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**TWO STEP SOFTWARE EXPERIENCES INCREASED DEMAND FOR ITS HOSTED
COMPLIANCE AND GOVERNANCE SOLUTIONS**

*Law Firms, Corporate Legal Departments and Stock Option Administrators Adopt
On-Demand Model Over Self-Installed at a Five-to-One Rate*

Needham, MA, October 9, 2007 — Two Step Software, Inc., a leader in corporate governance and stock plan administration solutions, today announced that its customers are currently adopting the on-demand model of the company's products at a five-to-one rate over the more traditional self-installed model. Two Step offers Equity Focus[™], the company's solution for stock option expensing under FAS 123R, as well as Corporate Focus[™], its fully featured online minute book and corporate governance solution. Interest in the company's products has been driven by new compliance requirements, such as Sarbanes-Oxley, FAS 123R, and IRS Sec. 409A, as well as concerns over stock option backdating.

On-demand solutions, also referred to as hosted or web-based models, allow companies to deploy new systems quickly and cost-effectively since they do not require installation or system configuration at the customer's site. In fact, new customers can be up and running in a matter of hours as compared to days or even weeks with a traditional self-installed approach.

"The new levels of complexity related to stock option expensing and pressure from our outside auditors to quickly automate our systems played a key role in our decision to implement an on-demand solution from Two Step Software," said Bob Zager, CFO of Iconix, Inc. "Now, we are able to better prepare for the next audit cycle and collaborate more easily with our business partners without having to be concerned with ongoing software maintenance, system upgrades, or scalability."

In addition to rapidly meeting compliance challenges, hosted applications also help ease the burden of security risks which are a greater concern for organizations than ever before. The highest levels of security demand a significant infrastructure that few individual customers can satisfy for niche applications. 24x7 network monitoring, biometric scanning, security camera surveillance, SSL 128-bit encryption, advanced fire suppression, diesel generated power supplies, and SAS 70 Type II certification have all become standard requirements.

“The latest surge in the demand for hosted applications is a reflection of the need for organizations to implement compliance solutions faster and more efficiently,” said Levine. “We have experienced this driving force first hand with our customers. In order for law firms, corporate counsel and CFOs to meet the stringent wave of compliance mandates, they not only need rigorous tracking and reporting systems, but also require technology solutions that are easier to manage and faster to implement.”

About Two Step Software, Inc.

Founded in 1995, Two Step Software, Inc. develops, markets and supports Corporate Focus™ and Equity Focus™, market leading corporate governance and stock plan administration solutions used by financial executives, stock plan administrators, law firms, and corporate legal departments. Two Step Software offers the only software applications that combine stock and option tracking with corporate governance information management so that all corporate records can be found in one place. Two Step Software is located in Needham, Massachusetts. For more information, visit their web site at: www.twostep.com or call (800) 223-8900.

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