

QUARTERLY VIEWPOINT:

For the Quarter Ended September 30, 2006 and the Latest Twelve Months

- Technology M&A – Market Overview

Services

- Project-Based:
 - IT Commercial
 - IT Federal
 - Management Consulting
- Outsourcing:
 - IT
 - Business Process Outsourcing
- Offshore
- IT Staffing
- Value Added Resellers

Software

- Enterprise
- Spotlight: Customer Relationship Management

Communications

- Software
- Equipment
- Spotlight: Converged Services

Claes E. Persson
Vice President

Joel S. Harper
Senior Associate

Naresh Dawda
Research Analyst



Orange County

Charlotte

St. Louis

This Quarterly ViewPoint covers trends, stock index performances, public valuation multiples and relevant M&A activity for the services, software and communications sectors. To illustrate general capital market and M&A trends within these sectors, DecisionPoint has selected a group of representative public comparables and transactions. This data is provided for informational purposes only. All data represents publicly available information.

DecisionPoint International is a boutique investment bank providing merger and acquisition services and business valuations to companies in the services, software and communications sectors. DecisionPoint offers clients a complete range of M&A services including buy-side and sell-side advisory and company valuations.

For further information regarding the contents of this document or any other questions, please call DecisionPoint International at 704.248.1111 or visit the web site at www.DecisionPointInt.com.

The information in this Quarterly ViewPoint was prepared by DecisionPoint International, LLC ("DecisionPoint"). DecisionPoint has issued the material contained within this report for information purposes only. The material contained within this report is not and should not be construed as an offer to sell or solicitation of an offer to purchase or subscribe for any investment. Information presented was obtained from various sources that are believed to be reliable. DecisionPoint makes no guarantees, representations or warranties and accepts no responsibility or liability as to the accuracy or completeness of the information provided. Opinions, estimates and analyses in this report do not necessarily reflect the opinions of DecisionPoint and are subject to change without notice. DecisionPoint has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein changes or subsequently becomes inaccurate.

DecisionPoint is ranked 4th in The 451 Group's League Table for number of IT Business Services M&A deals over the past 18 months.



August 2006 - Services



July 2006 - Services



July 2006 - Services



May 2006 - Services



May 2006 - Services

TECH M&A BANKING REVIEW 2006: Top Financial Advisors for U.S. Technology M&A Deals

Sector Leaders: 18-Month View
IT Business Services



April 2006 - Services



April 2006 - Software/Services



April 2006 - Services



September 2005 - Services



August 2005 - Services



July 2005 - Services



June 2005 - Services



May 2005 - Services



April 2005 - Services

TOP DEALMAKERS BY NUMBER OF DEALS

| | Number |
|------------------------|----------|
| 1 Jefferies | 10 |
| 2 Windsor Group | 10 |
| 3 BB&T | 7 |
| 4 DecisionPoint | 7 |
| 5 Goldman Sachs | 5 |
| 6 AdMedia Partners | 5 |
| 7 Lazard | 4 |
| 8 Morgan Stanley | 4 |
| 9 Claris Capital | 4 |
| 10 Sawian Advisors | 3 |

Used with permission, The 451 Group, Copyright 2006.



February 2006 - Services



August 2005 - Software

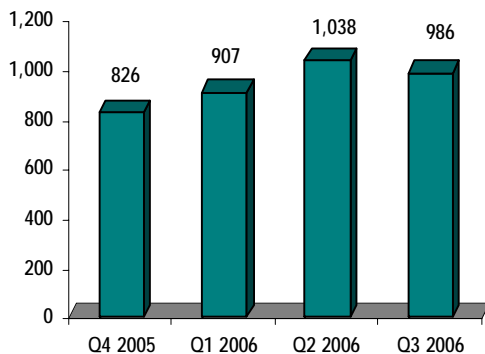
Technology M&A – Market Overview

Highlights, Trends and Statistics

M&A Market Overview:

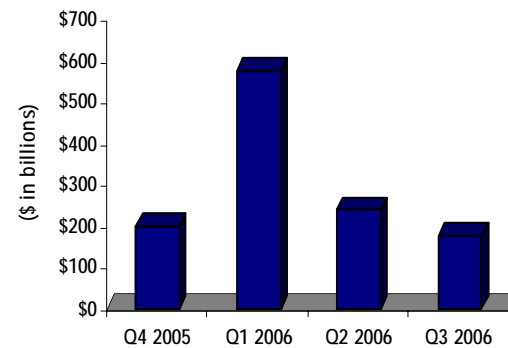
- Technology mergers & acquisitions are leading the way as worldwide M&A deals are on pace to break the year 2000 record. According to a recent ACG / Thomson survey, dealmakers are again expressing great optimism with 90% saying the current M&A environment is good or excellent (the survey polled investment bankers, private equity professionals, corporate executives, as well as lawyers, accountants and other service providers). Strategic corporations as well as financial buyers have abundant cash and are actively investing in compelling targets where shareholders are enjoying healthy exit multiples.
- The technology sector is expected to contribute with 27% of the total M&A activity in the second half of 2006, ahead of healthcare (2nd with 18%) and manufacturing (3rd with 17%). According to Thomson, the total value of global M&A reached \$1.6 trillion as of June 13, 2006. That sum represents a 41% increase versus the corresponding period a year ago, when \$1.1 trillion worth of deals were completed. The 2006 number is also on pace to surpass the 2005 global M&A total number of \$2.8 trillion.

Number of Technology M&A Deals Announced in the Last 4 Quarters



Source: According to The 451 group

Announced Technology M&A Deal Value in the Last 4 Quarters



Source: According to The 451 group. The number of deals that have publicly announced deal value varies from quarter to quarter.

M&A Objectives:

The Thomson survey respondents say the primary objective of mergers and acquisitions is to:

1. Increase revenue and profitability (46%)
2. Grow market share (33%)
3. Gain technology (5%)

The target attributes that matter most to an acquiror today is:

1. Sales and revenue growth (32%)
2. Attractive business sector (21%)
3. Management strength (19%)

Cross-Border M&A:

- International cross-border M&A is expected to increase as cross-border deals are becoming more important to US companies. Western Europe is expected to be the most attractive region along with China and Canada.

VC / Private Equity Groups:

- VC / private equity firms are increasingly competing with strategic buyers on price, often teaming up in large "club deals" as in the recent \$17.6b (largest ever technology buyout) acquisition of Freescale Semiconductor by a consortium of private equity groups led by Blackstone Group. Other Q3 2006 technology targets of private equity groups are WatchGuard Technologies, Embarcadero Technologies and Intergraph. Overall in Q3, the technology sector continued to dominate the venture-backed M&A landscape with 52 deals and a disclosed value of \$1.6 billion. Private equity professionals claim the deal size and type that hold the most promise are:

1. Middle-market buyouts (33%)
2. Small buyouts (27%)
3. Early stage venture capital (18%)

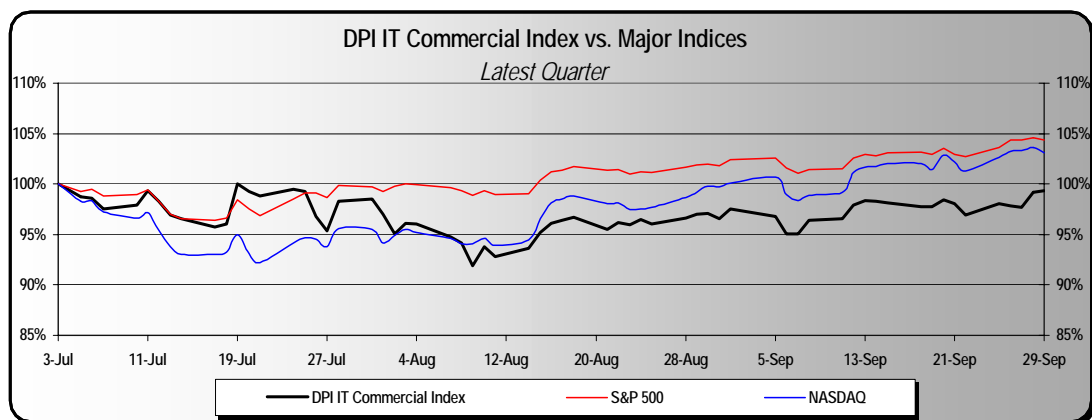
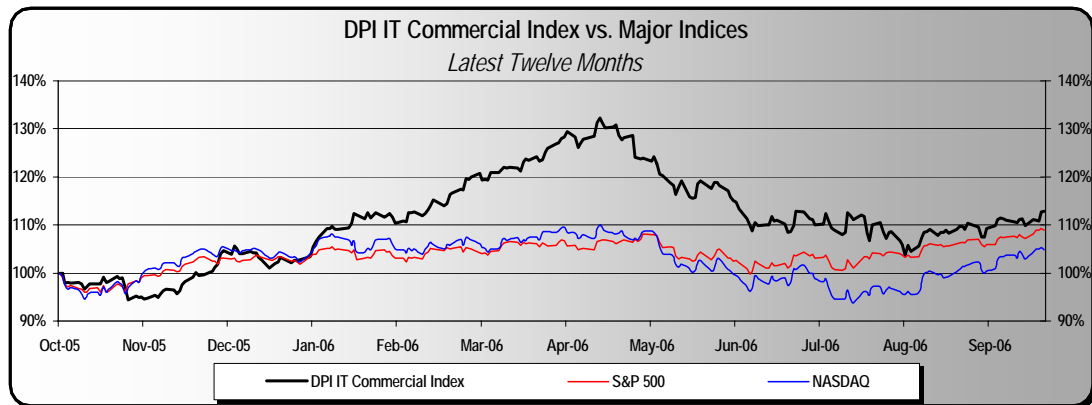
- Venture-backed IPOs slowed in Q3 with 8 companies going public (raising \$934m) compared to 19 companies (raising \$2b) in the previous quarter.

Services: Project-Based - IT Commercial

Highlights, Stock Performance and Recent M&A Activity

Highlights

- For the LTM and quarter, the IT Commercial Index was up 12% and down 1%, respectively.
- According to Gartner, the IT services market is expected to grow from \$624.4b in 2005 to \$828.1b in 2010. This reflects a compound annual growth rate of 5.8%.
- Example valuation driver (qualitative): Ideal seller has a strong numbers orientation at the CEO level, including accurate, timely and detailed reporting.
- Example valuation driver (quantitative): Ideal seller has signed backlog equal to at least 75% of next 3 months revenue and 50%-60% of next 6 months revenue.
- Continued poor outlook for public offerings in the sector limits the supply of acquirors with available liquid funds to buy firms with scale. Demand is strongest in the \$5m-\$20m target firm revenue range.
- Q3'06 had a total of 12 M&A transactions compared to 24 announced in Q2'06.



Note: The DPI IT Commercial Index includes: Accenture, Answerthink, CIBER, Edgewater Technology, Inforte Corporation, Keane, Perficient and Sapient Corporation.

September 30, 2006

Metrics

| Company | Enterprise Value | |
|----------------------|------------------|------------|
| | LTM Revenue | LTM EBITDA |
| Accenture | 0.9x | 7.5x |
| Answerthink, Inc. | 0.6x | 8.4x |
| CIBER, Inc. | 0.6x | 10.0x |
| Edgewater Technology | 0.7x | 11.4x |
| Inforte Corporation | 0.4x | 14.0x |
| Keane, Inc. | 0.9x | 9.8x |
| Perficient, Inc. | 3.4x | 22.8x |
| Sapient Corporation | 1.6x | 20.8x |

LTM = Last twelve months

Representative IT Commercial Transactions

| Announced Date | Acquiror Name | Target Name | Enterprise Value (\$m) |
|----------------|----------------------|----------------------------------|------------------------|
| 09/06/06 | Tribridge | Ideal Consulting | NA |
| 09/05/06 | SoftNet Technology | Pickering & Associates | \$0.7 |
| 09/01/06 | NWN | Xcelecom | \$12.5 |
| 08/31/06 | AurionPro Solutions | Coban | NA |
| 08/18/06 | Prolifics | Promenix | NA |
| 08/17/06 | Relational | AGT (Professional Services Unit) | NA |
| 08/14/06 | CareTech Solutions | Sabre Consulting | NA |
| 08/03/06 | Optimum Solutions | Core Ops | NA |
| 07/25/06 | Novacoast | eNvision Data Solutions | NA |
| 07/21/06 | Perficient | The EGG Division of DCSS | \$12.9 |
| 07/17/06 | Avatech Solutions | Technology & Training Systems | NA |
| 07/11/06 | DSD Business Systems | Horizon Information Systems | NA |

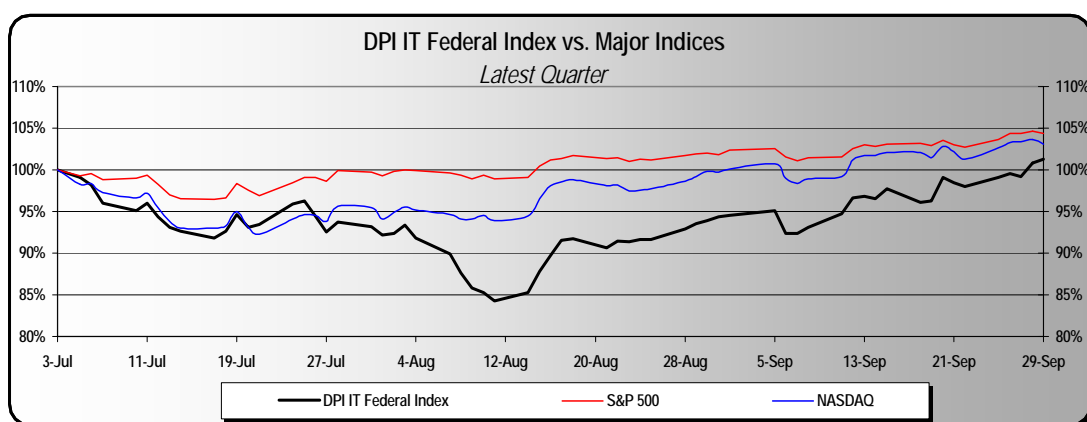
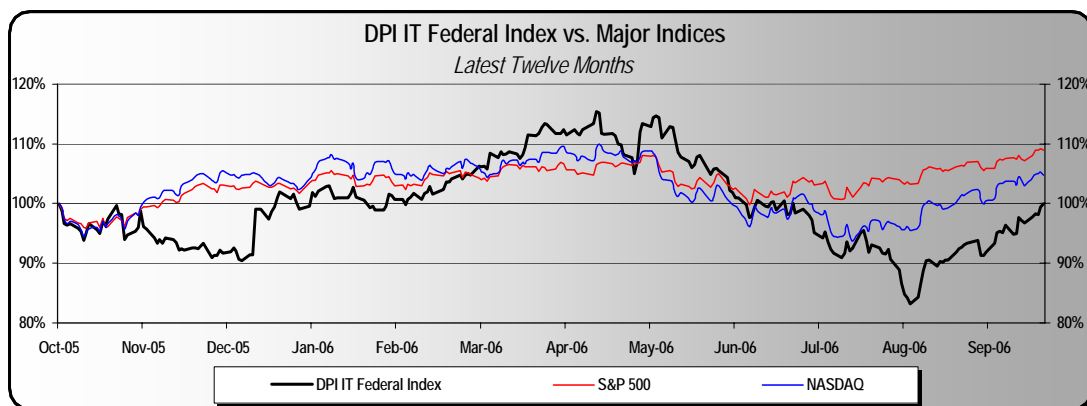
Please call DecisionPoint for further details on listed transactions.

Services: Project-Based - IT Federal

Highlights, Stock Performance and Recent M&A Activity

Highlights

- For the LTM and quarter, the IT Federal Index was down 0.5% and up 1%, respectively.
- The acceptance of software as a service (SaaS) by major corporate users is important as the federal government increasingly models the best IT practices in corporate America. This combined with strong business-case justifications as to why the federal sector should move to SaaS paint a rosy picture for on-demand software in the federal space.
- SAIC has announced that it intends to conduct an initial public offering (IPO) and a capital restructuring (merger). The capital restructuring is expected to close shortly before the IPO. SAIC has priced its initial public offering of 75,000,000 shares of common stock at \$15.00 per share. In addition, the underwriters were granted the right to purchase up to an additional 11,250,000 shares of common stock to cover over-allotments, if any.
- Funding for several IT programs took a significant hit in the \$447 billion fiscal 2007 defense appropriations bill, but program cuts are not as severe as in previous years.
- Q3'06 had a total of 15 M&A transactions compared to 13 announced in Q2'06.



Note: The DPI IT Federal Index includes: CACI International, Mantech International, Nci, SI International and SRA International.

September 30, 2006

Metrics

| Company | Enterprise Value | |
|-----------------------|--------------------|------------|
| | LTM Revenue | LTM EBITDA |
| | CACI International | 1.2x |
| Mantech International | 1.0x | 10.9x |
| Nci | 0.7x | 10.4x |
| SI International | 1.1x | 11.5x |
| SRA International | 1.3x | 11.7x |

LTM = Last twelve months

Representative IT Federal Transactions

| Announced Date | Acquiror Name | Target Name | Enterprise Value (\$m) |
|----------------|----------------------------|-----------------------------|------------------------|
| 09/25/06 | Rockwell Collins | Anzus | NA |
| 09/11/06 | L-1 Identity Solutions | SpecTal | \$100.0 |
| 08/28/06 | SAIC | Applied Ordnance Technology | NA |
| 08/24/06 | Meggitt-USA | Firearms Training Systems | \$82.1 |
| 08/17/06 | Lockheed Martin | PAE | NA |
| 08/14/06 | L-3 Communications | Nova Engineering | \$45.0 |
| 08/08/06 | Wireless Facilities | Madison Research | \$69.0 |
| 08/07/06 | Teledyne Brown Engineering | CollaborX | \$17.5 |
| 08/04/06 | SAIC | Cornerstone Industry | NA |
| 08/01/06 | SAIC | bd Systems | NA |
| 08/01/06 | Teledyne Instruments | Ocean Design | \$30.0 |
| 07/27/06 | EDO Corporation | Impact Science & Technology | \$124.0 |
| 07/27/06 | EDO Corporation | CAS | \$175.6 |
| 07/05/06 | Raytheon | VTC | NA |

Please call DecisionPoint for further details on listed transactions.

Services: Project-Based - Management Consulting

Highlights, Stock Performance and Recent M&A Activity

Highlights

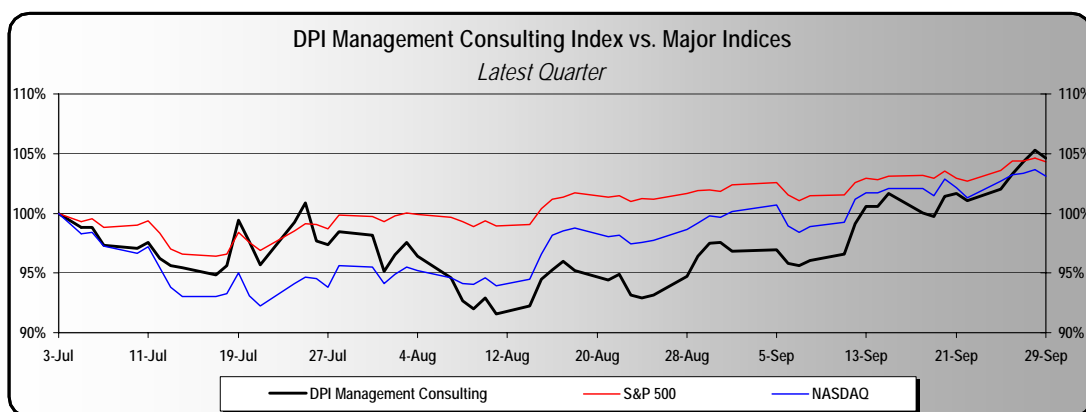
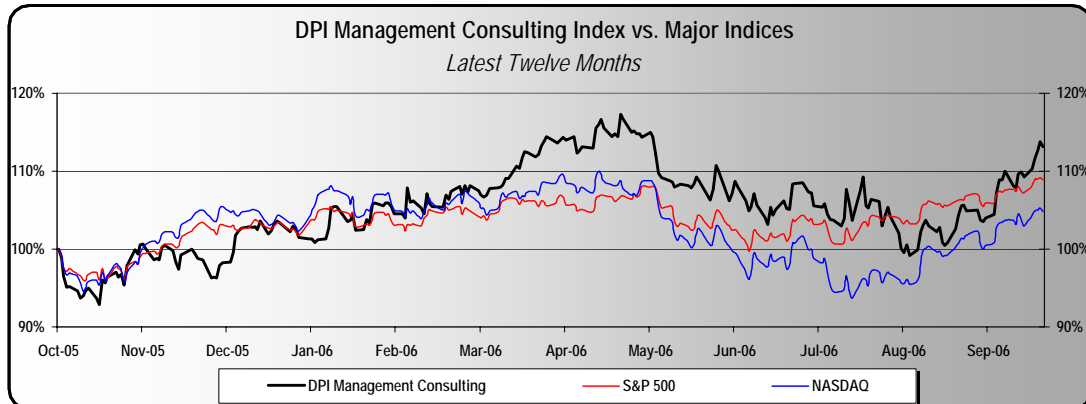
- For the LTM and quarter, the Management Consulting Index was up 13% and 4%, respectively.
- Even though management consulting firms are currently staying busy, Kennedy Information expects consulting demand to slow modestly in the coming years, which will inevitably lead to consultants scrambling for leads once again.
- Many of the larger players are offering system integration and implementation in addition to "straight consulting" which sometimes can cause problems. For example, when an implementation of a project goes wrong, the consultancy group will be partly blamed. There is an increasing demand for firms that provide "straight consulting" only.
- At \$50 billion and growing, the public sector consulting marketplace is already the largest vertical market for consulting and most management consulting firms are focusing on establishing or expanding business in the public sector.
- Q3'06 had a total of 14 M&A transactions compared to 13 announced in Q2'06.

September 30, 2006

Metrics

| Company | Enterprise Value | |
|------------------------|------------------|------------|
| | LTM Revenue | LTM EBITDA |
| CRA International | 1.3x | 7.9x |
| Diamond Management | 1.7x | 12.2x |
| FTI Consulting | 2.1x | 8.1x |
| Huron Consulting Group | 2.7x | 13.1x |
| LECG Corporation | 1.4x | 9.0x |
| Navigant Consulting | 1.8x | 8.7x |
| The Advisory Board | 5.5x | 20.4x |
| Corp. Executive Board | 8.0x | 27.1x |

LTM = Last twelve months



Note: The DPI Management Consulting Index includes: CRA International, Diamond Management & Technology Consultants, FTI Consulting, Huron Consulting Group, LECG Corporation, Navigant Consulting, The Advisory Board Company and The Corporate Executive Board.

Representative Management Consulting Transactions

| Announced Date | Acquiror Name | Target Name | Enterprise Value (\$m) |
|----------------|------------------------------|-------------------------------------|------------------------|
| 09/18/06 | Harte Hanks | AberdeenGroup | NA |
| 09/18/06 | WSP Group | Environmental Strategies Consulting | NA |
| 09/11/06 | FTI Consulting | Financial Dynamics | \$260.0 |
| 08/22/06 | MCG Global | Novations Group | NA |
| 08/22/06 | Outsell | Electronic Publishing Services | NA |
| 08/15/06 | Tatum | The Controller Group | NA |
| 08/09/06 | Deloitte Consulting | DeepDive™ | NA |
| 08/01/06 | Huron Consulting Group | Aaxis Technologies | NA |
| 08/01/06 | Huron Consulting Group | Document Review Consulting Services | NA |
| 07/28/06 | TMNG | ADVENTIS (assets) | NA |
| 07/20/06 | Kroll | Homeland Solutions | NA |
| 07/19/06 | Mercer Management Consulting | DiamondCluster (assets) | \$30.0 |

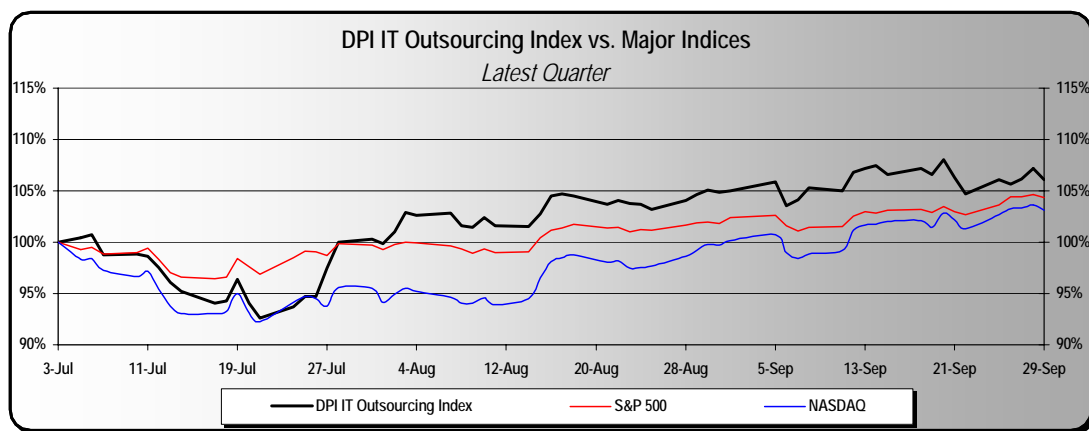
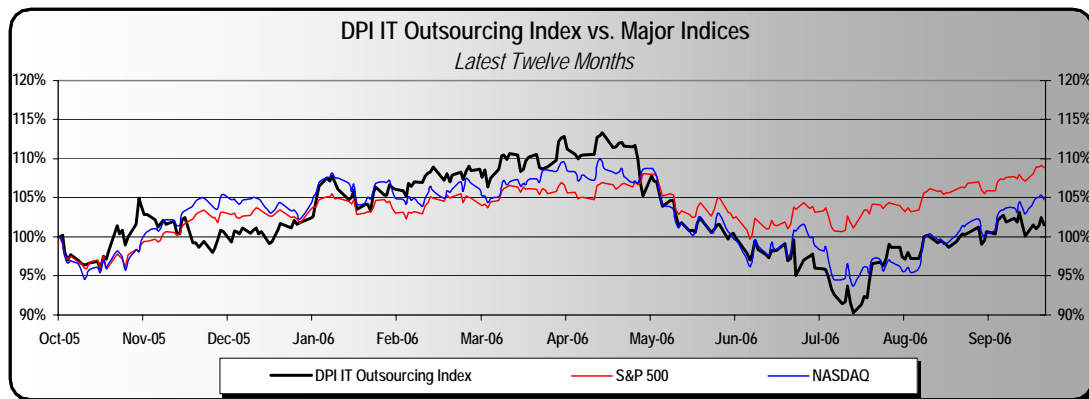
Please call DecisionPoint for further details on listed transactions.

Services: Outsourcing - IT

Highlights, Stock Performance and Recent M&A Activity

Highlights

- For the LTM and quarter, the IT Outsourcing Index was up 2% and 7%, respectively.
- IT outsourcing deals based on selecting the supplier with the cheapest bid are the most likely to run into trouble. Deals where the supplier is expected to make minimal profit have a negative impact on both the provider and the customer. 10% to 15% is a reasonable gross profit margin goal for an IT outsourcing supplier on a deal where the customer is looking to make cost savings of around 15%.
- A new market study by IDC forecasts Asia-Pacific outsourcing spending to cross the \$10 billion mark this year, suggesting that companies in the region are open to contracting out more IT work.
- Contract governance and a close relationship between the IT provider and the buyer are 2 key elements that are now getting more attention. This is the result of learning that nearly half of all outsourcing deals in the past have ended in failure, according to some experts.
- Q3'06 had a total of 42 M&A transactions compared to 30 announced in Q2'06.



Note: The DPI IT Outsourcing Index includes: CGI, CSC, Covansys Corporation, EDS and Perot Systems.

September 30, 2006

Metrics

| Company | Enterprise Value | |
|----------------------|------------------|------------|
| | LTM Revenue | LTM EBITDA |
| CGI Group Inc. | 0.9x | 6.1x |
| CSC | 0.6x | 4.1x |
| Covansys Corporation | 1.1x | 9.4x |
| EDS | 0.7x | 7.3x |
| Perot Systems | 0.7x | 6.2x |

LTM = Last twelve months

Representative IT Outsourcing Transactions

| Announced Date | Acquiror Name | Target Name | Enterprise Value (\$m) |
|----------------|--------------------------------|--------------------------|------------------------|
| 09/28/06 | Bull | Agarik | NA |
| 09/22/06 | Kirshner International | Secured Financial Data | NA |
| 09/20/06 | SecureWorks | LURHQ | NA |
| 09/19/06 | Boston Ventures Management | En-Touch Systems | NA |
| 09/12/06 | AT&T | Usinternetworking | \$300.0 |
| 09/06/06 | Cognizant Technology Solutions | AimNet Solutions | NA |
| 09/01/06 | Schipul Technologies | Aim Managed Hosting | NA |
| 08/29/06 | MegaPath Networks | DSL.net | NA |
| 08/25/06 | Group NBT plc | Exalia | \$6.0 |
| 08/23/06 | Carpathia Hosting | Global Office Connect | NA |
| 08/23/06 | Homeland Security Capital | Cyberlynk | NA |
| 08/22/06 | TeleCityRedbus Group | Globix UK | \$62.0 |
| 08/09/06 | Eschelon Telecom | OneEighty Communications | NA |
| 08/04/06 | Peak 10 | RenTech | NA |
| 07/27/06 | Interlink Global | Metro IP | NA |

Please call DecisionPoint for further details on listed transactions.

Services: Outsourcing - Business Process Outsourcing

Highlights, Stock Performance and Recent M&A Activity

Highlights

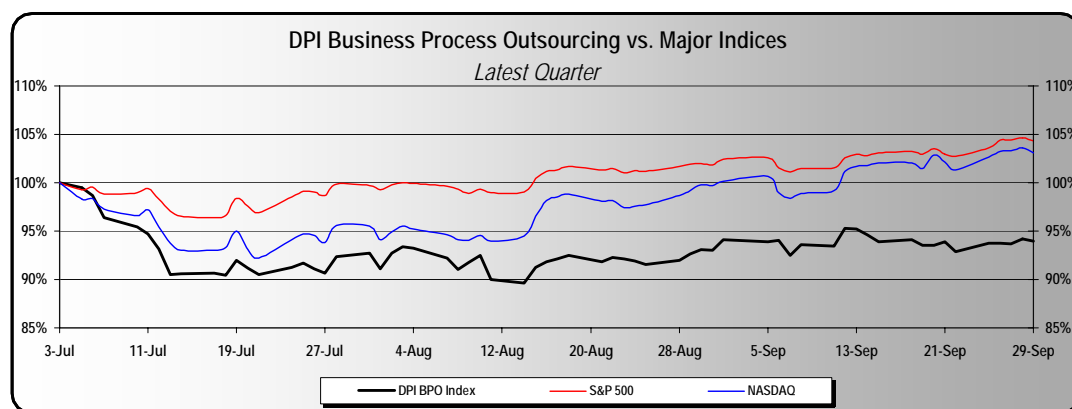
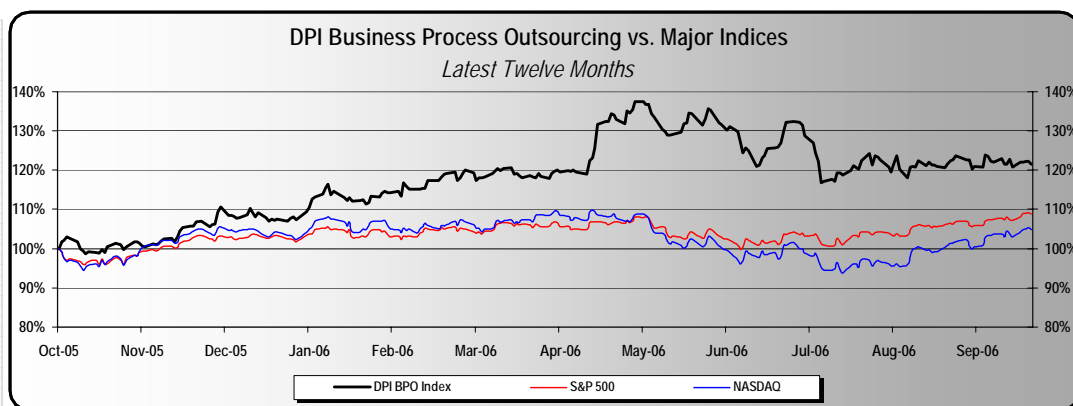
- For the LTM and quarter, the Business Process Outsourcing Index was up 22% and down 6%, respectively.
- The Finance and Accounting Outsourcing (FAO) sector is enjoying delivery success where service providers and buyers are finding the experience transparent, quantifiable, and manageable; deals are more profitable and the sector is becoming increasingly attractive to investors. This is in contrast to the Human Resources Outsourcing (HRO) segment that is experiencing delivery complexity, high-profile management overhauls within the leading providers, and increasing concerns on Wall Street surrounding the HRO viability.
- As part of the BPO evaluation, several cost components like integration and potential exit costs are often overlooked when considering the complete cost picture. Technology has a deciding role in reducing and controlling these overlooked costs. For example, while software licenses and maintenances typically represent no more than 3%-5% of a BPO engagement, they directly drive process automation that immediately impacts the cost of operations.
- Q3'06 had a total of 123 M&A transactions compared to 73 announced in Q2'06.

September 30, 2006

Metrics

| Company | Enterprise Value | |
|------------------|------------------|------------|
| | LTM Revenue | LTM EBITDA |
| ACS | 1.4x | 8.8x |
| Aspen Technology | 2.3x | 14.6x |
| ADP | 2.8x | 11.9x |
| Bisys Group | 1.1x | 6.1x |
| Ceridian Corp. | 2.0x | 9.6x |
| CGI Group | 0.9x | 6.1x |
| GSE Systems | 1.6x | NM |
| First Advantage | 2.0x | 10.3x |
| Paychex | 8.0x | 18.8x |
| Per-Se Tech. | 2.8x | 15.6x |

LTM = Last twelve months
NM = Not Meaningful



Note: Due to the broad Business Process Outsourcing market, the DPI BPO Index includes a variety of financial services, healthcare, human resources, energy and IT services companies: Affiliated Computer Services, Aspen Technology, Automatic Data Processing, Bisys Group (The), Ceridian, CGI Group, GSE Systems, First Advantage, Paychex and Per-Se Technologies.

Representative Business Process Outsourcing Transactions

| Announced Date | Acquiror Name | Target Name | Enterprise Value (\$m) |
|----------------|--------------------------------|-------------------------------|------------------------|
| 09/15/06 | Iron Triangle Payment Systems | BA Merchant Services (assets) | NA |
| 09/13/06 | Health Management Systems | Public Consulting Group | \$80.0 |
| 09/11/06 | SYNNEX Corporation | Concentrix | NA |
| 09/08/06 | Intec Telecom Systems | EUR Systems (assets) | \$13.4 |
| 09/01/06 | Metavante | VICOR | NA |
| 08/30/06 | netGuru | BPO Management Services | \$2.0 |
| 08/29/06 | Transaction Systems Architects | P&H Solutions | \$150.0 |
| 08/25/06 | The Carlyle Group | Allsec Technologies | \$4.4 |
| 08/21/06 | Crawford & Company | Broadspire Services | \$150.0 |
| 08/17/06 | First Data | Argencard | NA |
| 08/14/06 | VeriFone Holdings | Trintech Group | \$12.1 |
| 08/10/06 | Cannon Cochran | G.E. Young & Company | NA |
| 07/31/06 | Genpact | MoneyLine Lending Services | NA |
| 07/12/06 | Affiliated Computer Services | Primax Recoveries | \$40.0 |
| 07/11/06 | Accenture | Advantium | NA |

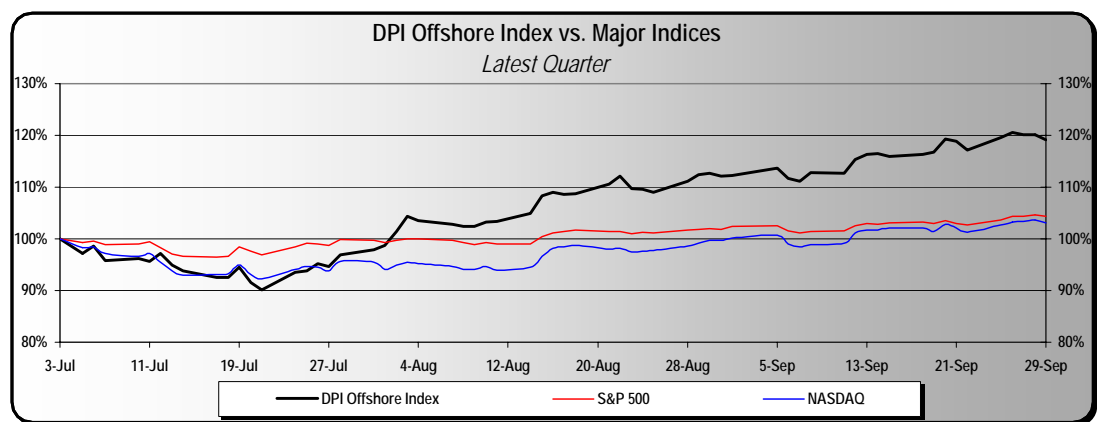
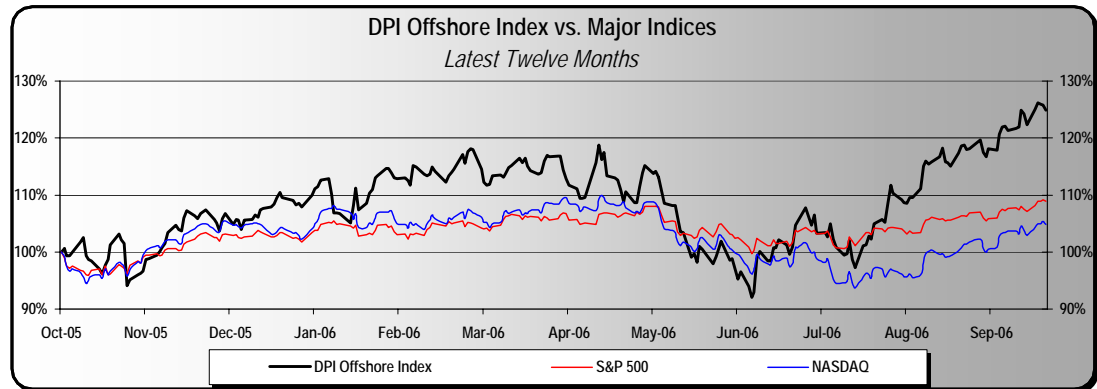
Please call DecisionPoint for further details on listed transactions.

Services: Offshore

Highlights, Stock Performance and Recent M&A Activity

Highlights

- For the LTM and quarter, the Offshore Index was up 27% and 19%, respectively.
- The global and U.S. markets for offshore IT services continue to grow at a remarkable rate, driven primarily by U.S. customer demand, according to IDC. IDC predicts that offshore IT services vendors will capture \$29.4 billion in worldwide customer spending by 2010, with little sign of a market slowdown.
- A new trend is predicted in the strategies of the major offshore vendors, with an increased focus on service offerings that build more operational and strategic relationships with their clients. The evolving and increasingly competitive landscape will require vendors to make significant investments in order to increase growth and achieve differentiation.
- A new offshore segment is the "Educational Services Outsourcing (ESO) that is estimated to be a \$8b dollar market where mostly Indian teachers are tutoring US (and other geographies) students online.
- Q3'06 had a total of 2 M&A transactions compared to 3 announced in Q2'06.



The DPI Offshore Index includes: Cognizant Technology, Infosys, Kanbay International, Patni Computer Systems, Satyam and Wipro.

September 30, 2006

Metrics

| Company | Enterprise Value | |
|----------------------|------------------|------------|
| | LTM Revenue | LTM EBITDA |
| Cognizant Technology | 8.9x | 39.5x |
| Infosys | 11.6x | 36.5x |
| Kanbay Int'l | 2.8x | 13.7x |
| Patni Computer Sys. | 5.2x | 27.6x |
| Satyam | 10.5x | 44.9x |
| Wipro Ltd | 7.4x | 29.9x |

LTM = Last twelve months

Representative Offshore Transactions

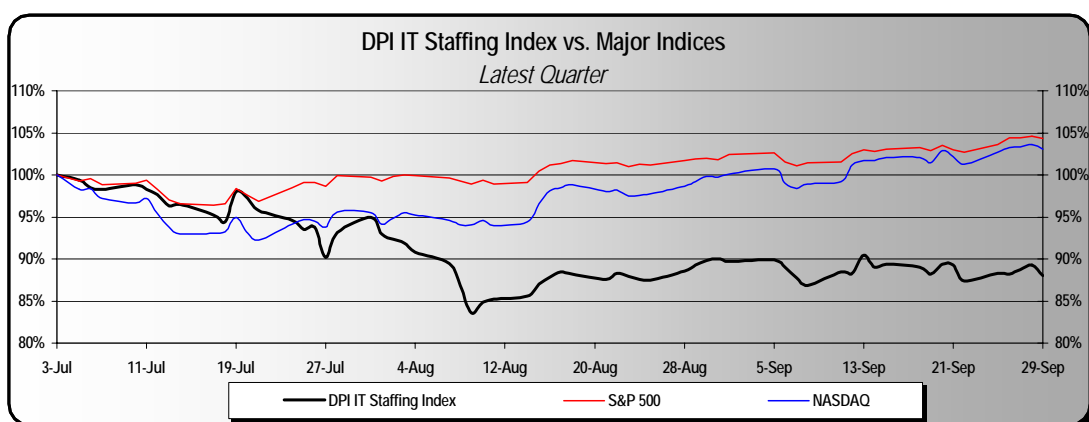
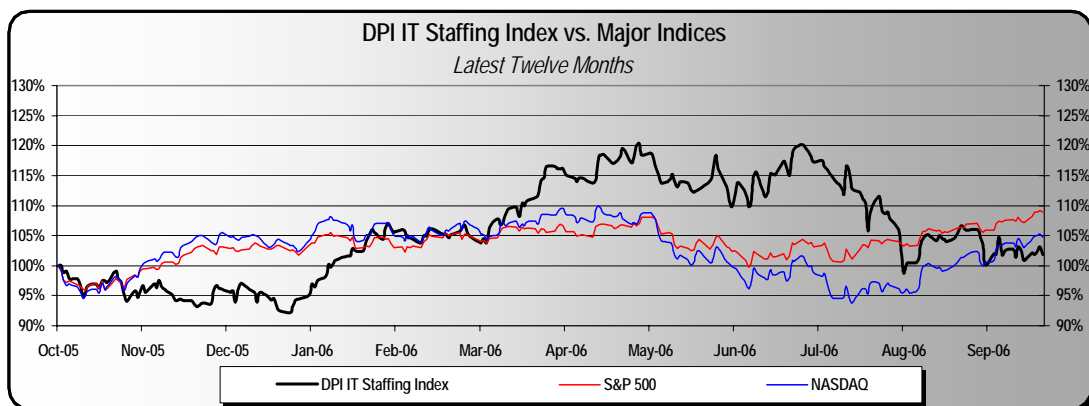
| Announced Date | Acquiror Name | Target Name | Enterprise Value (\$m) |
|----------------|---------------|--------------------------|------------------------|
| 08/24/06 | Caritor | Opentech Consulting | NA |
| 08/07/06 | Achievo | Beijing Beifang Xinyu IT | NA |

Services: IT Staffing

Highlights, Stock Performance and Recent M&A Activity

Highlights

- For the LTM and quarter, the IT Staffing Index was up 3% and down 12%, respectively.
- Recruiting skilled IT staff remains a challenge for many staffing providers. Attracting, developing and retaining IT talent is a primary concern in the industry.
- According to a recent CIO staffing study by Robert Half Technology, Cisco certified professionals look to be among the most in demand.
- A noteworthy staffing deal that took place in the beginning of October (therefore not included in the Q3 transactions in this report), was Kforce's \$73m acquisition of Bradson for 2.7x LTM revenue. Perhaps this will bring up multiples in future staffing deals, a sector that has historically yielded low multiples.
- Q3'06 had 1 M&A transaction compared to 2 announced in Q2'06.



The DPI Staffing Index includes: Analysts International, COMFORCE, Computer Horizons, Computer Task Group, Kforce, RCM Technologies, TechTeam Global and Volt Information Services.

September 30, 2006

Metrics

| Company | Enterprise Value / | |
|------------------------|--------------------|------------|
| | LTM Revenue | LTM EBITDA |
| Analysts International | 0.2x | 19.7x |
| Comforce Corp. | 0.2x | 7.0x |
| Computer Horizons | 0.4x | 51.4x |
| Computer Task Group | 0.2x | 9.3x |
| Kforce Inc. | 0.6x | 9.0x |
| RCM Technologies | 0.3x | 7.9x |
| TechTeam Global Inc. | 0.4x | 6.5x |
| Volt Information Sci. | 0.2x | 6.6x |

LTM = Last twelve months

Representative IT Staffing Transactions

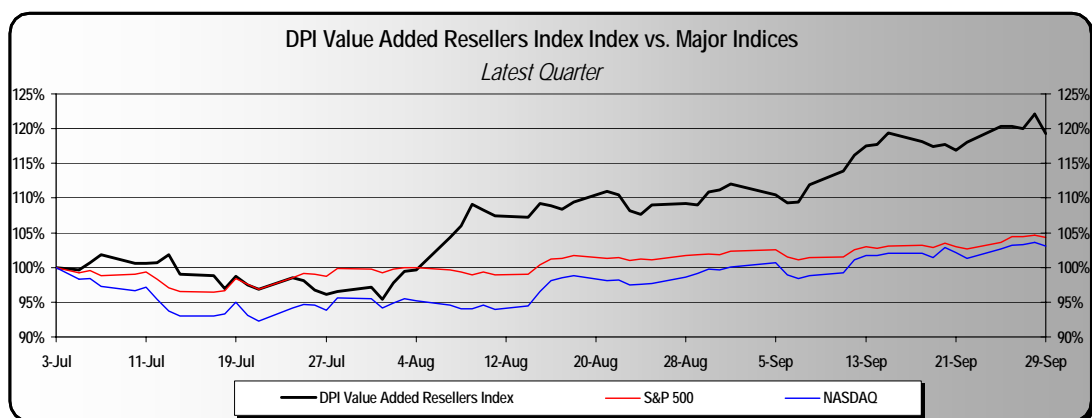
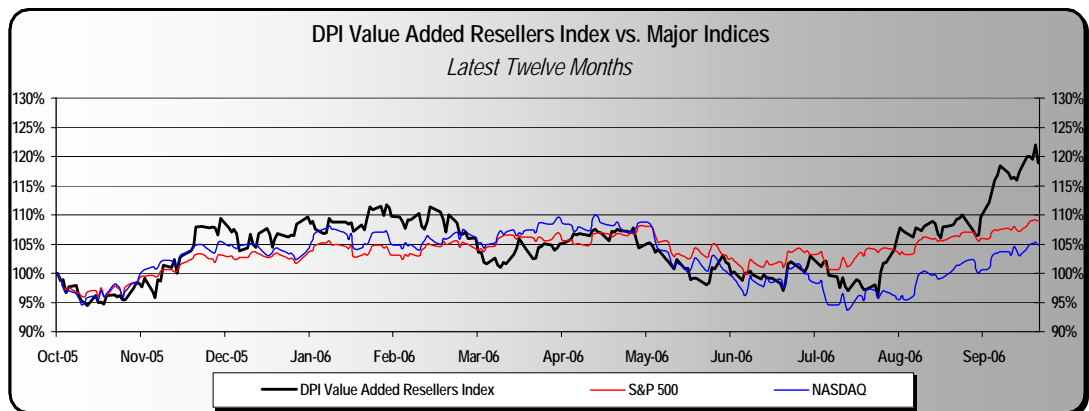
| Announced Date | Acquiror Name | Target Name | Enterprise Value (\$m) |
|----------------|--------------------|-------------|------------------------|
| 09/20/06 | Newmarket Partners | SolutionsIQ | NA |

Services: Value Added Resellers

Highlights, Stock Performance and Recent M&A Activity

Highlights

- For the LTM and quarter, the VAR Index was up 19% and 19%, respectively.
- VARs continue to acquire to expand their software sales and augment or establish their solutions and services capabilities (e.g. CDW / Berbee Information Networks, Insight Enterprises / Software Spectrum).
- VARs and solution providers need to constantly recruit top sales talent to keep competitive in a channel environment that is undergoing fundamental changes. With the channel changing through consolidation and acquisitions, many top salespeople simply leave a business and take customers and their trusted staff with them.
- Consolidation among Sun Microsystems VARs remains strong (e.g. Lumentae / Stonebridge VAR Business, Incentra / Tactix) as well as with accounting software VARs focused on Sage Software (Net@Work / Eagle Consulting Group).
- Q3'06 had a total of 21 M&A transactions compared to 20 announced in Q2'06.



Note: The DPI Value Added Resellers Index includes: CDW Computer Centers, Emtec, En Pointe Technologies, Insight Enterprises, MTM Technologies, PC Connection, Pomeroy IT Solutions and TransNet Corporation.

September 30, 2006

Metrics

| Company | Enterprise Value | |
|----------------------------|------------------|------------|
| | LTM GP | LTM EBITDA |
| CDW Corp. | 4.3x | 9.6x |
| Emtec Inc. | 1.7x | 15.5x |
| En Pointe Technologies Inc | 1.0x | NM |
| Insight Enterprises Inc. | 2.1x | 6.2x |
| MTM Technologies Inc. | 2.1x | 34.5x |
| PC Connection Inc. | 1.7x | 12.6x |
| Pomeroy IT Solutions Inc. | 1.2x | 27.5x |
| TransNet Corp. | 0.4x | NM |

LTM = Last twelve months

NM = Not Meaningful

GP = Gross Profit

Representative Value Added Resellers Transactions

| Announced Date | Acquiror Name | Target Name | Enterprise Value (\$m) |
|----------------|----------------------|-------------------------------------|------------------------|
| 09/18/06 | CDW | Berbee Information Networks | \$175.0 |
| 09/12/06 | Incentra Solutions | Tactix | \$3.6 |
| 09/12/06 | Tyler Technologies | Software Systems | NA |
| 09/11/06 | ComputerCORP | FedIT (assets) | \$1.4 |
| 09/07/06 | Hagerman & Company | Lackner Computer Systems | NA |
| 09/07/06 | PC Mall Gov | Government Micro Resources (assets) | \$3.3 |
| 09/06/06 | Logicalis | Computech Resources | NA |
| 08/17/06 | Rand A Technology | i-VEK Technology (assets) | NA |
| 08/09/06 | Net@Work | Eagle Consulting Group | NA |
| 08/08/06 | Optimus Solutions | Paaridian Technologies | NA |
| 08/04/06 | WBT Systems | Horizon Technology Group | NA |
| 08/01/06 | CDI Computer Dealers | Techno-Trade Canada (division) | NA |
| 07/25/06 | Lumentae | Stonebridge's Sun Business | NA |
| 07/25/06 | Ingres | Thinking Instruments | NA |
| 07/20/06 | Insight Enterprises | Software Spectrum | \$287.0 |

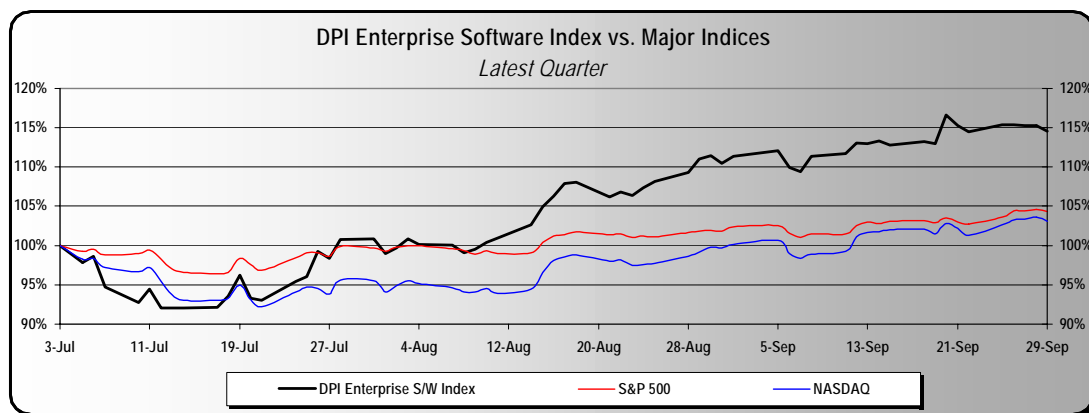
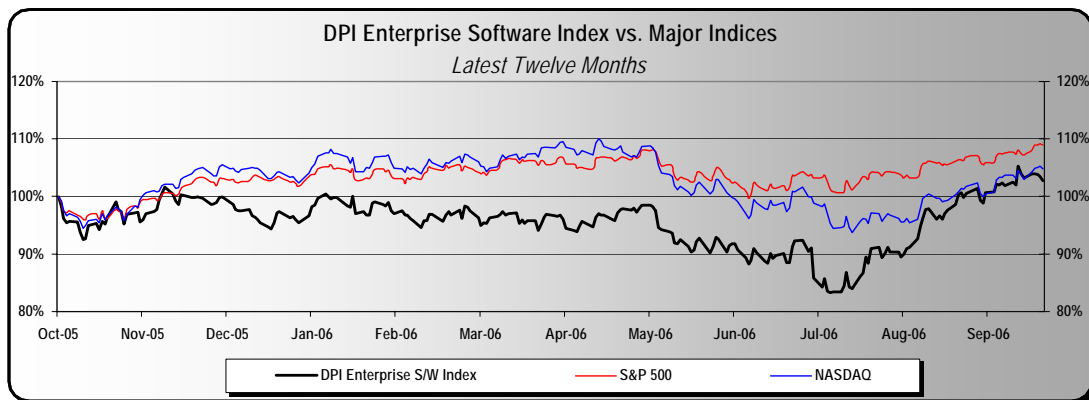
Please call DecisionPoint for further details on listed transactions.

Software: Enterprise

Highlights, Stock Performance and Recent M&A Activity

Highlights

- For the LTM and quarter, the Enterprise Software Index was up 3% and 15%, respectively.
- HP notched the largest enterprise software deal of the quarter by acquiring Mercury Interactive, a leader in business technology optimization (BTO) software for approximately \$4.5b in cash.
- During the period, ten publicly traded software companies were acquired or taken private by other publicly traded software firms or private equity groups (PEGs).
- IBM led all acquisition activity for the sector during Q3 by snatching up six companies, including: Webify Solutions, MRO Software, FileNet, Internet Security Systems, Valchemy and Global Value Solutions SA. Software sales now account for almost 20% of Big Blue's revenue.
- Q3'06 had a total of 124 M&A transactions compared to 168 announced in Q2'06.



Note: The DPI Enterprise Software Index includes: BMC Software, Borland Software, EMC Corporation, Internet Security Systems, Manhattan Associates, Symantec Corporation, Tibco Software, Vignette Corporation and webMethods.

September 30, 2006

Metrics

| Company | LTM Revenue | LTM EBITDA |
|----------------------|-------------|------------|
| BMC Software | 2.5x | 9.4x |
| Borland Software | 1.2x | NM |
| EMC Corporation | 2.2x | 9.5x |
| Internet SS | 1.8x | 7.8x |
| Manhattan Associates | 1.7x | 9.3x |
| Symantec Corp. | 3.0x | 10.0x |
| Tibco Software | 2.0x | 9.3x |
| Vignette Corp. | 1.2x | 14.1x |
| webMethods | 1.8x | 23.0x |

LTM = Last twelve months
NM = Not Meaningful

Representative Enterprise Software Transactions

| Announced Date | Acquiror Name | Target Name | Enterprise Value (\$m) |
|----------------|---------------------|---------------------------------|------------------------|
| 09/18/06 | EMC | Network Intelligence | \$175.0 |
| 09/12/06 | Business Objects | Armstrong Laing | \$56.6 |
| 09/07/06 | Thoma Cressey | Embarcadero Technologies | \$239.0 |
| 09/05/06 | Illinois Tool Works | Click Commerce | \$285.7 |
| 08/23/06 | IBM | Internet Security Systems | \$1,300.0 |
| 08/10/06 | IBM | FileNet | \$1,114.5 |
| 08/08/06 | Sage Group | Emdeon Practice Services | \$565.0 |
| 08/04/06 | IBM | MRO Software | \$666.9 |
| 08/04/06 | Open Text | Hummingbird | \$394.7 |
| 08/02/06 | IBM | Webify | NA |
| 07/25/06 | Francisco Partners | WatchGuard Technologies | \$80.0 |
| 07/25/06 | HP | Mercury Interactive | \$4,548.3 |
| 07/14/06 | M2M | Intuitive Manufacturing Systems | NA |
| 07/13/06 | Kronos | Unicru | \$150.0 |
| 07/06/06 | Cisco Systems | Meetinghouse | \$43.7 |

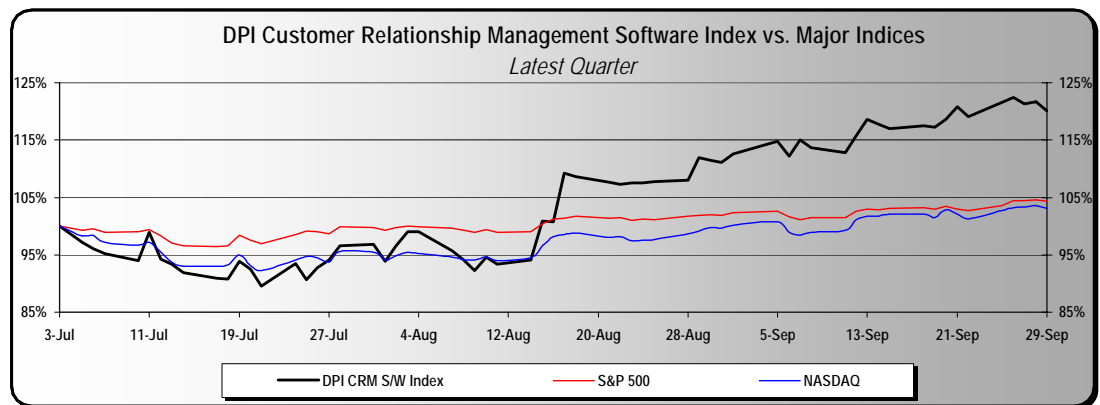
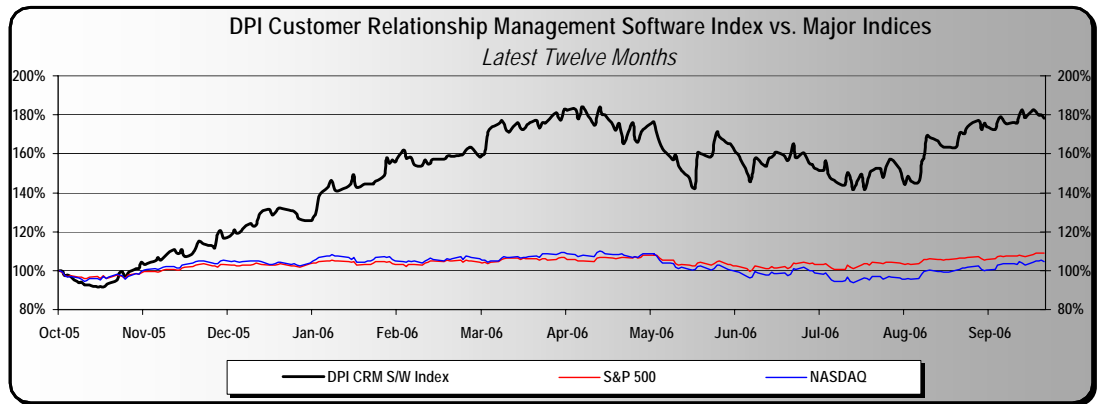
Please call DecisionPoint for further details on listed transactions.

Software Spotlight: Customer Relationship Management

Highlights, Stock Performance and Recent M&A Activity

Highlights

- For the LTM and quarter, the CRM Software Index was up 78% and 20%, respectively.
- M2M Holdings, owned by Thoma Cressey Equity Partners and Battery Ventures, finalized its acquisition of Onyx Software in Q3'06 (announced in Q2'06 therefore not in this report) with an all-cash transaction valued at \$92m. The deal was consummated after numerous bid attempts from CDC Corporation which began in Q4'05.
- Of all the CRM subsectors, sales force automation is the most mature but also a sector that has seen some recent dramatic changes. Users have taken notice of the new functionalities and have begun to reallocate IT budget dollars to this segment. Salesforce.com has had a big impact on driving these changes.
- Competition remains fierce throughout the sector among leaders including Oracle / Siebel and SAP. However, vertical solution and software as a service (SaaS) providers continue to win customers and increase their market share.
- Q3'06 had a total of 19 M&A transactions compared to 18 announced in Q2'06.



Note: The DPI Customer Relationship Management Software Index includes: Art Technology Group, Chordiant Software, KANA Software and Salesforce.com.

September 30, 2006

Metrics

| Ticker | Enterprise Value / | |
|----------------------|--------------------|------------|
| | LTM Revenue | LTM EBITDA |
| Art Technology Group | 2.5x | 16.9x |
| Chordiant Software | 2.1x | NM |
| KANA Software | 2.2x | 59.8x |
| Salesforce.com | 9.5x | 107.2x |

Representative Customer Relationship Management Software Transactions

| Announced Date | Acquiror Name | Target Name | Enterprise Value (\$M) |
|----------------|-----------------------------|--------------------------|------------------------|
| 09/21/06 | Epsilon | CPC Associates | \$70.0 |
| 09/19/06 | Art Technology Group | eStara | \$42.3 |
| 09/15/06 | Sage Software | Corum | NA |
| 09/11/06 | Alterian | Nvigorate Limited | NA |
| 09/11/06 | KNOVA Software | Active Decisions | NA |
| 09/07/06 | Prosodie Interactive | Voice Technologies | NA |
| 09/06/06 | Rainmaker Systems | ViewCentral | \$4.3 |
| 08/22/06 | Salesforce.com | Kieden | NA |
| 08/21/06 | Ecometry | GERS Retail Systems | NA |
| 08/14/06 | ProQuest Business Solutions | Dealer Computer Services | NA |
| 08/08/06 | Universal Computer Systems | Reynolds and Reynolds | \$2,916.6 |
| 08/02/06 | DealerTrack Holdings | DealerWare | NA |
| 08/02/06 | TransUnion | Qsent | NA |
| 07/19/06 | LivePerson | Proficient Systems | NA |
| 07/14/06 | Verint Systems | Mercom Systems | \$35.0 |

Please call DecisionPoint for further details on listed transactions.

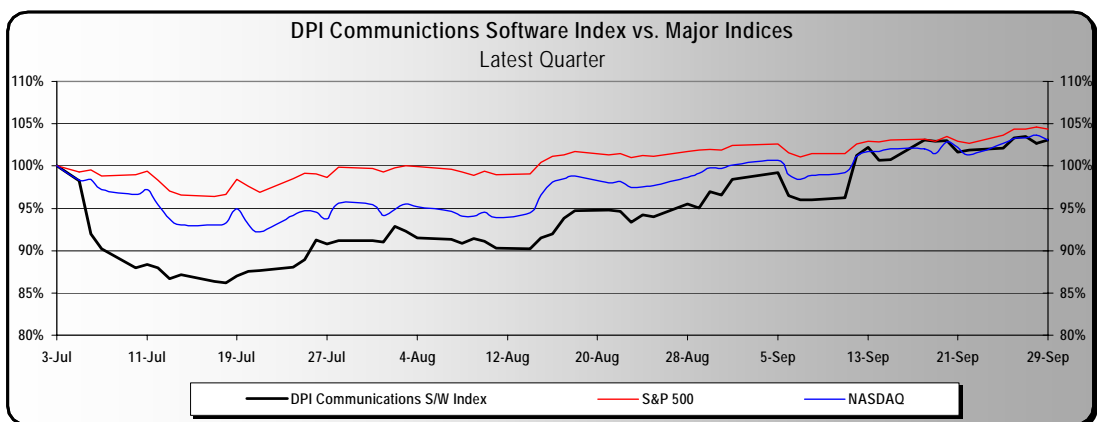
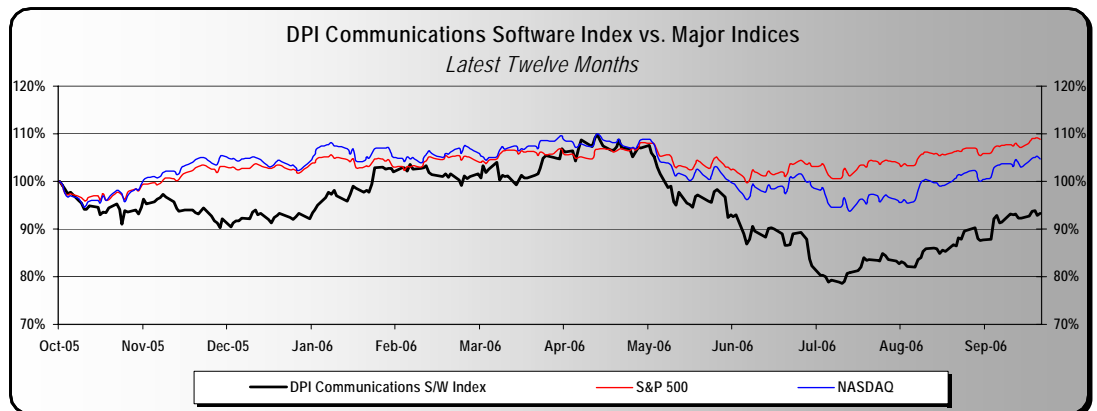
LTM = Last twelve months
NM = Not Meaningful

Communications: Software

Highlights, Stock Performance and Recent M&A Activity

Highlights

- For the LTM and quarter, the Communications Software Index was down 8% and up 3%, respectively.
- Competition between Motorola and Cisco heated up in late July when Motorola acquired Broadbus Technologies, a maker of products that enable the distribution of television and video-on-demand (VOD) content. Cisco responded by acquiring Arroyo Video Solutions, a creator of video networking software, with a customer list that includes Comcast, Time Warner Cable and Charter Communications.
- One year after acquiring Skype for \$2.6b, eBay has done surprisingly little in ways to integrate the Internet phone company. eBay claims to be moving cautiously with its integration of Skype to avoid pushing new technology to quickly on its established base of buyers and sellers.
- Sybase picked up mobile messaging and content delivery provider Mobile 365 for approximately \$400m, paying almost 4.5x revenue. The deal makes Sybase the leading mobile enterprise software and services provider in the world.
- Q3'06 had a total of 50 M&A transactions compared to 65 announced in Q2'06.



Note: The DPI Communications Software Index includes: Amdocs Limited, Comverse Technology, Metasolv, Openwave Systems and Telecommunication Systems.

Representative Communications Software Transactions

| Announced Date | Acquiror Name | Target Name | Enterprise Value (\$m) |
|----------------|----------------------|----------------------------|------------------------|
| 09/25/06 | Motorola | Vertasent | NA |
| 09/19/06 | Rocket Software | Telcordia Technologies | NA |
| 09/12/06 | Lucent Technologies | Mobilitec | NA |
| 09/12/06 | Stratus Technologies | Emergent Network Solutions | \$11.0 |
| 09/05/06 | Sybase | Mobile 365 | \$400.0 |
| 08/22/06 | Cisco Systems | Arroyo Video Solutions | \$92.0 |
| 08/22/06 | Harmonic | Entone Technologies | \$46.5 |
| 08/18/06 | Qualcomm | Qualphone | \$18.0 |
| 08/09/06 | Sigma Systems | C-COR (assets) | NA |
| 08/02/06 | NETGEAR | SkipJam | NA |
| 08/01/06 | Telestream | Popwire | NA |
| 07/27/06 | Agilent Technologies | Xpedion Design Systems | NA |
| 07/25/06 | Motorola | Broadbus Technologies | NA |
| 07/20/06 | Visiongateway | Saturn IQ | NA |
| 07/18/06 | Amdocs | Cramer Systems | \$375.0 |

Please call DecisionPoint for further details on listed transactions.

September 30, 2006

Metrics

| Company | Enterprise Value | |
|------------------------|------------------|------------|
| | LTM Revenue | LTM EBITDA |
| Amdocs Limited | 3.1x | 15.0x |
| Comverse Techn. | 2.5x | 17.5x |
| Metasolv | 1.0x | 16.8x |
| Openwave Sys. | 1.5x | 5.7x |
| TeleCommunication Sys. | 0.9x | 6.4x |

LTM = Last twelve months
NM = Not Meaningful

Communications: Equipment

Highlights, Stock Performance and Recent M&A Activity

Highlights

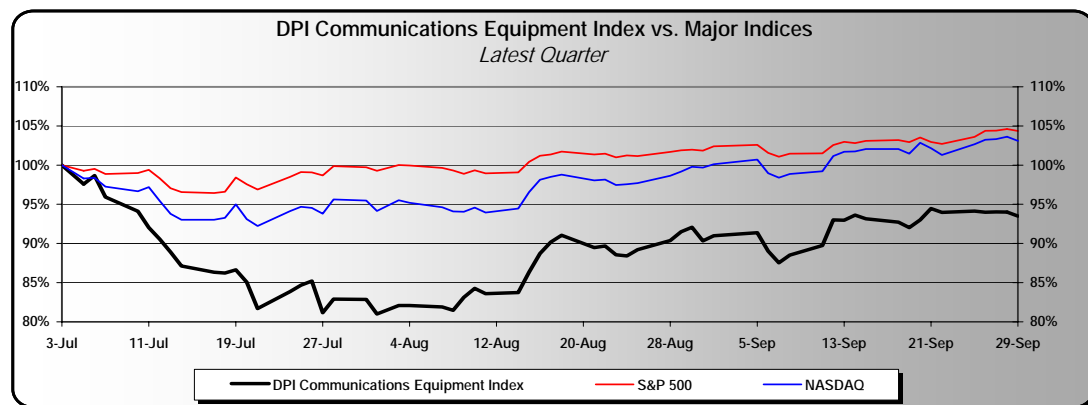
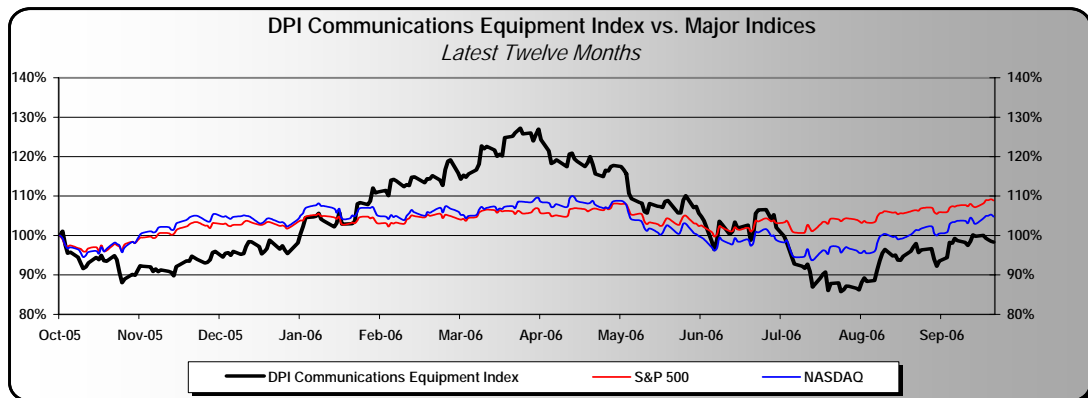
- For the LTM and quarter, the Communications Equipment Index was down 1% and 6%, respectively.
- Cisco may look to recruit more vertically focused channel partners in the UK, following the launch of a vertical strategy in the US. The Cisco Vertical Select Program is designed for channel partners that understand specific vertical markets. Those that qualify for the program will receive additional support, which includes access to marketing and demand-generation programs, industry consultants, sales training and resources.
- Soaring demand for games, video and music will stretch the Internet to its limits according to Nortel Networks, and service providers are expected to make big investments in its technology to avoid a crunch.
- In the midst of its planned takeover of Lucent Technologies, Alcatel announced it would acquire a portfolio of third-generation mobile phone assets from Nortel networks for \$320m. Alcatel, Lucent and Nortel's combined Universal Mobile Telecommunications Service (UMTS) will control 20% market share behind leaders Ericsson and Nokia.
- Q3'06 had a total of 76 M&A transactions compared to 66 announced in Q2'06.

September 30, 2006

Metrics

| Company | Enterprise Value | |
|---------------|------------------|------------|
| | LTM Revenue | LTM EBITDA |
| 3Com | 1.1x | NM |
| ADC | 1.3x | 13.0x |
| Alcatel | 0.9x | 6.5x |
| CIENA | 4.2x | NM |
| Cisco Systems | 4.5x | 13.6x |
| Lucent | 1.6x | 8.7x |
| Nortel | 1.2x | NM |
| Tellabs | 1.8x | 8.7x |

LTM = Last twelve months
NM = Not Meaningful



Note: The DPI Communications Equipment Index includes: 3Com Corporation, ADC Telecommunications, Alcatel, CIENA, Cisco Systems, Lucent Technologies, Nortel Networks and Tellabs.

Representative Communications Equipment Transactions

| Announced Date | Acquiror Name | Target Name | Enterprise Value (\$m) |
|----------------|--------------------------------|----------------------------|------------------------|
| 09/25/06 | Himax Technologies | Wisepal Technologies | \$50.0 |
| 09/19/06 | Motorola | Symbol Technologies | \$3,709.5 |
| 09/15/06 | Blackstone Group | Freescale Semiconductor | \$17,351.0 |
| 09/11/06 | Cortina Systems | Intel Corporation (assets) | \$115.0 |
| 09/05/06 | Advanced Analogic Technologies | IPCore Technologies | \$22.0 |
| 09/05/06 | Neophotonics | BeamExpress | NA |
| 09/01/06 | Alcatel | Nortel (assets) | \$320.0 |
| 08/29/06 | Emulex | Sierra Logic | \$180.0 |
| 08/28/06 | RF Monolithics | Cirronet | \$24.0 |
| 08/15/06 | Sirenza Microdevices | Micro Linear | \$45.6 |
| 08/11/06 | Cisco Systems | Nuova Systems (% stake) | \$50.0 |
| 08/08/06 | Brocade Communications Systems | McDATA | \$693.1 |
| 08/02/06 | Silver Lake Partners | IPC Information Systems | \$800.0 |
| 07/28/06 | Digi International | MaxStream | \$38.5 |
| 07/10/06 | Tessera | Digital Optics | \$59.5 |

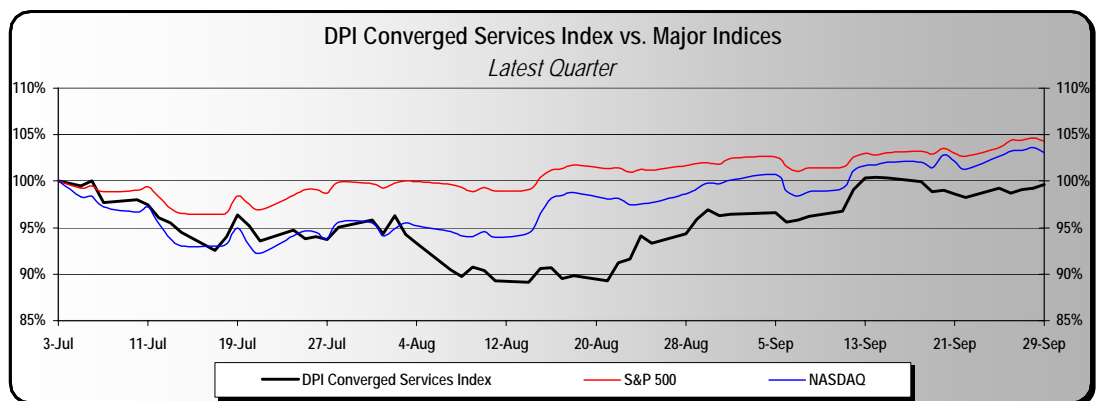
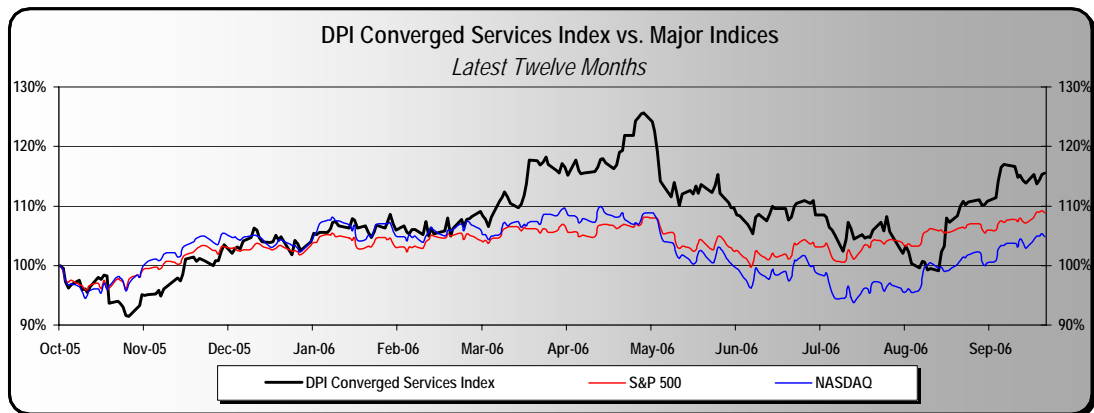
Please call DecisionPoint for further details on listed transactions.

Communications Spotlight: Converged Services

Highlights, Stock Performance and Recent M&A Activity

Highlights

- For the LTM and quarter, the Converged Services Index was up 16% and down 1%, respectively.
- Resellers look to expand their operations with converged services as these services have come into focus as high margin opportunities. This is particularly evident for companies that are either data or voice centric. Many companies are playing catch-up and fear being left out of these expanding opportunities.
- Many corporate buyers are joining already interested private equity money in the converged communications market. Acquisition activity continues to be strong.
- Earnings cycles appear to be peaking at a time when acquisition interest is high. This environment allows sellers to reap maximum value from a transaction.
- Q3'06 had a total of 15 M&A transactions compared to 26 announced in Q2'06.



Note: The DPI Converged Services Index includes: Avaya, Black Box, Inter-tel, Lucent, TNS, Xeta and eLoyalty.

September 30, 2006

Metrics

| Company | Enterprise Value | |
|-------------|------------------|------------|
| | LTM Revenue | LTM EBITDA |
| Avaya | 0.9x | 7.2x |
| Black Box | 1.2x | 10.8x |
| Inter-Tel | 0.9x | 8.1x |
| Lucent | 1.6x | 8.7x |
| TNS | 1.7x | 9.9x |
| XETA Techn. | 0.5x | 18.3x |
| eLoyalty | 1.8x | NM |

LTM = Last twelve months
NM = Not Meaningful

Representative Converged Services Transactions

| Announced Date | Acquiror Name | Target Name | Enterprise Value (\$m) |
|----------------|----------------------------------|---------------------------------------|------------------------|
| 09/25/06 | Cavalier Telephone & TV | Talk America Holdings | \$223.6 |
| 09/20/06 | Broadspot World Wide Wireless | Vagabond International Communications | NA |
| 09/19/06 | Medify Solutions | Voice 2 Voice | NA |
| 09/19/06 | Boston Ventures | En-Touch Systems | NA |
| 09/14/06 | Dycom | Cable Express | \$63.4 |
| 09/13/06 | Xconnect | iPeerX | NA |
| 08/22/06 | Smart City | Priority Networks | NA |
| 08/17/06 | FairPoint Communications | Unite Communications Systems | \$10.8 |
| 08/04/06 | BroadRiver Communication | iVidia Solutions | NA |
| 08/01/06 | Iowa Telecommunications Services | Baker Communications (assets) | \$8.3 |
| 08/01/06 | Cleartel Communications | Supra Telecom | NA |
| 08/01/06 | Capital Growth Systems | 20/20 Technologies | NA |
| 07/05/06 | LanXperts | McFadden Associates | NA |

Please call DecisionPoint for further details on listed transactions.

Our team of professionals brings a unique combination of technological, financial and operational experience to our clients and their transactions. With backgrounds and deal experience spanning Wall Street investment banks, multi-billion dollar corporations and high growth start-ups, we have an exceptional understanding of how to successfully achieve our clients' strategic initiatives.

East Coast – Headquarters

3420 Toringdon Way
Suite 350
Charlotte, NC 28277
Phone: 704.248.1111
Fax: 704.248.1121

Midwest

400 Chesterfield Center
Suite 400
St. Louis, MO 63017
Phone: 636.537.7825
Fax: 704.943.5274

West Coast

28202 Cabot Road
Suite 300
Laguna Niguel, CA 92677
Phone: 949.365.5700
Fax: 704.943.1040

Research Inquiries Can Be Directed To:

Claes E. Persson

Vice President

CPersson@DecisionPointInt.com

704.943.5255

Joel S. Harper

Senior Associate

JHarper@DecisionPointInt.com

704.943.5257

www.DecisionPointInt.com