

## **Democrasoft Enters Into Stock Purchase Agreement With Its Developer**

### ***Collaborize Classroom*® wins Interactive Media Award**

*Santa Rosa, CA May 27, 2011:* Democrasoft, Inc. (Bulletin Board: DEMO) of Santa Rosa, CA today announced that it has entered into an agreement with Innominds, Inc., of San Jose, CA, the central technology developer assigned to the creation of Democrasoft's *Collaborize*® platform for group collaboration, to issue up to \$150,000 of Democrasoft common stock at \$1.00 per share for a like amount of Innominds services.

Through its affiliate in India, Innominds has been providing development services to Democrasoft at a rate in the mid-six figures annually since the development project began, and the parties expect that rate to ramp up over the next year as Democrasoft expands the capabilities of its platform. The \$150,000 development investment by Innominds represents only a portion of the expenditures planned with Innominds in the coming months.

Democrasoft also announced that its online "collaborative education" offering, *Collaborize Classroom*, recently won the Outstanding Achievement Award in Education from the Interactive Media Council, scoring in the top 14 of approximately 140 submissions. The number of teachers launching *Collaborize Classroom* sites has been growing at a compounded monthly rate of more than 30% since October 2010.

"While the amount of this investment by Innominds is relatively small, it will still help us offset the additional development costs associated with our planned expansion of features and capabilities," said Richard Lang, Chairman and CEO of Democrasoft. "When we jointly explored the options for collaboration and closely aligning our interests, Democrasoft gave this investment favorable consideration. Both parties are excited about the possibilities that are emerging."

In addition to serving as the primary development arm of Democrasoft, Innominds is also a *Collaborize* reseller in India. According to Divakar Tantravahi, Managing Director of Innominds, "We are very impressed with the potential of the *Collaborize* platform. Our relationship with Democrasoft is an example of the added value we can bring to all our customers, beyond our product engineering services. We are looking forward to continued success working together."

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*Democrasoft, Inc., headquartered in Santa Rosa, CA, is a 20-year-old public company (OTC: PINKSHEETS: DEMO) with a history of pioneering technology. The company's flagship product, Collaborize®, is a web-based solution for organizing groups with a common purpose into powerful, decision-making communities. It is designed to empower groups of all sizes - schools, businesses, non-profits, organizations, governments, their members and citizens - to resolve real problems and drive toward actual implementation of collective solutions. Democrasoft is dedicated to facilitating a vision of online "social networking with purpose." For more information, please visit <http://democrasoft.com>.*

*This release may contain "forward-looking statements" which are subject to risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. We are not responsible for updating any such forward-looking statements.*