

2009

Management Discussion and Analysis

For the Three and Nine Month Periods Ended September 30, 2009 and 2008



DECISION DYNAMICS
TECHNOLOGY

Decision Dynamics Technology | 300, 717, 7th Avenue SW | Calgary, Alberta Canada T2P0Z3
www.ddytech.com | Phone: 403.451.0700 |

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Management Discussion and Analysis

The Management Discussion and Analysis focuses on key items from the unaudited Consolidated Financial Statements for Decision Dynamics Technology Ltd. ("Decision Dynamics" or the "Company") for the three and nine month periods ended September 30, 2009 and 2008. These statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP"). Additional information regarding the Company is available on SEDAR at www.sedar.com. Such additional information is not incorporated by reference herein and should not be deemed to be made part of this Management Discussion and Analysis, except as indicated herein.

Forward-Looking Statements or Information

In this Management Discussion and Analysis the Company makes forward-looking statements or provides forward looking information (collectively "forward-looking statements"). These forward-looking statements include but are not limited to comments with respect to the Company's objectives and strategies, financial condition, results of operations and industry conditions. By their nature, these forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that such forward-looking statements will not be achieved. Some of the material assumptions that Management has made are:

- the condition of the financial markets will remain at current levels
- our customers will continue to look for, and make investments in project cost control software
- the customer opportunities in our sales pipeline will result in closed contracts
- we will be able to attract, motivate and retain talented employees at a sufficient level to achieve our strategic plans

Readers of this analysis are cautioned not to place undue reliance on these forward-looking statements as a number of important factors could cause actual results to differ materially from the plans, objectives and intentions expressed in such forward-looking statements. The Operating Risks section of this Management Discussion and Analysis provides additional information regarding key factors that could cause actual results to differ materially from those projected in our forward-looking statements. Some of the key factors we have considered are:

- impact of the current financial markets condition and its impact on our customers
- impact of market demand for Oncore™ on revenue growth
- reliance on key clients
- degree of competition in target markets
- our ability to control expenses
- technological changes to Oncore™
- length of sales cycle required to close customer opportunities
- our ability to execute our strategic plans
- our ability to recruit and retain high caliber employees

We caution that the foregoing list of factors is not exhaustive and that, when relying on forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors as well as other uncertainties and events. The Company disclaims any intention or obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities laws.

Financial Highlights

Stated in thousands of Canadian dollars except per share amounts

\$'000 except per share amounts	Three Months Ending		Nine Months Ending	
	Sept 30,	Sept 30,	Sept 30,	Sept 30,
	2009	2008	2009	2008
Operating Results				
Revenue	\$ 478	\$ 455	\$ 2,731	\$ 1,663
Net Income (Loss), before discontinued operations	(622)	(1,308)	(1,189)	(2,320)
Net Income (Loss), after discontinued operations	(622)	2,701	(1,189)	914
Basic and diluted income (loss) per share, before discontinued operations	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.04)
Basic and diluted income (loss) per share, after discontinued operations	\$ (0.01)	\$ 0.04	\$ (0.02)	\$ 0.02
EBITDA ⁽¹⁾	(583)	(611)	(1,021)	(1,489)
 Financial Position				
Cash and Equivalents			Sept 30,	Dec 31,
Working Capital ⁽²⁾			2009	2008
Total Assets			2,385	3,815
			2,772	4,064
			4,124	5,391

(1) "EBITDA" is defined as net income (loss) before interest, income taxes, depreciation and amortization. EBITDA should not be construed as an alternative to net income (loss) for the purpose of analyzing our operating performance or financial position, as it is a non-GAAP measure and does not have any standardized meaning prescribed by GAAP. The Company's method of calculating EBITDA may differ from the methods used by other issuers, and accordingly, the Company's EBITDA may not be comparable to similar measures used by other issuers. The Company regards EBITDA as a useful supplementary measure as it provides an indication of the Company's business operation without regards as to how these activities were financed.

(2) "Working capital" is defined as current assets less current liabilities. The calculation of working capital is disclosed in the Liquidity and Capital Resources section found later in this Management Discussion and Analysis. Working capital is a non-GAAP measure and may not be comparable to similar terms used by other entities in the industry; however the Company believes this term is an important indicator of financial position, and is relevant to readers within the investment community.

Overview

Decision Dynamics, a public company incorporated under the laws of Canada, develops and markets Oncore™, an internet deployed project cost control and productivity management software application, which can be operated from either the Company's hosted system or within a customer's organization. Oncore™ provides cost control by capturing, costing and routing the information related to the actual project costs as they are incurred. This information can then be acted on through approvals, analysis and the calculation of performance metrics to provide more accurate and timely project management decisions.

Our customers are companies who perform capital projects with budgeted spends and range in type from pipeline transmissions to power transmission and generation to oil & gas processing companies to contractors. Our customers are looking for a software solution to address specific cost control issues within their organizations. Oncore™ is designed to be broadly used across an organization – from labor, materials and equipment input by line personnel at the project site, administrators in the office to a CEO or VP of Operations looking for real time reporting on project status.

Oncore™ helps our customers streamline their business processes and address costly inefficiencies, by improving their ability to make timely, relevant decisions using the current data. Our product is designed to be a complement to our customer's existing business systems, and can be integrated with a variety of accounting packages, enterprise resource planning ("ERP"), scheduling software and gate entry/exit logging systems.

The Company offers a variety of licensing models, in recognition of the varied backgrounds of our customers. The current company licensing models include:

- Enterprise or Software as a Service (“SaaS”), which is based on a customer’s overall project spend and provides for large scale deployment across an organization recognizing the need for changes in the number of users as a project proceeds through its lifecycle
- Transaction Based, which involves a transaction fee per unit input into the system and is ideal for our customers running plant turnarounds or short-term projects
- Designated User, which is a more traditional license model that is sold on a per seat basis and appeals to smaller customers that have a limited amount of users accessing the product.

The Company is undertaking the transition of these licensing models to our SaaS model. As discussed further in Strategy and Outlook and Quarterly Results, license fees for the SaaS model include a fixed and variable fee component. The Company believes this fee structure will provide our customers, new and existing, with a higher value proposition as the total license cost to them is tied to their overall project spend.

The Company offers Oncore™ application hosting for all license models. The Oncore™ hosted environment has been engineered for high availability, high performance, and maximum data security. For those customers that take advantage of the hosted option, the Company manages hardware, software, third party licensing and day-to-day operations of the Oncore™ application. The day-to-day operations include data backups, monitoring of hard drive space, memory usage, network performance, system availability, third party software and Oncore™ upgrades. Due to economies of scale, the Company’s hosted application environment is an economical option for customers who depend on Oncore™ as a business critical system for spend capture, spend approvals and invoicing.

Decision Dynamics is a Microsoft Gold Certified Partner with over twenty years of experience in the energy industry. It operates a wholly-owned foreign subsidiary in the United States of America.

Strategy and Outlook

This section is forward-looking by nature. It is qualified in its entirety by the Forward Looking Statements or Information disclaimer at the beginning of this Management Discussion and Analysis. It is further qualified by the Operating Risks section at the end of this Management Discussion and Analysis.

During the first nine months of 2009, the Company began to see positive results from the strategic investments made in the sales and development groups late in 2008, and early 2009. Q2 2009 saw the close of two significant license contracts to existing customers, and a new customer contract closing early in Q3 2009. These three contracts will provide the Company with revenues of at approximately \$1.7 million throughout the next twenty-four months. Of the \$1.7 million in revenue, \$1.2 of this revenue will be recognized in 2009. The Company results for the third quarter of 2009 were in line with expectations.

Early in 2009, the Company adopted a customer consultative sales methodology (Customer Centric Selling or “CCS”) which requires the sales team to engage in several steps that provide key information about our customers’ needs and requirements and where Oncore™ would provide the highest value proposition to our customers. The sales team follows a detailed process that includes qualifying the potential lead as an opportunity, determining what issues the customer is facing and focusing our customer interaction on how Oncore™ could empower our customers to resolve their issues, and achieve their top- and bottom-line objectives. As the process requires a constant focus on providing solutions and answers to known customer issues, the Company believes that use of this methodology will result in more valid revenue opportunities, a shortened sales cycle and a highly satisfied customer base.

As a result of the adoption of CCS, the number of customer-facing opportunities saw a steady increase during the first nine months of 2009. Our sales representatives have initiated contact with current and potential customers that present valid opportunities to the Company, and the response from these contacts has been favorable. The Company anticipates this approach will continue to improve our ability to identify key opportunities, build a solid customer opportunity pipeline and close sales with a more predictable close cycle. The Company expects that use of CCS will also improve the Company’s ability to proactively manage our revenue expectations.

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The Company is closely monitoring this to ensure that all barriers to success are removed. In support of the sales team, the Decision Dynamics Marketing group has continued to focus on communicating the value proposition of Oncore™, both through its direct marketing materials, as well as an extensive redesign of the Company website.

CCS has also resulted in developing much closer relationships with our existing customers. Our development and product management teams are working closely with our customers, to understand their use of the product, and what customers are looking for from future releases of Oncore™. This has allowed the Company to deliver the features and capabilities that our customers have requested. In June 2009, the development team released Oncore™ 5.8. Highlights of this release include Real-Time Reporting, strategic capability on hand held devices (PDA) and other high value enhancements requested by customers. This release was met with positive reactions and feedback from our installed customer base, and has led to new and innovative development plans. During Q3 2009, the Company continued with its strategic development objective of providing an innovative, progressive product offering to both new and existing customers. Several new initiatives have been undertaken, including “at a glance project visibility and forecasting”, Oncore™ Mobile, and a rapid configuration and maintenance utility.

In 2009, the Company also launched a Customer Satisfaction initiative to work closely with our existing customers and proactively identify potential customer issues. The Company feels it has taken steps to protect our recurring revenue stream, and increase the potential to generate new license and services revenue in our existing customer base. The efforts put forth by our development, services and support team have resulted in encouraging feedback from our customers that we are responding in ways that increase their satisfaction, with both the Company and the Oncore™ product.

The Company feels optimistic that the build-up of our sales opportunity pipeline will continue over the final quarter of 2009 and will result in increased sales in 2010. The Company has evaluated its current traditional license models and has undertaken the transition of these models to our SaaS model. This license fee for this model includes a fixed and variable fee component. The Company believes it will provide a higher value proposition to new customers, as the overall cost of the license is tied to the customer’s overall project spend. This will also provide the Company with a smoother revenue stream and more predictable cash flow. The transition to this model will result in less up front cash flow and the Company anticipates that it will continue to experience negative cash flow during the early stages of this transition. However, as the opportunities in the sales pipeline convert to sales during 2010, the Company expects that the resulting recurring cash inflows from SaaS sales will exceed our expense run rate, and we will start to experience positive cash flow. The Company expects the transition to the SaaS model to continue over the next twenty-four months.

The Company has been encouraged with our year-to-date revenue, which is 64% higher than the same period in 2008, and 23% higher than the annual revenue for 2008. The Company expects that Q4 2009 service revenues will be comparable to those experienced in Q3 2009. License revenues are unpredictable, as they are impacted by the timing of customer decisions and contract execution, as well as the license model. While the Company continues to see solid opportunities in its customer pipeline and progress made in shortening sales cycles, it expects that many of these new license opportunities will materialize in 2010.

The Company anticipates that operating expenses for Q4 2009 will be comparable to Q3 2009, as the restructuring and data centre relocation initiatives that the Company undertook in 2009 were completed in the first half of the year. The Company will continue to manage its expenses closely in Q4 2009 with spending focused on strategic development initiatives.

While the Company is encouraged by the results experienced in 2009, our ability to be successful in generating sustained bottom-line profitability and positive cash flow from operations will be contingent upon increased acceptance of the Oncore™ product and expansion of our overall customer base. The Company intends to monitor its revenue expectations and sales initiatives closely. In order to continue the execution of our strategic objectives, the Company may consider alternative options that will provide the Company with the additional capital and resources required.

Results of Operations

	Three Months Ending		Nine Months Ending	
	Sept. 30, 2009	Sept. 30, 2008	Sept. 30, 2009	Sept. 30, 2008
\$'000 except per share amounts				
Revenue	\$478	\$455	\$2,731	\$1,663
Expenses	1,061	1,066	3,752	3,152
EBITDA	(583)	(611)	(1,021)	(1,489)
Other (amortization, interest, other)	(39)	(698)	(168)	(832)
Income (loss) before discontinued operations	(622)	(1,309)	(1,189)	(2,321)
Net income (loss)	(622)	2,700	(1,189)	(914)

Revenues for the nine months ending September 30, 2009 increased 64% over the same period in 2008. Revenue for 2009 includes two large and one smaller new license contracts, as compared to 2008 in which there was minimal new license revenue. Quarterly revenues for both 2009 and 2008 were comparable, as both were quarters with seasonal factors impacting revenue. The Company's customer opportunities continued to grow during the third quarter of the year, with another license sale closing early in Q3 2009. This license sale was recognized over the term of the customer contract, further supplementing the Company's recurring revenue and cash flow stream.

Total expenses for Q3 2009 were slightly less than Q3 2008, and have increased 19% for the nine months ending September 30, 2009 when compared to the same period in 2008. Q3 2009 cost of sales decreased from Q3 2008, with higher labor allocations to development. Cost of sales for the nine months ending September 30, 2009 were higher than 2008, reflecting the higher commission expense incurred on a higher revenue stream, as well as the expenses related to the data centre relocation. Investments made in personnel, training and marketing initiatives have resulted in higher expenses in sales and marketing, and in research and development, as compared to 2008. The Company incurred no further restructuring expenses during the third quarter of 2009. Restructuring for the nine months ending September 30, 2009 is comparable to the same period in 2008.

Q3 and year-to-date 2009 amortization and other costs are significantly less than the same periods in 2008. Although asset amortization costs in 2009 are higher due to the acquisition of data centre equipment late in 2008, the 2008 results included a \$597K goodwill impairment loss recorded on the sale of the Wellcore product line. The Company recorded a foreign exchange gain in Q3 2009, reflecting the stronger Canadian dollar during that quarter. Although asset amortization costs were higher in 2009, this increase has been offset by reduced interest expense in 2009, due to the repayment of long term debt Q3 2008.

The revenues, expenses and overall results are discussed in more detail below.

Revenue

	Three Months Ending		Nine Months Ending	
	Sept. 30, 2009	Sept. 30, 2008	Sept. 30, 2009	Sept. 30, 2008
\$ '000				
License	\$298	\$317	\$2,153	\$868
Services	180	138	578	795
Total	\$478	\$455	\$2,731	\$1,663
Recurring	\$368	\$286	\$1,135	\$921
Non-recurring	110	169	1,596	742
Total	\$478	\$455	\$2,731	\$1,663

Revenues for Q3 2009 and year-to-date 2009 increased 5% and 64% over the same periods in 2009. Q3 2009 license revenues were down 5% over Q3 2008, but increased 148% on a year-to-date basis. The third quarter of 2008 included one named user license sale recognized up front, but less recurring revenue. In comparison, Q3 2009 included less up front revenue, but higher recurring revenue, including a new license sale which will be recognized as recurring revenue over the term of the customer contract. The significant increase in year-to-date

2009 revenue over 2008 is due to the closing of two significant license contracts in Q2 2009, as well as a higher recurring revenue stream from maintenance contracts and usage licenses.

Although there were fewer services projects in Q3 2009, services revenue is 30% higher as it includes a recurring customer support revenues. Services revenue for the nine months ending September 30, 2009 decreased 27% from the same period in 2008. Services revenue in 2008 included professional services generated from late 2007 license sales. Comparatively, most of the new license sales in 2009 occurred to existing customers, increasing the breadth of our product installation within those customers. As the product is well deployed within these customers, the Company does not expect an increase in services revenue on projects directly attributable to these sales i.e. implementations. However, the Company believes the expansion of Oncore™ licensing within these customers will continue to provide future license and services revenue opportunities.

Recurring revenues continued to grow in 2009, with a 28% increase over Q3 2008, and a 23% increase over the nine months ending September 30, 2008. The growth in the recurring revenue base has been generated from maintenance and hosting contracts from new license sales, as well as license fees on contracts for which the revenue is recognized ratably. Recurring revenues currently represent approximately 41% of the total revenue for 2009.

The Company's revenues remain largely dependent upon a small number of customers. For the 2009 nine months revenue, the top six customers provided approximately 90% of revenue, as compared to 76% in 2008. This is due to continued license and service sales within the existing installed customer base in 2009. Less than 3% of the Company's year-to-date revenue is derived from US based customers, which has decreased from 21% in 2008. The dependence upon both a small number of customers, and on the Canadian market, is expected to decline as the Company continues to build its customer opportunity pipeline, and to close on these opportunities.

The foregoing paragraph contains forward-looking information. It is qualified in its entirety by the Forward Looking Statements or Information disclaimer at the beginning of this Management Discussion and Analysis. It is further qualified by the Operating Risks section at the end of this Management Discussion and Analysis.

Gross profit

\$ '000	Three Months Ending		Six Months Ending	
	Sept. 30,	Sept. 30,	Sept. 30,	Sept. 30,
	2009	2008	2009	2008
Revenue	\$ 478	\$ 455	\$ 2,731	\$ 1,663
Cost of sales	(225)	(308)	(898)	(844)
Gross profit (1)	<u>253</u>	<u>147</u>	<u>1,833</u>	<u>819</u>
Gross margin (2)	53%	32%	67%	49%

Notes

- (1) "Gross profit" is revenue less cost of sales and "gross margin" is gross profit divided by revenue expressed as a percentage.
- (2) Gross profit and gross margin do not have a standardized meaning under GAAP and may not be comparable to the same terms as used by other entities in the industry; however, the Company believes they are an important measure of performance and indicator of success for software businesses and are relevant to readers within the investment community.

Cost of sales is 26% lower in Q3 2009 and relatively flat for the nine months ending September 30, 2009, compared to the same period in 2008. The decrease in expense for Q3 2009 is due to fewer services projects in the quarter, with more professional services labor allocated to development. This allocation of labor out of cost of sales has also impacted 2009 year-to-date cost of sales. However, this reduction in cost of sales has been offset by expenses incurred related to the relocation of its data facility, third party technical consulting expenses, as well as higher commission expenses related to the license sales in Q2 2009. Beginning in late 2008, the Company started the data facility relocation, which incurred additional labor and hosting expenses during Q1 2009. The relocation was completed early in Q2 2009.

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In addition, the Company entered into a successful license and services project with a customer in Q2 2009 in which the Company provided additional external resources to the customer as part of the overall project delivery. The related consulting expenses have been included in 2009 cost of sales.

Gross margin improved for both the third quarter and year-to-date, over the same periods in 2008. This increase for the quarter is due to decreased cost of sales while the increase for the year-to-date is due to the revenue mix during the year, which had a higher portion of licensing revenue relative to services revenue, compared to 2008.

Expenses

\$ '000	Three Months Ending		Nine Months Ending	
	Sept. 30, 2009	Sept. 30, 2008	Sept. 30, 2009	Sept. 30, 2008
Research and development	\$282	\$253	\$874	\$678
Selling and marketing	240	66	818	460
General and administration	281	367	820	859
Restructuring costs	(1)	69	206	214
Share Accumulation Plan	28	(15)	118	(52)
Other Stock based compensation	6	18	18	149
	<u>\$836</u>	<u>\$758</u>	<u>\$2,854</u>	<u>\$2,308</u>

Total expenses for Q3 and year-to-date 2009 increased 10% and 17% respectively over 2008. This is largely due to hiring in the sales and development groups as part of the Company's execution of its strategic plan to improve top-line growth. The Company continues to monitor ongoing expenses with an eye on restricting expenses to the most strategic investments possible.

The increase in research and development expenses has been primarily due to strategic hiring in this department. There is some overlap between development and service personnel competencies. This provides some flexibility to the Company in the allocation of personnel to service projects and to new product development. Accordingly, even if staff levels remain constant, departmental charges will vary depending upon where the individuals are employed.

Sales and marketing expenses for Q3 2009 and nine months ended September 30, 2009 increased over 2008, reflecting the structural change in the Company's resource allocation toward this function – in hiring of personnel, marketing related expenses, and in implementing CCS within the Company. The Company attended a trade show late in June 2009, which provided additional market exposure for the Company and Oncore™. In ongoing support of the CCS adoption by the Company, a refresher training session was held for the sales staff in Q3 2009. As well, during Q3 2009, Marketing undertook an extensive redesign of the Company website.

General and administration for Q3 and year-to-date 2009 decreased 23% and 4% respectively, from the same periods in 2008. During Q3 2008, the Company recorded a \$58K loss on disposal of assets. Not including the effect of this loss, general and administration for Q3 2009 decreased 9% from Q3 2008. The Company continues to manage its overhead and corporate expenses, to minimize spending in these areas and allow focused spending on sales and development.

During 2009, the Company continued on its objective to ensure the appropriate personnel structure to capitalize on sales and development initiatives. Most of this restructuring occurred in Q1 2009. Restructuring expenses for year-to-date 2009 are comparable to 2008.

The Directors Stock Accumulation Plan ("SAP") is valued each quarter using a volume weighted average stock price. In the last quarter of 2008, the SAP was modified by the Company. The directors determined that a modification of the SAP was necessary to address the impact of an undervalued share price when calculating the allocation of shares into the SAP. Under this modification, the share price used in the calculation of the quarterly share allocation would be set at \$0.04 or the quarterly volume weighted average price, whichever is greater. The increase in stock based compensation expense for the SAP for Q3 2009 and year-to-date September 2009 reflects a higher stock price used in the calculation of the volume weighted average stock price. Directors are given the option of receiving their annual compensation half in cash and half in DSUs, or completely in cash. For 2009, the majority of the non-management directors elected to receive their compensation split evenly between DSUs and cash, which provides the maximum amount of DSUs available under the modified SAP.

Following termination of board service, the directors will receive the then current fair market value in common shares held in the nominal account, settled either in cash or common shares.

Employee stock based compensation for Q3 2009 has increased from Q3 2008 due to the impact of a higher share price in 2009. In Q3 2008, the Company recorded a recovery in stock based compensation due to an undervalued share price when calculating the allocation of shares into the SAP. Year-to-date 2009 stock based compensation generated from the SAP was higher than year-to-date 2008, similarly as a result of a stronger share price in 2009. However, this increase in 2009 stock based compensation has been partially mitigated by a reduction in the amount of expense recorded from the forfeiture of options as a result of terminations. For the nine months ended September 30, 2009, 161,012 employee stock options have been forfeited, as compared to 2,016,212 for the same period in 2008. When employees leave employment or are terminated, the associated option expense related to the unvested forfeited options is reversed at the time of termination, resulting in a decrease in the compensation expense associated with employee stock options.

Amortization and Other Expenses

\$ '000	Three Months Ending		Nine Months Ending	
	Sept. 30, 2009	Sept. 30, 2008	Sept. 30, 2009	Sept. 30, 2008
Amortization of property and equipment	\$48	\$27	\$142	\$71
Foreign exchange loss (gain)	(6)	18	24	49
Interest income	(6)	(2)	(14)	(7)
Interest expense	3	58	17	122
Goodwill impairment charge	-	597	-	597
	<u>\$39</u>	<u>\$698</u>	<u>\$169</u>	<u>\$832</u>

In the last quarter of 2008, the Company invested in new assets for the data centre facility, resulting in an increase in amortization of property and equipment for 2009.

The Company recorded a small foreign exchange gain during Q3 2009 with the recovery of the Canadian dollar. However, the year-to-date foreign exchange loss of \$24K reflects the strength of the US dollar throughout most of 2009. Foreign exchange differences occur primarily from differences arising from the conversion of assets owned by the Company's US subsidiary from US dollars to Canadian dollars. Foreign exchange fluctuations will continue and may vary substantially from quarter to quarter. *The foregoing statement contains forward-looking information. It is qualified in its entirety by the Forward Looking Statements or Information disclaimer at the beginning of this Management Discussion and Analysis. It is further qualified by the Operating Risks section at the end of this Management Discussion and Analysis.*

Interest expense in Q3 and year-to-date 2009 decreased due to the Company's retirement of its long term debt during the third quarter of 2008. Interest expense recorded in 2009 is administrative in nature ie. (bank charges).

Subsequent to the disposition of the Wellcore product line in Q3 2008, the Company performed a goodwill impairment test on the goodwill that remained after the disposition. The remaining goodwill was found to be impaired, and an impairment loss for the entire amount of the remaining goodwill was recorded.

Income taxes

The Company has approximately \$24 million dollars of tax pools available in Canada and the United States to offset future income in the respective jurisdictions. A future income tax asset has not yet been recognized, until such time that it is more likely than not that the Company will gain benefit from this asset.

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Net income (loss)

	Three Months Ending		Nine Months Ending	
	Sept. 30 2009	Sept. 30 2008	Sept. 30 2009	Sept. 30 2008
Revenue	478	455	2,731	1,663
Net loss, before discontinued operations	(622)	(1,308)	(1,189)	(2,320)
Loss per share, before discontinued operations	(\$0.01)	(\$0.02)	(\$0.02)	(\$0.04)
Income (loss) per share, after discontinued operations	(\$0.01)	\$0.04	(\$0.02)	\$0.02

The Company bottom line results for Q3 2009 improved by \$686K and on a year-to-date basis by \$1.13M compared to the same periods in 2008. Excluding the impact of the \$597K goodwill impairment charge recorded in Q3 2008, quarterly results for 2009 improved \$89K over Q3 2008. On a year-to-date basis, excluding the goodwill impairment charge, results for 2009 improved \$534 over year-to-date 2008, due to stronger license sales in 2009.

Quarterly Results

The following quarterly results have been restated to reflect the results of continuing operations only (in thousands of Canadian dollars except per share amounts):

	Sept 30 2009	June 30 2009	Mar 31 2009	Dec 31 2008	Sept 30 2008	June 30 2008	March 31 2008	Dec 31 2007
Revenue	478	1,842	411	549	455	575	633	851
Net income (loss), before discontinued operations	(622)	402	(969)	(682)	(1,308)	(582)	(430)	(618)
Income (loss) per share, before discontinued operations	(\$0.01)	\$0.01	(\$0.02)	(\$0.01)	(\$0.02)	(\$0.02)	(\$0.01)	(\$0.01)
Income (loss) per share, after discontinued operations	(\$0.01)	\$0.01	(\$0.02)	(\$0.01)	\$0.04	(\$0.02)	(\$0.01)	(\$0.04)

Since Q4 2007, the Company has experienced "lumpy" revenues, which is typical of our Designated User and Transaction Based software license models. A number of factors can result in this revenue pattern – timing of customer contract signing, as seen in Q4 2007 and Q2 2009, which included new license sales under our Designated User and Enterprise licensing models, and short term projects or turnarounds under our Transaction Based licensing model, as also experienced in Q2 2009.

Other factors include seasonality, as evidenced by Q3 2008 and Q3 2009, where both staff and customer vacations affect the Company's ability to deliver higher services revenues, and may impact the sales process essential to the signing of new customer contracts. The Company anticipates that moving to a SaaS model will alleviate both the lumpiness of the existing revenue pattern, as well as provide an even higher recurring revenue base.

As noted in Strategy and Outlook, the Company has undertaken extensive personnel restructuring, recruited new sales and development personnel that provide the skill sets needed to deliver the Company's strategic objectives and relocated the customer data center facility from Edmonton to Calgary. All of these initiatives have been substantially completed as of Q2 2009. Although these initiatives resulted in higher expenses for 2008 and the first half of 2009, the Company believes these initiatives will position the Company to achieve its strategic objectives.

In Q3 2008, the Company recorded a \$1.3M net loss. Included in this loss was a \$597 goodwill impairment charge on the goodwill that remained in the Company subsequent to the disposition of the Wellcore product. Excluding the impact of this, as well as a \$58K loss recorded on the disposition of assets, net loss for that quarter would have been \$653K.

The foregoing section is forward-looking by nature. It is qualified in its entirety by the Forward Looking Statements or Information disclaimer at the beginning of this Management Discussion and Analysis. It is further qualified by the Operating Risks section at the end of this Management Discussion and Analysis.

Liquidity and capital resources

Working capital

At the close of Q3 2009, working capital was \$2.8 million, as compared to \$4.1 million as of December 31, 2008. The Company expended approximately \$47K on the repurchase of shares under the Company's Normal Course Issuer Bid. In addition, the Company spent approximately \$100K on capital assets and approximately \$275K on restructuring payments during the nine months ending September 30, 2009. Of the \$714K in trade accounts receivable, approximately \$310K is considered collectible within the next quarter and the remaining \$404K is considered collectible within the following three quarters. The Company has collected approximately \$0.2 million on a \$0.5 million holdback from the sale of the Wellcore product line. The remaining holdback has been included in receivables. As commented on in Note 4 of the Company's Q3 2009 Interim Financial Statements, the Company has filed a statement of claim against P2 Energy Canada Inc. for payment of the remaining holdback and all related expenses incurred to recover this amount. The Company anticipates that the collection of this amount may extend into 2010. With the exception of the Director's SAP, accounts payable and accrued liabilities are planned for payment over the next six months, depending on the nature of the payable and/or accrual.

Working capital, December 31, 2008	\$	4,071
Repurchase of shares		(47)
Capital assets		(100)
Restructuring payments		(275)
Directors SAP accrual		(84)
Used in operations and other		(793)
Working capital, September 30, 2009		<u>2,772</u>

Notes:

- (1) Working capital is current assets minus current liabilities. It does not have a standardized meaning under GAAP and may not be comparable to the same terms as used by other entities in the industry; however, the Company believes that it is an important measure of performance and indicator of success for software businesses and are relevant to readers within the investment community

Capital requirements

The inflow of capital from the sale of the Wellcore product line in 2008 and new license sales has continued to provide the Company with the financial capacity for continued development of the Oncore™ line of products and to make strategic investments in sales and marketing. The Company evaluates its sales pipeline, expense run rate and cash requirements regularly in order to anticipate what its future capital requirements will be, and adjust spending accordingly. While the Company anticipates that its current working capital plus anticipated cash flow from new revenue opportunities will be sufficient to fund both current operations and short-term future objectives as per the Company strategic plan, this could be materially affected by a number of factors, such as changes in demand for Oncore™ and delays in signing of new customer contracts. Accordingly, the Company may consider alternative options that will provide the Company with additional capital required to continue execution of its strategic objectives.

The foregoing paragraph contains forward-looking information. It is qualified in its entirety by the Forward Looking Statements or Information disclaimer at the beginning of this Management Discussion and Analysis. It is further qualified by the Operating Risks section at the end of this Management Discussion and Analysis.

Share capital

As at November 23, 2009 Decision Dynamics had 59,005,466 shares outstanding with a book value of \$27,053,315, 4,354,517 share options to purchase common shares outstanding, 1,265,000 warrants to purchase common shares and 1,987,448 deferred share units outstanding. Following is a summary of the exercise prices for the options and warrants:

Stock Options	Exercise Price	Granted (#)
	\$0.04	1,400,000
	\$0.045	150,000
	\$0.16	1,944,636
	\$0.205 - \$0.31	270,000
	\$0.55 - \$0.745	589,881
		<u>4,354,517</u>
Warrants	\$0.276	<u>1,265,000</u>

Subsequent to September 30, 2009, the Company's board of directors, on November 23, 2009, approved the Company making a shares for service application to the TSX Venture Exchange Inc. ("TSXV"), whereby all employees of the Company, excluding officers and directors, would receive shares for their service. Subject to TSXV approval, the proposed shares for service allocation would include the issuance of 973,133 shares, over a period of three years. During Q4 2009, it is proposed that 324,388 shares for services will be issued at a deemed market price of \$0.06 (the market price of the Company's shares on November 23, 2009). The remaining 648,745 under the shares for service proposal will vest over the next two years, with 324,388 to be issued in Q4 2010 and the remaining 324,357 to be issued in Q4 2011, at the deemed market price on those future dates.

Also subsequent to September 30, 2009, the Company's board of directors, on November 23, 2009, approved the cancellation of 1,347,268 stock options outstanding for all employees included in the shares for service proposal. In connection with the foregoing, the Company also received board approval to amend the option agreements of certain officers of the Company whom are not participating in the shares for service proposal. The effect of this amendment is to increase the exercise price on 325,000 stock options under agreement with these officers, from \$0.04 to \$0.10. In relation to these two transactions, a recovery of approximately \$7K will be recorded to stock based compensation expense in Q4 2009.

Normal Course Issuer Bid

The Company commenced a Normal Course Issuer Bid, effective for one year, on December 15, 2008. Under this bid, the Company may purchase for cancellation up to 3,020,623 or 5% of its common shares outstanding as at December 15, 2008. Monthly purchases are limited to 1,204,249 or 2% of the common shares outstanding as at December 15, 2008. As of September 30, 2009, the Company purchased and cancelled 1,207,000 or 40% of the shares available under the terms of the bid.

New Accounting Policies

Convergence with International Financial Reporting Standards ("IFRS")

In February 2008, the Accounting Standards Board (AcSB) confirmed that all Canadian publicly accountable enterprises will be required to adopt IFRS for interim and annual reporting purposes for fiscal years beginning on or after January 1, 2011.

The Finance group is acting as the project team for the Company's conversion to IFRS. Regular reporting will be provided by the project team to executive management and the Audit Committee of the Board of Directors.

The transition to IFRS will consist of three phases: initial assessment, design and implementation. The Company has commenced with the initial assessment and design phases of its IFRS transition project. These phases include detailed assessments to identify key areas of difference between current Canadian GAAP and IFRS and a preliminary review of the accounting system and the data gathering process. The Corporation has started the process of evaluating accounting policy choices and identifying the options under IFRS 1, First Time Adoption of

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International Financial Reporting Standards, while quantifying the adjustment to the opening deficit. At this time, the impact on the Corporation's financial position and results of operations is not reasonably determinable or estimable for the IFRS conversion. The Company will continue to monitor any changes to IFRS, assess the impact of adopting IFRS, and will update its Management Discussion and Analysis disclosures quarterly to report on the progress of its IFRS implementation.

Business Combinations

In January 2009, the CICA issued Handbook Section 1582 - "Business Combinations" which will replace Handbook Section 1581 - "Business Combinations". Section 1582 requires that most identifiable assets, liabilities, non-controlling interests and goodwill acquired in a business combination will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also requires acquisition-related costs to be expensed as incurred and provides guidance on the accounting for restructuring costs. This new standard substantially harmonizes Canadian GAAP with IFRS. This section is applied prospectively to business combinations for which the acquisition date is on or at the beginning of the first annual reporting period beginning on or after January 1, 2011, however, earlier application is permitted. The Company is currently assessing the impact of this new standard.

Consolidated Financial Statements

In January 2009, the CICA issued Handbook Sections 1601 - "Consolidated Financial Statements" and 1602 - "Non-controlling Interests" which will replace Handbook Section 1600 - "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These new standards substantially harmonize Canadian GAAP with IFRS. These sections are to be implemented concurrently with Section 1582. The Company is currently assessing the impact of this new standard.

Operating Risks

This section is forward-looking by nature. It is qualified in its entirety by the Forward Looking Statements or Information disclaimer at the beginning of this Management's Discussion and Analysis.

The sale of software and services is subject to business risks that may adversely affect the Company's operations. As discussed in the Forward Looking Statements and Information section, these risks could include risks related to revenue expectations, operating results, impact of current economic conditions on our customers, product development, and employee retention. Management evaluates and monitors these risks on an ongoing basis, and takes steps to minimize these risks. However, it is not possible to completely mitigate these risks, as many of these risks are beyond our control.

1. Revenue Expectations

During the first quarter of the year, the Company made significant investments in developing a first-class sales and marketing organization. As well, the Company adopted an industry proven sales methodology, which has been implemented throughout the organization. These investments began to pay off for the Company in the second and third quarters, with the close of two significant license sales with current customers, and an additional sale early in the third quarter. The Company is encouraged by the results seen in 2009, however, we are still in the process of developing a consistent, successful sales approach, and there is no guarantee that this will result in increased sales of Oncore™. If we are unable to continue to build upon existing customer demand, and generate new customer interest in Oncore™, revenues may not be at the level estimated by Management. In addition, predicting the timing of sales remains challenging, as the Company has not had enough new license sales experience with which to estimate the sales cycle required to close a sale. Delays in closing sales could cause decreases in our revenues and results. The Company's customer base is still extremely small, with 90% of year-to-date revenue coming from six customers. The loss of any one of these customers could have a significant impact on revenue.

The Company has taken steps to partially mitigate the risk of decreased sales and customer concentration. An experienced sales team is in place that has focused on identification of prospect opportunities that fit our customer profile, and present a need that the Oncore™ product can fulfill. In addition, the Company adopted CCS, which it believes will enable the sales organization to accelerate customer opportunities into closed sales. This sales methodology is well supported by Management. These initiatives continue to yield positive results – the Company closed two license sales to existing customers in the second quarter, and another license sale was signed early in the third quarter. We have made more new sales contacts in a variety of industries and markets, both in Canada and the United States, and generated more sales leads in 2009 than has been experienced before. Targeted sales campaigns continue to provide the sales organization with identified leads and opportunities that will provide the Company with the most potential to convert from lead to closed sale. The Company website has been redesigned to assist the sales process by providing a more sales centric and customer solutions focused introduction to the Company.

The combination of an experienced sales team, use of the CCS sales methodology and the marketing initiatives have resulted in a broader exposure of the Company to new customers and target markets. Metrics that evidence the various stages of the CCS process have been developed, and are constantly evaluated, in order to better understand the length and effort involved in the cycle, and where there are improvements to be made. We have also successfully deployed the Enterprise license model that more closely aligns efficient and cost-effective customer use of Oncore™ with our revenue expectations. Finally, we have put into place initiatives to work closely with our existing customer base to secure customer commitment, retention and satisfaction.

2. Current Economy

The Company results could differ significantly as current market conditions may adversely impact our customers.

The Company has found that the level of interest from potential new customers in a cost control solution has remained constant. With the softened economy, these customers are increasingly focused on cost control and productivity improvement solutions. The Company's sales models provide our customers with the opportunity to manage and control their project costs in the most cost-effective, efficient manner for them. The decision to buy or not, from these customers perspective, is motivated more by our product and value offered, than by economic factors.

However, the Company believes that the current economic conditions may impact our customers' abilities to proceed with projects. Although the Company has executed three license contracts, to both current and new customers and we continue to see interest from new industries and markets, we intend to maintain a cautious outlook on our own revenue expectations. The Company expects use of the CCS process to improve the Company's ability to determine the risk that the Company may bear in customers not pursuing intended projects or license purchases, as well as improve the Company's ability to proactively manage our revenue expectations and manage our own expenses to those expectations.

3. Product Development and Protection of Intellectual Property

Our customers have changing demands, and are expecting frequent and relevant product enhancements. If we are not able to respond quickly and effectively, we run the risk of Oncore™ becoming obsolete and losing market credibility. There can be no assurance that others will not independently develop products similar to Oncore™, or that the Company's means of protecting its proprietary rights will be adequate. The Company relies on confidentiality procedures and contractual provisions to protect our proprietary rights. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy and may succeed in copying aspects of Oncore™ or to obtain and use information that the Company regards as proprietary. This could result in customer loss and impact our ability to convert customer opportunities into revenue, and to maintain our existing customer relationships.

Management has launched a product development plan that will take the Oncore™ technology as it currently is, to a product that incorporates next generation tools and features that our customers have identified as being essential for their ongoing satisfaction and commitment to the product. In June 2009, the Company released Oncore™ 5.8. This release included features and enhancements that customers had been requesting, such as Real-Time Reporting and was met with favorable reaction from our installed customer base. As part of the product development plan, in Q3 2009 the Company made resource investments into its Product Management department,

to work with our customers and our development team in identifying future functionality and features. Early in Q4 2009, the Company embarked on a number of new development initiatives including "at a glance project visibility and forecasting," Oncore™ Mobile (an easy to use handheld version of Oncore™ that minimizes the need for field data entry), and a rapid configuration and maintenance utility designed to be a competitive game changer in terms of the time required to deploy Oncore™ and maintain the project information entered into Oncore™. These initiatives all demonstrate the commitment that the Company has made to its existing and new customers to provide an innovative, progressive product offering.

The Company does not sell or transfer title to Oncore™ to our customers. Under our Licensing Schedule and Software Related Services Agreement, Oncore™ may be used by the customer for internal purposes only. The Company believes that the legal specifications in our agreements provide minimal protection of our intellectual property. The pursuit of claims that our proprietary rights have been infringed could be costly and time-consuming to the Company, resulting in an adverse effect upon the Company's business. Instead, our best protection in protecting our proprietary rights is ongoing product development and enhancement to advance the technical capability of our product, as well as a demonstrated commitment to customer satisfaction and building of strong customer relationships.

4. Dependence on Key Employees

The Company's success will depend, to a very significant extent, on the performance and continued services of key employees, the loss of any of whom could have a material adverse effect upon the Company. The Company believes that its future success will also depend in large part upon its ability to attract and retain highly skilled technical and sales personnel. Competition for such personnel is intense, and the Company has experienced difficulties in recruiting qualified personnel and may continue to experience such difficulties in the future. There can be no assurance that the Company will be successful in attracting and retaining the personnel it requires to continue to maintain and expand its business.

The Company believes that management of this risk requires a proactive approach. In order to attract highly skilled personnel, the Company works primarily with external recruiters that specialize in sales and technology, to identify top caliber candidates. The Company understands the intense competition that it faces in attracting these candidates, and offers a competitive compensation arrangement. Employee compensation and benefits are reviewed regularly by Management to ensure that the Company continues to offer a competitive compensation arrangement. The Company has implemented a Performance Management program to allow managers and employees to identify and capitalize on strengths and provide opportunities for employee growth. Management will continue to work closely with its employees to demonstrate its commitment to providing an interesting, challenging and supportive work environment.