated any specific minimum qualifications for director candidates, but has determined certain desirable characteristics including strength of character, mature judgment, career specialization, relevant technical skills and independence. While it does not have a specific written policy with regard to the consideration of diversity in identifying director nominees, the Committee does consider diversity to be an additional desirable characteristic in potential nominees. This commitment to diversity is part of our Corporate Governance Guidelines, which are available under *Corporate Governance* in the *Company Investor Relations* section of our website at www.blackbaud.com.

Our Bylaws permit any stockholder of record to nominate directors. Stockholders wishing to nominate a director, whether by inclusion of such business in our proxy materials or otherwise, must deliver written notice of the nomination by registered mail, return receipt requested, to the Corporate Secretary at our principal executive

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offices not more than 75 and not less than 45 days before the meeting at which directors are to be elected. Any such notice must set forth the following: (a) the name, age, business address, residence and ownership of our stock of any director nominee and all information relating to the director nominee that is required to be disclosed in solicitations of proxies for elections of directors; (b) any material interest in the director nomination of such stockholder or any Stockholder Associated Person (as defined below), individually or in the aggregate; (c) as to the stockholder or any Stockholder Associated Person, their holdings of our stock and whether the stockholder has entered into transactions to manage risk with respect to such stock; (d) as to the stockholder giving notice and Stockholder Associated Person, the name and address of such stockholder, as they appear on our stock ledger, and current name and address, if different, and of such Stockholder Associated Person; and (e) to the extent known by the stockholder giving the notice, the name and address of any other stockholder supporting the nominee for election as a director. Our Bylaws define Stockholder Associated Person as (a) any person controlling, directly or indirectly, or acting in concert with, such stockholder, (b) any beneficial owner of our shares of stock owned of record or beneficially by such stockholder and (c) any person controlling, controlled by or under common control with such Stockholder Associated Person. The Nominating and Corporate Governance Committee will evaluate a nominee recommended by a stockholder in the same manner in which the Committee evaluates nominees recommended by other persons as well as its own nominee recommendations.

Board Committees

Our Board of Directors has an Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. Each committee is comprised entirely of independent directors in accordance with Rule 5605(a)(2) of the Nasdaq Stock Market listing rules, the Sarbanes-Oxley Act and Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, or Exchange Act.

Our Audit Committee currently comprises Chairman George H. Ellis, David G. Golden and Andrew M. Leitch. Our Board of Directors has determined that Mr. Ellis is an audit committee financial expert as such term is defined in Item 407(d) of Regulation S-K promulgated by the SEC. The Audit Committee monitors the integrity of our financial statements, the performance of our internal audit function, the qualifications and independence of our independent registered public accounting firm, the procedures undertaken by the independent registered public accounting firm, and, with the assistance of quarterly reports from its General Counsel and Controller, our compliance with other regulatory and legal requirements. The Audit Committee has the sole authority to appoint, determine funding for, and oversee our independent registered public accounting firm, including pre-approving all auditing services and non-audit services. Its role also includes meeting to review our annual audited financial statements and quarterly financial statements with management and our independent registered public accounting firm and reviewing capital management. It reviews and evaluates public disclosures related to earnings and guidance or other public disclosure matters as appropriate. See Audit Committee Report contained in this Proxy Statement.

Our Compensation Committee currently comprises Chairman John P. McConnell, Timothy Chou and Andrew M. Leitch. The Compensation Committee reviews and oversees all compensation decisions relating to officers, including approving those for the Chief Executive Officer. In addition to reviewing executive officer compensation against that of their contemporaries in our peer group, the Compensation Committee considers recommendations from the Chief Executive Officer regarding compensation for those executives reporting directly to him as well as other officers. The Compensation Committee also annually reviews and approves the compensation of our directors, based on factors it determines appropriate. The Compensation Committee assesses issues relating to recruitment and retention. Finally, the Compensation Committee has authority to obtain, at our expense, the advice and assistance from internal or external advisors, experts and others to assist the committee. See Compensation Discussion and Analysis contained in this Proxy Statement.

Our Nominating and Corporate Governance Committee currently comprises Chairman Carolyn Miles, John P. McConnell and Sarah E. Nash. The Nominating and Corporate Governance Committee identifies individuals

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qualified to become Board members, reviews the qualifications and independence of the members of the Board and its various committees, recommends to the Board the Corporate Governance Guidelines, oversees such Guidelines to ensure compliance with sound corporate governance practices and legal, regulatory and Nasdaq requirements, leads the Board in its annual self-evaluation process and reviews the Company's governance scores and ratings from third parties including Institutional Shareholder Services, Inc, and recommends to the Board and the Company's senior management the Company's stock ownership guidelines.

Each of the above-referenced committees operates pursuant to a formal written charter. The charters for each committee, which have been adopted by our Board of Directors, contain a detailed description of the respective committee's duties and responsibilities and are available under *Corporate Governance* in the *Company Investor Relations* section of our website at www.blackbaud.com.

In addition to the meetings held by the above-referenced committees, the independent non-employee members of our Board of Directors regularly meet in executive session without our Chief Executive Officer or any executive officers present to evaluate the performance of management.

Risk Oversight

While our Company's senior management has responsibility for the management of risk, our Board of Directors plays a significant role in overseeing this function. Our Board regularly reviews our Company's market and business risks during its meetings and each of its committees oversees risks associated with its respective area of responsibility. In particular, the Audit Committee oversees risk related to our accounting, tax, financial and legal reporting processes. It also assesses risks associated with our financial assets. The Compensation Committee oversees risks related to our compensation and benefit plans and policies to ensure sound pay practices that do not cause risks to arise that are reasonably likely to have a material adverse effect on our Company. The Nominating and Corporate Governance Committee seeks to minimize risks related to governance structure by implementing sound corporate governance principles and practices. Each of the committees regularly reports to the full Board as appropriate on its efforts at risk oversight and on any matter that rises to the level of a material or enterprise level of risk.

Information Regarding Meetings of the Board and Committees

During 2010, our Board of Directors held seven meetings and its three committees, the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee, collectively held 29 meetings. No director attended fewer than 75% of the aggregate of all meetings of our Board and the committees on which he or she served during 2010. The table below provides 2010 membership and meeting information for each committee of the Board.

Name	Audit	Compensation	Nominating and Corporate Governance
Andrew M. Leitch	X	X	
Marc E. Chardon			
Timothy Chou		X	
George H. Ellis	Chair		X ⁽¹⁾
David G. Golden	X ⁽²⁾		
John P. McConnell		Chair	X
Carolyn Miles	X ⁽³⁾		Chair
Sarah E. Nash			X ⁽⁴⁾
Number of Meetings held in 2010	12	6	11

(1) Mr. Ellis served as a member of the Nominating and Corporate Governance Committee through July 27, 2010.

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- (2) Mr. Golden joined the Audit Committee on July 27, 2010.
- (3) Ms. Miles served as a member of the Audit Committee through July 27, 2010.
- (4) Ms. Nash joined the Nominating and Corporate Governance Committee on July 27, 2010.

Although we do not have a formal written policy with respect to Board of Directors members' attendance at our annual meetings of stockholders, we strongly encourage all directors to attend. All directors attended our 2010 Annual Meeting (with the exception of Mr. Golden and Ms. Nash, who were not directors at the time).

Corporate Governance Guidelines

We believe in sound corporate governance practices and have adopted formal Corporate Governance Guidelines to enhance our effectiveness. Our Board of Directors adopted these Corporate Governance Guidelines in order to ensure that it has the necessary authority and practices in place to review and evaluate our business operations as needed and to make decisions that are independent of our management. The Corporate Governance Guidelines are also intended to align the interests of directors and management with those of our stockholders. The Corporate Governance Guidelines set forth the practices our Board follows, including, but not limited to, Board and Committee composition and selection, director responsibilities, director access to officers and employees and Chief Executive Officer performance evaluation and succession planning. A copy of our Corporate Governance Guidelines is available under *Corporate Governance* in the *Company Investor Relations* section of our website at www.blackbaud.com.

Code of Business Conduct and Ethics and Code of Ethics

Our Board of Directors has adopted a Code of Business Conduct and Ethics that applies to all of our directors and employees. Our Board has also adopted a separate Code of Ethics for our Chief Executive Officer and all senior financial officers, including our Chief Financial Officer and the principal accounting officer or controller, or persons performing similar functions. We will provide copies of our Code of Business Conduct and Ethics and Code of Ethics without charge upon request. To obtain a copy of our Code of Business Conduct and Ethics or Code of Ethics, please send your written request to Blackbaud, Inc., 2000 Daniel Island Drive, Charleston, South Carolina 29492, Attn: General Counsel. Our Code of Business Conduct and Ethics and Code of Ethics are also available under *Corporate Governance* in the *Company Investor Relations* section of our website at www.blackbaud.com.

Communications with our Board of Directors

Stockholders who wish to communicate with members of our Board of Directors, including the independent directors individually or as a group, may send correspondence to them in care of our Corporate Secretary at our principal executive offices. Such communication will be forwarded to the intended recipient(s). We currently do not intend to have our Corporate Secretary screen this correspondence, but we may change this policy if directed by our Board due to the nature or volume of the correspondence.

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PROPOSAL TWO

ADVISORY VOTE ON EXECUTIVE COMPENSATION

As required under the newly enacted Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, our Board of Directors is submitting a say on pay proposal for stockholder consideration. While the vote on executive compensation is nonbinding and solely advisory in nature, our Board of Directors and the Compensation Committee value the opinion of our stockholders and will review the voting results and seek to determine the causes of any significant negative voting result to better understand and address issues and concerns not previously presented.

Executive compensation is an important matter for our stockholders. The core of our executive compensation philosophy and practice continues to be to pay for performance. Our executive officers are compensated in a manner consistent with our strategy, competitive practice, sound corporate governance principles, and stockholder interests and concerns. We believe our compensation program is strongly aligned with the long-term interests of our stockholders. Compensation of our executive officers is designed to enable us to attract and retain talented and experienced senior executives to lead us successfully in a competitive environment.

The compensation of the named executive officers is described on pages 19-34, including the Compensation Discussion and Analysis, or CD&A, on pages 19-29. The CD&A section of this proxy statement provides additional details on our executive compensation, including our compensation philosophy and objectives and the fiscal 2010 compensation of the named executive officers.

We are asking stockholders to vote on the following resolution:

RESOLVED, that the stockholders approve, on an advisory basis, the compensation of the named executive officers as disclosed in the proxy statement for the 2011 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission (which disclosure includes the Compensation Discussion and Analysis, the Summary Compensation Table for fiscal 2010 and the other related tables and disclosures).

As indicated above, the stockholder vote on this resolution will not be binding on us or on the Board of Directors, and will not be construed as overruling any decision by us or by the Board of Directors. The vote will not be construed to create or imply any change to our fiduciary duties or those of the board, or to create or imply any additional fiduciary duties for us or the Board of Directors.

Vote Required

Approval of this proposal requires the affirmative vote of the holders of at least a majority of the outstanding shares of our common stock entitled to vote and present or represented at the meeting. Because your vote is advisory, it will not be binding on the Board of Directors or the Company. However, the Board and Compensation Committee will review the voting results and take them into consideration when making future decisions regarding executive compensation.

In accordance with Delaware law, abstentions will be counted for purposes of determining both whether a quorum is present at the meeting and the total number of shares represented and voting on this proposal. While broker non-votes will be counted for purposes of determining the presence or absence of a quorum, broker non-votes will not be counted for purposes of determining the number of shares represented and voting with respect to the particular proposal on which the broker has expressly not voted and, accordingly, will not affect the approval of this proposal.

The Board of Directors unanimously recommends that stockholders vote FOR Proposal Two.

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PROPOSAL THREE

**ADVISORY VOTE REGARDING THE FREQUENCY OF FUTURE ADVISORY VOTES ON
EXECUTIVE COMPENSATION**

Under the newly enacted Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, we are also required to seek a nonbinding advisory stockholder vote regarding the frequency of submission to stockholders of a say on pay advisory vote such as Proposal No. 2. The Dodd-Frank Act specifies that stockholders be given the opportunity to vote on our executive compensation programs either annually, every two years or every three years. Although this vote is advisory and nonbinding, our board of directors will review voting results and give consideration to the outcome of such voting.

Our Board of Directors recognizes the importance of receiving regular input from our stockholders on important issues such as our compensation programs. Our Board also believes that a well-structured compensation program should include plans that drive creation of stockholder value over the long-term, and that it should receive advisory input from our stockholders each year. Accordingly, as indicated below, the Board recommends that you vote in favor of an annual advisory vote on our compensation programs.

Stockholders may cast their vote on their preferred voting frequency by choosing the option of one year, two years, three years or abstain from voting when voting in response to the resolution set forth below:

RESOLVED, that the option of once every one year, two years or three years that receives the highest number of votes cast for this resolution will be determined to be the preferred frequency with which Blackbaud, Inc. is to hold a stockholder vote to approve the compensation of the named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission (which disclosure shall include the Compensation Discussion and Analysis, the Summary Compensation Table for fiscal 2010 and the other related tables and disclosures).

The option of one year, two years or three years that receives the highest number of votes cast by stockholders will be the frequency for the advisory vote on executive compensation that has been selected by stockholders. However, as indicated above, the stockholder vote on the frequency of nonbinding stockholder votes to approve executive compensation will not be binding on us or the Board, and will not be construed as overruling any decision by us or the Board. The vote will not be construed to create or imply any change to our fiduciary duties or those of the Board, or to create or imply any additional fiduciary duties for us or the Board.

Vote Required

The frequency of the advisory vote on executive compensation receiving the greatest number of votes every year, every two years or every three years will be the frequency that stockholders approve. Because your vote is advisory, it will not be binding on the Board of Directors or the Company. However, the Board will review the voting results and take them into consideration when making future decisions regarding the frequency of advisory votes on executive compensation.

In accordance with Delaware law, abstentions will be counted for purposes of determining both whether a quorum is present at the meeting and the total number of shares represented and voting on this proposal. While broker non-votes will be counted for purposes of determining the presence or absence of a quorum, broker non-votes will not be counted for purposes of determining the number of shares represented and voting with respect to the particular proposal on which the broker has expressly not voted and, accordingly, will not affect the approval of this proposal.

The Board of Directors unanimously recommends that the stockholders vote for the option of EVERY YEAR as the frequency with which stockholders are provided an advisory vote on executive compensation, as disclosed pursuant to the compensation disclosure rules of the SEC.

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PROPOSAL FOUR
RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of our Board of Directors has selected the independent registered public accounting firm of PricewaterhouseCoopers LLP, or PwC, to audit our consolidated financial statements for the fiscal year ending December 31, 2011 and recommends that stockholders vote for ratification of such appointment. Although ratification is not required by our Bylaws or otherwise, the Board is submitting the selection of PwC to our stockholders for ratification because we value our stockholders' views on our independent registered public accounting firm and as a matter of good corporate practice. In the event of a negative vote on ratification, the Audit Committee will reconsider, but might not change, its selection. Notwithstanding the selection and ratification, the Audit Committee, in its discretion, may appoint a different independent registered public accounting firm at any time, if it believes doing so would be in the best interests of our Company and our stockholders.

PwC has audited our financial statements annually since 2000. Representatives of PwC are expected to be present at the 2011 annual meeting with the opportunity to make a statement if they desire to do so and respond to appropriate questions.

Vote Required

Approval of the ratification of the appointment of PwC as our independent registered public accounting firm requires the affirmative vote of the holders of at least a majority of the outstanding shares of our common stock entitled to vote and present or represented at the meeting. In accordance with Delaware law, abstentions will be counted for purposes of determining both whether a quorum is present at the meeting and the total number of shares represented and voting on this proposal. While broker non-votes will be counted for purposes of determining the presence or absence of a quorum, broker non-votes will not be counted for purposes of determining the number of shares represented and voting with respect to the particular proposal on which the broker has expressly not voted and, accordingly, will not affect the approval of this proposal.

The Board of Directors unanimously recommends that stockholders vote FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011.

AUDIT COMMITTEE REPORT

Our Audit Committee has (1) reviewed and discussed with management the audited financial statements for the year ended December 31, 2010, (2) discussed with PwC, our independent registered public accounting firm, the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1 AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T, and (3) received the written disclosures and the letter from PwC concerning applicable requirements of the Public Company Accounting Oversight Board regarding PwC's communications with the Audit Committee concerning independence, and has discussed with PwC its independence. Based upon these discussions and reviews, the Audit Committee recommended that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which is filed with the SEC.

Our Audit Committee is currently composed of the following three directors, all of whom are independent directors as defined in Rule 5605(a)(2) of the Nasdaq Stock Market listing rules and Section 10A(m)(3) of the Exchange Act: Chairman George H. Ellis; David G. Golden; and Andrew M. Leitch. Our Board has determined that Mr. Ellis is an audit committee financial expert as such term is defined in Item 407(d) of Regulation S-K promulgated by the SEC. Our Audit Committee operates under a written charter adopted by our Board of Directors, a copy of which is available under *Corporate Governance* in the *Company Investor Relations* section of our website at www.blackbaud.com.

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PwC has served as our independent registered public accounting firm since 2000 and audited our consolidated financial statements for the years ended December 31, 2000 through December 31, 2010.

Summary of Fees

The Audit Committee has adopted a policy for the pre-approval of all audit and permitted non-audit services that may be performed by our independent registered public accounting firm. Under this policy, each year, at the time it engages an independent registered public accounting firm, the Audit Committee pre-approves the audit engagement terms and fees and may also pre-approve detailed types of audit-related and permitted tax services, subject to certain dollar limits, to be performed during the year. All other permitted non-audit services are required to be pre-approved by the Audit Committee on an engagement-by-engagement basis.

The following table summarizes the aggregate fees billed for professional services rendered to us by PwC in 2009 and 2010. A description of these various fees and services follows the table.

	2009	2010
Audit Fees	\$ 835,449	\$ 866,815
Audit-related Fees		69,303
Tax Fees	10,000	
All Other Fees	1,620	1,620
Total	\$ 847,069	\$ 937,738

Audit Fees

The aggregate fees billed to us by PwC in connection with the annual audit of our financial statements, for the reviews of our financial statements included in the Quarterly Reports on Form 10-Q, the audit of our internal control over financial reporting and for other services normally provided in connection with statutory and regulatory filings, were \$835,449 and \$866,815 for the years ended December 31, 2009 and 2010, respectively.

Audit-Related Fees

The aggregate audit-related fees billed to us by PwC for the year ended December 31, 2010 was \$69,303, related to procedures performed for a SAS 70 internal control report.

Tax Fees

The tax fees billed to us by PwC for the year ended December 31, 2009 was \$10,000, primarily related to advice on state tax planning opportunities.

All Other Fees

The other fees billed to us by PwC were \$1,620 for each of years ended December 31, 2009 and 2010, related to our subscription to PwC's on-line technical accounting research software.

Our Audit Committee has considered whether and determined that the provision of the non-audit services rendered to us during 2009 and 2010 was compatible with maintaining the independence of PwC.

THE AUDIT COMMITTEE OF THE

BOARD OF DIRECTORS

George H. Ellis, Chairman

David G. Golden

Andrew M. Leitch

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The following table sets forth certain information regarding the beneficial ownership of our common stock as of April 25, 2011, unless otherwise noted below, for the following:

each person or entity known to own beneficially more than 5% of the outstanding common stock as of the date indicated in the corresponding footnote;

each of the named executive officers named in the Summary Compensation table;

each director; and

all directors and executive officers as a group.

Applicable percentage ownership is based on 44,502,932 shares of common stock outstanding as of April 25, 2011, unless otherwise noted below, together with applicable options and stock appreciation rights, or SARs, for each stockholder. Beneficial ownership is determined in accordance with the rules of the SEC, based on factors including voting and investment power with respect to shares. Common stock subject to options and SARs currently exercisable, or exercisable within 60 days after April 25, 2011, are deemed outstanding for the purpose of computing the percentage ownership of the person holding those options and SARs, but are not deemed outstanding for computing the percentage ownership of any other person. Unless otherwise indicated, the address for each listed stockholder is c/o Blackbaud, Inc., 2000 Daniel Island Drive, Charleston, South Carolina 29492.

Name of Beneficial Owner	Shares Owned	Shares Under Exercisable Options ⁽¹⁾	Shares Under Exercisable SARs ⁽²⁾	Total Shares Beneficially Owned	Percentage Beneficially Owned
Neuberger Berman Group LLC ⁽³⁾ 605 Third Avenue New York, New York 10158	5,060,000			5,060,000	11.4%
BlackRock, Inc. ⁽⁴⁾ 40 East 52 nd Street New York, New York 10022	3,358,821			3,358,821	7.5%
Columbia Wanger Asset Management, LLC ⁽⁵⁾ 227 West Monroe Street, Suite 3000 Chicago, Illinois 60606	3,075,500			3,075,500	6.9%
Kayne Anderson Rudnick Investment Management LLC ⁽⁶⁾ 1800 Avenue of the Stars, 2 nd Floor Los Angeles, California 90067	2,991,472			2,991,472	6.7%
Eaton Vance Management ⁽⁷⁾	2,971,862			2,971,862	6.7%

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2 International Place			
Boston, Massachusetts 02110			
Generation Investment Management LLP ⁽⁸⁾	2,526,225	2,526,225	5.7%
One Vine Street			
London, United Kingdom W1J 0AH			
Brown Capital Management, LLC ⁽⁹⁾	2,512,794	2,512,794	5.6%
1201 North Calvert Street			
Baltimore, Maryland 21202			
Delaware Management Holdings ⁽¹⁰⁾	2,346,164	2,346,164	5.3%
2005 Market Street			
Philadelphia, Pennsylvania 19103			
The Vanguard Group, Inc. ⁽¹¹⁾	2,229,885	2,229,885	5.0%
100 Vanguard Boulevard			
Malvern, Pennsylvania 29492			

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Name of Beneficial Owner	Shares	Shares	Total	Percentage	
	Owned	Under Exercisable Options ⁽¹⁾	Under Exercisable SARs ⁽²⁾ Owned		Beneficially Owned
Marc E. Chardon	75,165 ⁽¹²⁾	267,796	162,610	505,571	1.1%
Timothy V. Williams	34,164		84,482	118,646	*
Louis J. Attanasi	90,561 ⁽¹³⁾		61,792	152,353	*
Charles T. Cumbaa	32,147 ⁽¹⁴⁾		84,482	116,629	*
Kevin W. Mooney	26,174		51,321	77,495	*
Andrew M. Leitch	7,692	5,000		12,692	*
Timothy Chou	14,536			14,536	*
George H. Ellis	12,079			12,079	*
David G. Golden	5,816			5,816	*
John P. McConnell	47,179			47,179	*
Carolyn Miles					*
Sarah E. Nash	5,816			5,816	*
All current executive officers and directors as a group (18 persons)	461,365	278,796	692,350	1,432,511	3.2%

* Less than one percent.

(1) Includes only options exercisable within 60 days of April 25, 2011.

(2) Includes only SARs exercisable within 60 days of April 25, 2011.

(3) Based on information contained in Schedule 13G/A filed on February 14, 2011 by Neuberger Berman Group LLC, Neuberger Berman LLC, Neuberger Berman Management LLC and Neuberger Berman Equity Funds, none of which directly own or have any economic interest in any shares. As investment advisers, certain affiliated persons that Neuberger Berman Group LLC controls have investment and voting power with respect to the shares held. By reason of Rule 13d-3 of the Exchange Act, each of Neuberger Berman Group LLC and Neuberger Berman LLC have shared voting power over 4,425,674 shares and shared dispositive power over 5,060,000 shares. Neuberger Berman Management LLC and Neuberger Berman Equity Funds have shared voting and dispositive power over 4,016,003 shares and 3,998,203 shares, respectively. Each of Neuberger Berman Group LLC, Neuberger Berman LLC, Neuberger Berman Management LLC and certain affiliated persons disclaim beneficial ownership of all such shares.

(4) Based on information contained in Schedule 13G/A filed with the SEC on January 21, 2011 by BlackRock, Inc. BlackRock reported that it has sole voting and dispositive power with respect to 3,358,821 shares. On Schedule 13G, BlackRock does not list any natural persons having voting and/or investment powers over the shares held of record by the company.

(5) Based on information contained in Schedule 13G/A filed with the SEC on February 8, 2011 by Columbia Wanger Asset Management, L.P. Columbia reported that it has sole voting power over 2,837,500 shares and sole dispositive power over 3,075,500 shares.

(6) Based on information contained in Schedule 13G/A filed with the SEC on February 2, 2011 by Kayne Anderson Rudnick Investment Management LLC. Kayne reported that it has sole voting and dispositive power with respect to 2,991,472 shares.

(7) Based on information contained in Schedule 13G/A filed with the SEC on January 18, 2011 by Eaton Vance Management. Eaton reported that it has sole voting and dispositive power over 2,971,862 shares.

(8) Based on information contained in Schedule 13G/A filed with the SEC on February 10, 2011 by Generation Investment Management LLP. Generation reported that it has sole voting power over 1,793,037 shares and sole dispositive power over 2,526,225 shares.

(9) Based on information contained in Schedule 13G filed with the SEC on April 11, 2011 by Brown Capital Management, LLC. Brown reported that they have sole voting power over 1,341,452 shares and sole dispositive power over 2,512,794 shares.

(10) Based on information contained in Schedule 13G filed with the SEC on February 7, 2011 by Delaware Management Holdings and Delaware Management Business Trust. On the Schedule 13G, Delaware Management Holdings and Delaware Management Business Trust reported that they have sole voting power over 2,345,089 shares and sole dispositive power over 2,346,164 shares. Macquarie Group Limited is the ultimate parent of Delaware Management Business Trust.

(11) Based on information contained in Schedule 13G filed with the SEC on February 9, 2011 by The Vanguard Group, Inc. Vanguard reported that it has sole voting power over 58,876 shares, sole dispositive power over 2,171,009 shares and shared dispositive power over 58,876 shares.

(12) Includes 4,000 shares held by Mr. Chardon's spouse.

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(13) Includes 20,078 shares held by a grantor retained annuity trust.

(14) Includes 3,500 shares held by trusts established for Mr. Cumbaa's children.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our executive officers and directors and any person or entity who owns more than 10% of a registered class of our common stock or other equity securities to file with the SEC certain reports of ownership and changes in ownership of our securities. Executive officers, directors and stockholders who hold more than 10% of our outstanding common stock are required by the SEC to furnish us with copies of all required forms filed under Section 16(a). We prepare Section 16(a) forms on behalf of our executive officers and directors based on the information provided by them.

Based solely on a review of this information and written representations from these persons that no other reports were required, we believe that, during fiscal year 2010 and through April 25, 2011, all our officers, directors and, to our knowledge, 10% stockholders complied with all applicable Section 16(a) filing requirements except for the following: Mr. Cumbaa filed a Form 4 one day late on November 30, 2010 reporting, among other things, the gift disposition of 1,500 shares on November 24, 2010.

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COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis provides information regarding the 2010 compensation program for our principal executive officer, our principal financial officer, and the three executive officers (other than our principal executive officer and principal financial officer) who were our next most highly-compensated executive officers as of the end of 2010. These individuals were:

Marc E. Chardon, our President and Chief Executive Officer (our CEO);

Timothy V. Williams, our Senior Vice President, Chief Financial Officer, Treasurer and Assistant Secretary (our CFO);

Louis J. Attanasi, our Senior Vice President, Products;

Charles T. Cumbaa, our President Enterprise Customer Business Unit; and

Kevin W. Mooney, our President General Markets Business Unit.

We refer to these executive officers in this Compensation Discussion and Analysis as the Named Executive Officers.

This Compensation Discussion and Analysis describes the material elements of our executive compensation program during 2010. It also provides an overview of our executive compensation philosophy, as well as our principal compensation policies and practices. Finally, it analyzes how and why the Compensation Committee of the Board of Directors (the Compensation Committee) arrived at the specific compensation decisions for our executives, including the Named Executive Officers, in 2010, and discusses the key factors that the Compensation Committee considered in determining their compensation.

Executive Summary

2010 Business Highlights

We are the leading global provider of software and related services designed specifically for nonprofit organizations. Our customers use our products and services to help increase donations, reduce fundraising costs, build online communities and improve communications with constituents, manage their finances and optimize operations. Although the volatility in the global economic environment over the past two years has presented several challenges for the Company, in 2010 we achieved several significant financial results and strategic accomplishments:

Recorded annual revenue of \$327.1 million, a 6% increase over our 2009 revenue;

Grew net income to \$29.8 million, a 5% increase over 2009 net income;

Reorganized our business into three operating units to better align our organization around key customer groups; and

Developed a long term vision for the Company and set initial business strategies and priorities necessary to successfully pursue the same.

2010 Executive Compensation Actions

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As reflected in our compensation philosophy, we link the financial interests of our executive officers, including the Named Executive Officers, to the attainment and furtherance of our long-term business strategies, which in turn, further the interests of our stockholders. Accordingly, our 2010 compensation actions and decisions were based on our executive s accomplishments in these dual areas.

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For 2010, the Compensation Committee took the following actions with respect to the compensation of our executives, including the Named Executive Officers:

increased base salaries, on average, by 2.5% from their 2009 levels;

awarded actual annual cash bonus payments that were, on average, at 85% of each executive's target bonus, which was generally consistent with the bonuses paid for 2009; and

approved equity awards (consisting of time-based stock appreciation rights and restricted stock and performance-based restricted stock units) at levels that met competitive market concerns, satisfied our retention objectives and rewarded individual performance during 2010.

In addition, in January 2010, to retain his continued services and recognize his significant achievements, the Compensation Committee entered into an updated employment and non-competition agreement with our CEO. Generally, the terms and conditions of this agreement are similar to his original employment agreement and reflect a total compensation package that is substantially performance-based. To further align his interests with those of our stockholders, in connection with this new employment agreement the Compensation Committee granted our CEO 300,000 stock appreciation rights that will vest over the next four years.

2010 Corporate Governance Highlights

We endeavor to maintain good governance standards in our executive compensation policies and practices. The following policies and practices were either adopted or in effect during 2010:

The Compensation Committee is comprised solely of independent directors who have established effective means for communicating with stockholders regarding their executive compensation ideas and concerns.

The Compensation Committee's compensation consultant, Compensia, Inc., is retained directly by the committee and performs no other consulting or other services for us.

The Compensation Committee conducts an annual review and approval of our compensation strategy, including a review of our compensation-related risk profile to ensure that our compensation-related risks are not reasonably likely to have a material adverse effect on the Company.

Our compensation philosophy and related corporate governance features are complemented by several specific elements that are designed to align our executive compensation with long-term stockholder interests, including:

Our change-in-control agreements provide reasonable levels of benefits and are based on a double trigger (that is, our executives are eligible to receive payments and benefits only following a change in control of the Company and the termination of the executive without cause or for good reasons within 12 months after the change in control).

As a general policy, we do not favor non-cash benefits or perquisites (such as guaranteed retirement or pension plan benefits) to executive officers that are not available to our employees generally.

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Our equity plans do not permit stock option exchanges or repricing without stockholder approval.

Executive Compensation Philosophy and Framework

Compensation Objectives

Our executive compensation program is designed to achieve three primary objectives:

1. Market Competitiveness. Provide market competitive compensation opportunities to attract and retain executives and incentivize them to perform at their highest level.

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2. **Shareholder Value Creation**. Structure compensation, whether through salary, cash-based bonus plans or indirectly through appreciation of equity awards, that will ultimately contribute toward enhancing stockholder value; and

3. **Pay-for-Performance**. Ensure actual compensation realized by executives is linked to the attainment and furtherance of our long-term business strategies and, in turn, the interests of our stockholders.

Accordingly, our executive officers are primarily rewarded for successfully meeting quantitative performance goals directly related to generating positive returns for our stockholders. We use the following compensation programs to achieve these objectives:

Compensation Element	Compensation Objective(s) Supported
Base salary	#1 and #2
Annual bonus	#1, #2 and #3
Equity awards	#1, #2 and #3
Benefits	#1
Change in control severance payments	#1 and #2

To execute this philosophy, the framework of our executive compensation program reflects the following principles and processes:

We maintain a relatively simple and transparent compensation program, the primary elements of which are base salary, an annual cash bonus tied to company and individual performance and an equity program consisting of stock appreciation rights (SARs) (which only provide value to executives if our stock price appreciates), performance-based restricted stock units (RSUs) (which are payable only upon the attainment of pre-established performance measures over a three-year period) and restricted stock.

A significant portion of our executives' target total direct compensation (base salary, annual target bonus, and annual equity award value) is performance-based. This design is intended to ensure a balance between short-term and long-term performance and a proper relationship between executive compensation and our operational performance and stockholder return.

Compensation recommendations for executive officers are developed by Mr. Chardon (except with respect to his own compensation), with input from our Human Resources Department. These recommendations are presented to our Compensation Committee and reviewed by an independent consultant, Compensia Inc., retained by our Compensation Committee.

Governance of Executive Officer Compensation Program

Role of the Compensation Committee

Our Compensation Committee has overall responsibility for administering and evaluating our executive officer compensation programs and approving executive compensation actions and decisions. Its primary duties and responsibilities include:

establishing the compensation philosophy for our executive officers, including the compensation objectives, target pay levels and the peer group for assessing the competitiveness of our executive compensation;

establishing and approving corporate goals and objectives relevant to the performance and compensation of our CEO;

reviewing and overseeing the corporate goals and objectives relevant to the performance of our other executive officers, including the Named Executive Officers, taking into account the recommendations of our CEO;

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reviewing and recommending, with input from the Board of Directors, equity compensation plans for our executive officers and employees; and

conducting periodic competitive evaluations of our executive compensation program.

Our Compensation Committee consists of entirely independent directors in accordance with the Nasdaq Stock Market listing rules and operates pursuant to a charter that further outlines the specific authority, duties and responsibilities of the Compensation Committee. The charter is periodically reviewed and revised by the Compensation Committee and our Board and is available under *Corporate Governance* in the *Company Investor Relations* section of our website at www.blackbaud.com.

Role of Executive Officers in Compensation Decision-Making

Mr. Chardon makes recommendations to our Compensation Committee regarding the compensation arrangements for the executive officers, except himself. In formulating his recommendations, Mr. Chardon considers both internal and external compensation data from our Human Resources Department and the Compensation Committee's compensation consultant. The Compensation Committee consults with the full Board of Directors as necessary in making decisions regarding Mr. Chardon's compensation.

Role of Compensation Consultant

Pursuant to its written charter, our Compensation Committee has the authority to engage the services of outside advisers, experts and others to assist it in the performance of its duties and responsibilities. Currently, the Compensation Committee engages Compensia to provide advice and information relating to executive and director compensation. Compensia reports to the Compensation Committee and does not provide any services to management. From time to time, the Compensation Committee may direct its advisor(s) to work with our Human Resources Department to support it in matters relating to the fulfillment of its charter.

During 2010, at the request and on behalf of our Compensation Committee, Compensia:

reviewed the composition of the peer group used to assess the competitiveness of our executive compensation program;

reviewed and advised on the size and structure of the cash components of our executive compensation program (i.e., base salary levels and target bonus levels);

assessed the competitiveness of the equity component of our executive compensation program; and

advised our Compensation Committee on the proposed terms of Mr. Chardon's Amended and Restated Employment Agreement. Generally, in the course of fulfilling these responsibilities, Compensia is asked to attend Compensation Committee meetings. In addition, Compensia also meets with management from time to time to gather information on and review proposals that management presents to the Compensation Committee. While the Compensation Committee considers the input of its consultant, its executive compensation decisions, including the specific amounts paid to executive officers and directors, are made through the exercise of its own judgment and might reflect factors and considerations other than the information and recommendations provided by Compensia and management.

Target Pay Position/Mix of Pay

For each of the principal components of our executive compensation program (base salary, annual cash bonuses and equity awards), generally our strategy has been to examine peer group and relevant industry compensation practices and, with respect to base salary and annual bonus, target the 50th percentile of our market.

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At times, the Compensation Committee has approved compensation levels for individual executives above and below target pay positions, based on experience, individual contribution and the Company performance relative to the peer group, to ensure an appropriate pay-for-performance alignment. The Compensation Committee does not aim to deliver a specified percentage of pay through each form of compensation; rather, it adheres to the overall principle of delivering the majority of compensation in variable, performance-based forms.

The peer group used by the Compensation Committee to evaluate our executive compensation program is reviewed on an annual basis with the assistance of Compensia and adjustments are made as necessary to ensure the peer group continues to properly reflect the market in which we compete most directly for talent. In establishing the peer group, the Compensation Committee considers other software companies with a vertical sales channel and comparable revenue. The peer group established by our Compensation Committee used to execute our executive compensation program for 2010 consists of the following companies:

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|---|--------------------------|
| Advent Software, Inc. | EPIQ Systems, Inc. |
| Allscripts-Misys Healthcare Solutions, Inc. | Omnicell, Inc. |
| Athenahealth, Inc. | Quality Systems, Inc. |
| Blackboard Inc. | S1 Corporation |
| DealerTrack Holdings, Inc. | Solera Holdings, Inc. |
| Digital River, Inc. | Tyler Technologies, Inc. |
| Eclipsys Corporation | |

In addition to the compensation practices of the peer group companies, the Compensation Committee also reviews the executive pay practices of other similarly sized software companies with whom we compete for talent as reported in the Radford Global Technology Survey. This information is considered when making recommendations for each element of compensation as well as total compensation.

Tally Sheets

The Compensation Committee periodically reviews tally sheets for the Named Executive Officers and other executive officers and utilizes them, along with peer group analyses, in making its compensation decisions. These tally sheets affix dollar amounts to each component of compensation for the executive officers, including current compensation (base salary and cash and equity incentive bonuses), outstanding equity awards, benefits, perquisites and potential change in control severance payments and benefits. These tally sheets are only one tool used by the Compensation Committee in its deliberative process of evaluating the total amount of compensation provided to each executive officer and the impact that any adjustment to the various elements of each executive's current compensation will have on total compensation. Tally sheets are not used in any formulaic manner to dictate pay decisions.

Elements and Evaluation of 2010 Executive Officer Compensation

Base Salary. Salary is one of the few fixed pay elements in our executive compensation program and ensures a base level of compensation. We base the salaries of our executive officers on periodic peer group analyses, individual experience and contribution, corporate performance and historical compensation practices for such executives.

Each named executive officer's base salary for 2008, 2009 and 2010 is included in the Summary Compensation Table. Due to general economic conditions in the United States in late 2008, particularly as they relate to the market served by the Company, Mr. Chardon recommended to the Compensation Committee, and it concurred, that base salaries for all executive officers would not be increased in 2009. To be consistent with competitive market practices and reflect each named executive officer's individual experience and contributions to the Company, the Compensation Committee increased base salaries in April 2010, generally by 2.5%.

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Based in part on improving economic conditions and in part on improved Company financial performance, in late 2010, the Compensation Committee increased Named Executive Officer base salaries by as much as 3.5% effective April 2011, as set forth in the table below. These increases were in line with overall Company salary increases. Factors influencing Mr. Chardon's salary increase include his leadership through 2010, a year in which the Company grew as the overall economy improved, in part because of Mr. Chardon's leadership through the challenges of 2008 and 2009, and his development of a 5-year strategic vision for the Company. Mr. Williams' salary increase is due to his leadership and contributions in 2010 in managing our finance department and assisting us to achieve our financial projections. Additionally, Mr. Williams' salary increase in 2011 contemplates his continuation in his current role until his retirement from the Company, which is expected to be in 2011. Mr. Attanasi did not receive a salary increase because prior to April 2011 and concurrent with his announcement of his intention to retire from the Company in 2011, he transitioned his role and responsibilities to another executive. Mr. Cumbaa's salary increase is due to his contributions in 2010 in leading our Enterprise Customer Business Unit (ECBU) and achieving its revenue goals in 2010. Mr. Mooney's salary was increased because of his leadership of our General Markets Business Unit (GMBU) and achieving its revenue and profitability goals in 2010.

Name	2010	Salary Adjustment		2011 Salary ⁽²⁾
	Salary ⁽¹⁾	(\$)	(%)	(\$)
Marc E. Chardon	578,100	17,400	3.0	595,500
Timothy V. Williams ⁽³⁾	338,870	8,470	2.5	347,340
Louis J. Attanasi ⁽⁴⁾	303,200			303,200
Charles T. Cumbaa	324,000	8,100	2.5	332,100
Kevin W. Mooney	348,500	12,200	3.5	360,700

(1) Effective April 1, 2010.

(2) Effective April 1, 2011.

(3) Mr. Williams has announced he will be retiring from the Company in 2011.

(4) Mr. Attanasi has announced he will be retiring from the Company in 2011.

Benefits and Perquisites. Generally, the Compensation Committee seeks to provide the same benefits to our executive officers as to all of our employees. These benefits include a matching contribution to our 401(k) plan, payment of life and disability insurance premium