



M&A for the
digital markets

QUARTERLY VIEWPOINT:

For the Quarter Ended March 31, 2004
and the Latest Twelve Months

Services

- IT Solutions / IT Staffing
- Network Services / Value Added Resellers (VAR)
- Business Process Outsourcing (BPO)
- Spotlight: Healthcare BPO

Software

- Enterprise
- Spotlight: Business Intelligence

Communications

- Software
- Equipment

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This quarterly VIEWPOINT covers stock index performance, 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 the technology industry, DecisionPoint has selected a group of representative public comparables and transactions. This data is provided for informational purposes only. All data represents the latest 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 assignments.

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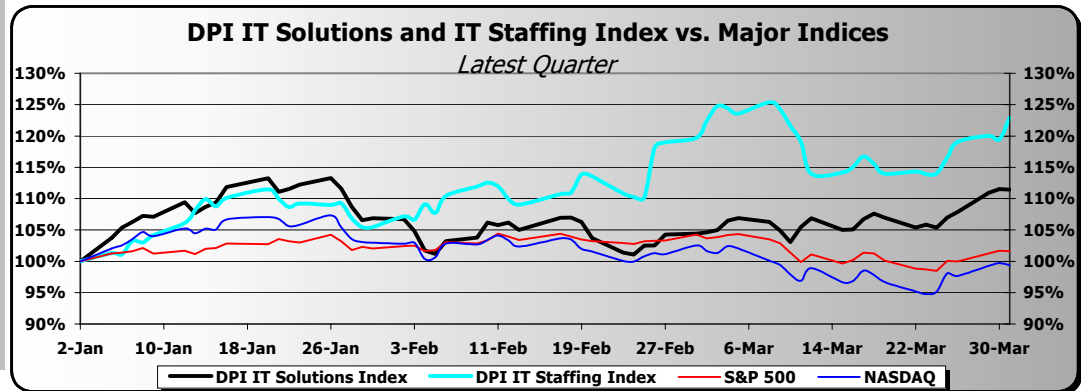
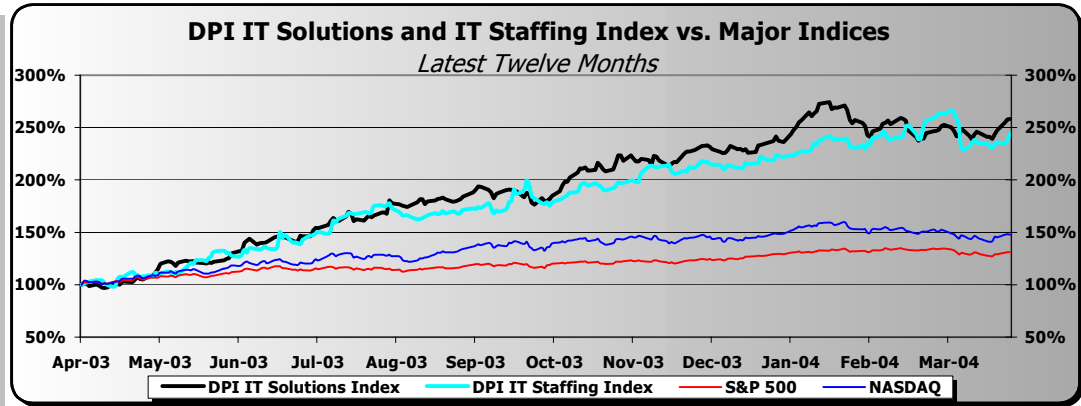
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IT Solutions / IT Staffing

Stock Performance and Recent M&A Activity

Highlights

- For the LTM and quarter, the IT Solutions Index was up 158% and 11%, respectively. For the LTM and quarter, the IT Staffing Index was up 144% and 22%, respectively. Both indices out-performed the NASDAQ and S&P.
- With pricing and demand trends improving, most computer services firms are expected to report increased profits for the quarter ended in March.
- Significantly improved public company valuations and greater industry confidence in future performance has led to an increase in M&A activity. 48 IT Services transactions were announced in the quarter, an increase of 12% over Q1'03.
- The Labor Department reported in March that the economy added 308,000 jobs, the best performance in four years, signaling growth for the staffing industry.



Note: The DPI IT Solutions Index includes: Accenture, American Management Systems, Answerthink, Axon Group, BearingPoint, CGI Group, CIBER, DiamondCluster International, Digitas and Keane.

The DPI IT Staffing Index includes: Alternative Resources Corp, Analysts International, Butler International, COMFORCE Corporation, Computer Horizons, Computer Task Group, Hall, Kinion & Associates, Kforce, RCM Technologies, TechTeam Global and Volt Information Services.

Representative IT Solutions and IT Staffing Transactions

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
03/16/04	DynTek	Alex Woda & Associates	NA
03/12/04	Gores Technology Group	Proxicom	NA
03/10/04	CACI	AMS (Defense Group)	\$415.0
03/10/04	CGI Group	AMS	\$764.6
03/09/04	Cognos	Softa	NA
02/25/04	KENDA Systems	NF Associates	NA
02/23/04	Hewlett Packard	Triaton	\$451.4
02/20/04	Cognizant Technology Solutions	Ygyan Consulting	NA
02/11/04	Keane	Nims Associates	\$31.3
02/10/04	Diagonal	Egility Solutions	\$4.4
01/22/04	ITS Services	Science & Engineering Assoc.	\$100.0
01/18/04	BCE Emergis	WARE Solutions	\$3.8
01/14/04	CGI Group	GDS & Associates Systems	\$4.7
01/12/04	EDS	The Feld Group	\$89.0
01/05/04	NCI Information Systems	Scientific & Engineering	NA

Please call DecisionPoint for further details on listed transactions.

March 31, 2004

Metrics

Ticker	Enterprise Value /	
	LTM Revenue	LTM EBITDA
IT Solutions		
ACN	1.5x	11.8x
AMSY	0.8x	9.9x
ANSR	2.2x	NM
AXO.LSE	1.1x	NM
BE	0.7x	10.4x
GIB	1.3x	7.7x
CBR	1.2x	19.1x
DTPI	1.6x	NM
DTAS	1.9x	26.7x
KEA	1.2x	13.8x
IT Staffing		
ALRC.OB	0.2x	NM
ANLY	0.2x	NM
BUTL	0.4x	NM
CFS	0.4x	10.8x
CHRZ	0.3x	NM
CTG	0.4x	33.7x
HAKI	0.3x	NM
KFRC	0.6x	27.3x
RCMT	0.4x	6.9x
TEAM	0.4x	NM
VOL	0.2x	8.4x

VIEWPOINT

IT Solutions / IT Staffing

Network Services / Value Added Resellers (VAR)

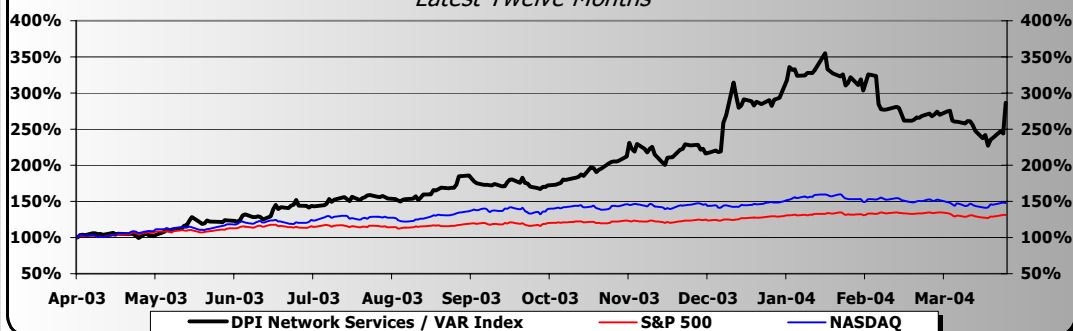
Stock Performance and Recent M&A Activity

Highlights

- For the LTM and quarter, the Network Services / VAR Index was up 186% and down 2%, respectively. (Note that ENPT's drastic upswing in price on March 31st, due to signing a large contract, skews the indices)
- VARs are increasingly devoted to finding new customers for their services. Most notably, small VARs expect to derive more of their revenue from new customers compared with a year ago.
- Research findings indicate industry movement toward specialization, with roughly half of all solution providers claiming they have increased profitability during the past 24 months by specializing in a specific technology.

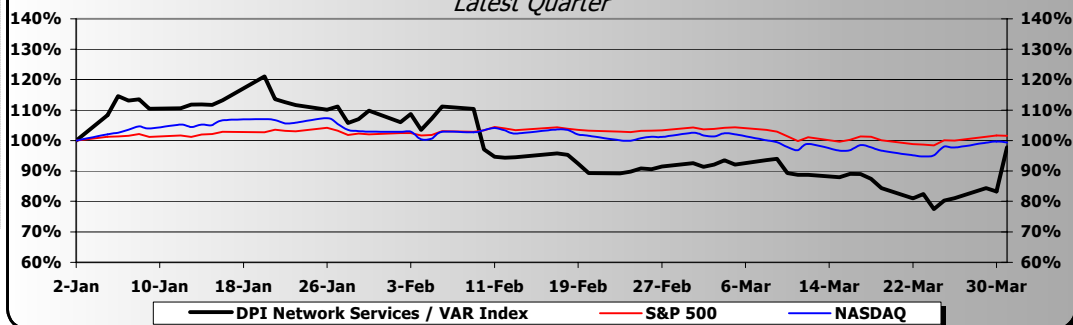
DPI Network Services / VAR Index vs. Major Indices

Latest Twelve Months



DPI Network Services / VAR Index vs. Major Indices

Latest Quarter



Note: The DPI Network Services / VAR Index includes: Black Box Corporation, CompuCom Systems, En Pointe Technologies, Manchester Technologies and Pomeroy IT Solutions.

March 31, 2004

Metrics

Ticker	Enterprise Value /	
	LTM Gross Profit	LTM EBITDA
BBOX	4.6x	13.9x
CMPC	1.0x	4.8x
ENPT	0.7x	NM
MANC	0.9x	NM
PMRY	2.0x	6.8x

Representative Network Services / VAR Transactions

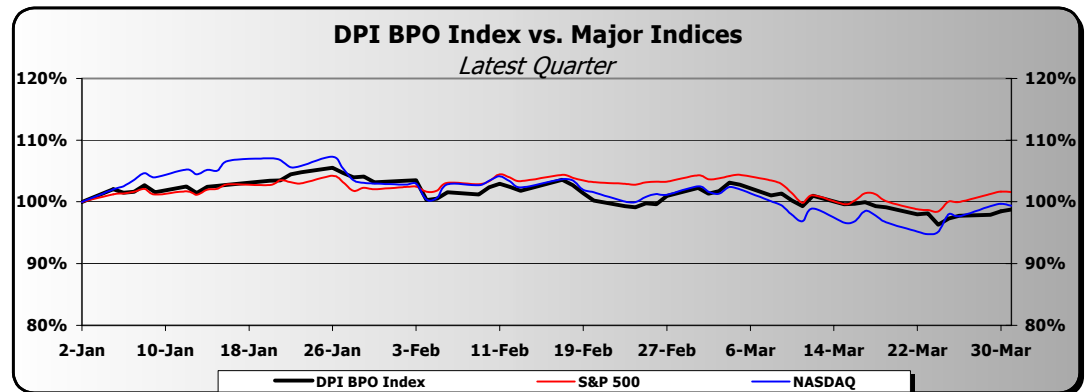
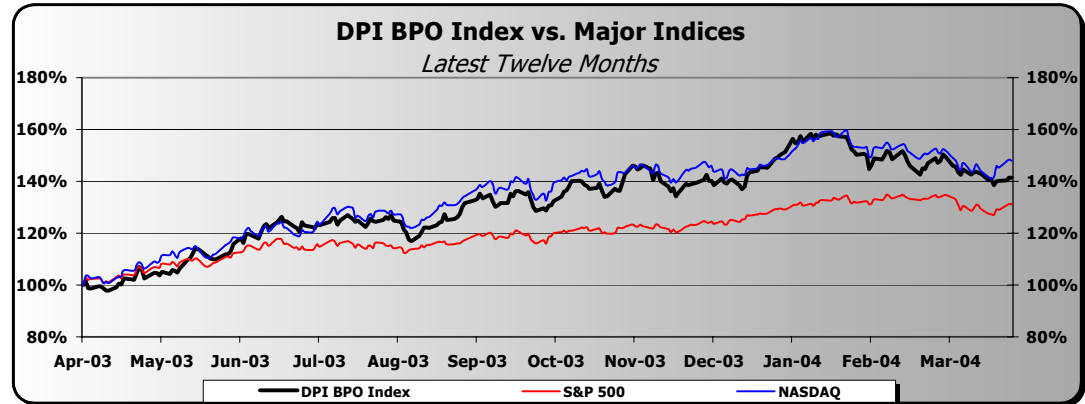
Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
03/29/04	IBM	Logicalis (assets)	\$66.0
03/23/04	SAP	SAP Systems Integrations	\$848.2
03/22/04	InvestNet	Shanghai DSI Computer	\$1.3
03/15/04	MemoryLink	GigaHertz Corporation	NA
03/02/04	Network Installation	Del Mar Systems	\$1.0
02/24/04	Forsythe Solutions Group	National Business Group	NA
02/23/04	Harcourt	Shanghai Computer ServiceNet	\$2.5
02/17/04	Micro Endeavors	ComputerLine	NA
02/16/04	Leopard Capital	China Expert	NA
02/12/04	CACI	CMS Information Services	NA
02/05/04	DigitalNet	User Technology Associates	\$50.0
02/02/04	OpSource	Global Network Solutions	NA
01/23/04	SAVVIS Communications	Cable & Wireless (assets)	\$167.5
01/16/04	CTI Group (Holdings)	XILA Communications	NA
01/06/04	SBC Communications	Callisma	NA

Business Process Outsourcing (BPO)

Stock Performance and Recent M&A Activity

Highlights

- For the LTM and quarter, the BPO Index was up 41% and down 1%, respectively, mirroring the results of the NASDAQ.
- Despite the overall negative attitude towards outsourcing American jobs to foreign countries, many analysts now believe outsourcing could be positive as the global economy creates jobs and improves real wages and cost savings in the US. Therefore, moving some work offshore will raise US productivity and earnings, which should create more jobs.
- Indian companies plan to make small acquisitions (for easy integration) to acquire skills in specific areas or access to specific geographies.
- While India remains the leader in offshore outsourcing, a recent study by A.T. Kearney indicates that China, Malaysia and The Czech Republic are gaining market share.



Note: Due to the broad BPO 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 Corporation, CGI Group, Exult, GSE Systems, MedQuist, Paychex, Per-Se Technologies and Tier Technologies.

March 31, 2004

Metrics

Ticker	Enterprise Value /	
	LTM Revenue	LTM EBITDA
ACS	1.7x	6.9x
AZPN	0.9x	7.1x
ADP	3.2x	12.7x
BSG	2.4x	10.2x
CEN	2.4x	10.7x
GIB	1.3x	6.5x
EXLT	0.8x	10.8x
GVP	0.6x	NM
MEDQE	0.9x	4.9x
PAYX	8.0x	20.0x
PSTIE	1.1x	12.4x
TIER	1.3x	NM

Representative BPO Transactions

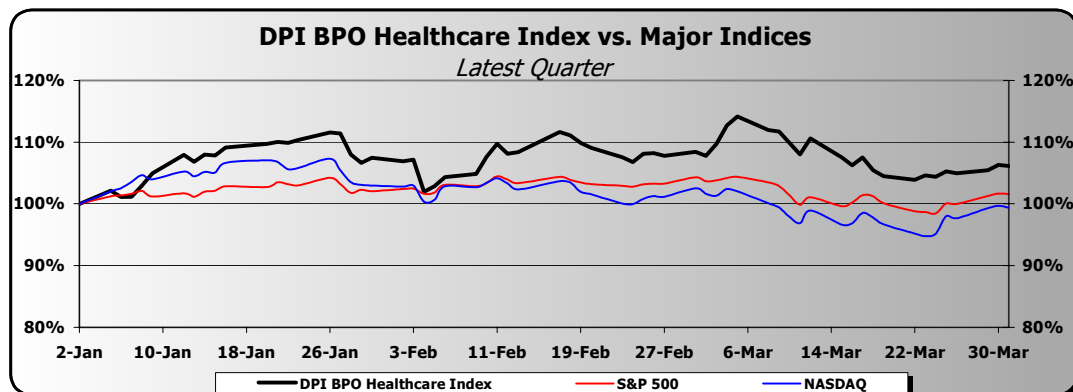
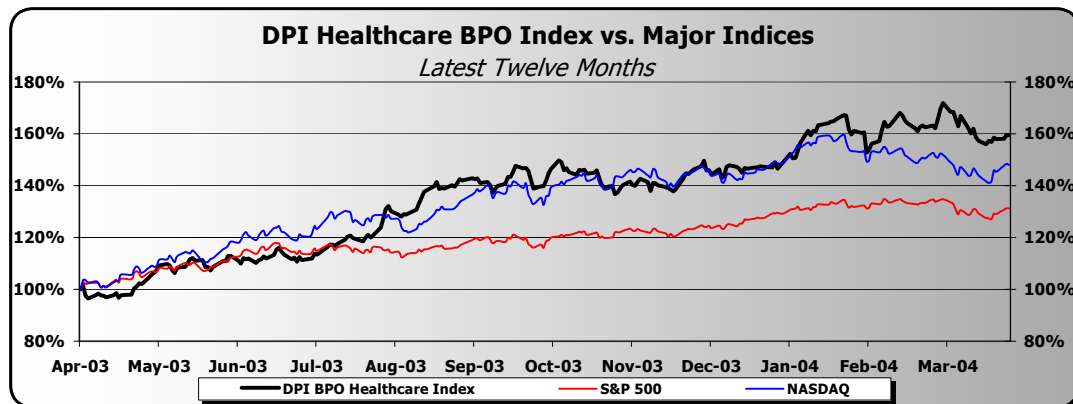
Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
03/30/04	Transfirst Holdings	Payment Resources	NA
03/29/04	Geivity HR	EPIX (assets)	\$36.0
03/22/04	ECE Holdings	Stream International	NA
03/15/04	Broadspire	Cunningham Lindsey (assets)	NA
03/12/04	Capture Resource	Catalina Marketing (assets)	NA
03/11/04	Transfirst Holdings	Fifth Third Bank (assets)	NA
03/08/04	SR.Teleperformance	Software del Plata	NA
03/02/04	U.S. Risk Insurance Group	Ward North America	NA
02/25/04	Willis Stein & Partners	CompuPay	NA
02/11/04	InterCept Pay Solutions (MBO)	InterCept Pay Solutions	\$53.5
02/09/04	Fidelity National Financial	Aurum Technology	\$305.0
02/06/04	One Equity Partners	MSS*Group	NA
02/04/04	Frontenac Company	WNC Insurance Services	NA
01/28/04	Fidelity National Financial	Sanchez Computer Associates	\$147.0
01/05/04	ClientLogic	Service Zone Holdings	NA

Spotlight: Healthcare BPO

Stock Performance and Recent M&A Activity

Highlights

- For the LTM and quarter, the Healthcare BPO Index was up 59% and 6%, respectively, out-performing the NASDAQ and S&P.
- On the provider side, the outsourced billing market is highly fragmented with more than 20,000 billing companies.
- Only one third of all healthcare providers use an outside billing service. The rest rely on one or more of over 1,000 commercial practice management systems for in-house processing.
- There is significant interest from financial, strategic and offshore investors and acquirors to enter the outsourced healthcare space on both the provider and payor side. This is primarily due to labor arbitrage, technology innovation, cost pressures and scalability both onshore and offshore.



The DPI Healthcare BPO Index includes: Health Management Systems, IDX Systems Corporation, Mediware Info Systems, MedQuist, NDCHealth Corporation, Per-Se Technologies, Quality Systems, VitalWorks and WebMD Corporation.

March 31, 2004

Metrics

Ticker	Enterprise Value /	
	LTM Revenue	LTM EBITDA
HMSY	1.4x	37.4x
IDXC	2.3x	20.9x
MEDW	3.5x	11.2x
MEDQE	0.9x	4.9x
NDC	2.8x	9.7x
PSTIE	1.1x	13.3x
QSII	3.6x	14.5x
VWKS	1.6x	15.1x
HLTH	3.2x	35.9x

Representative Healthcare BPO Transactions

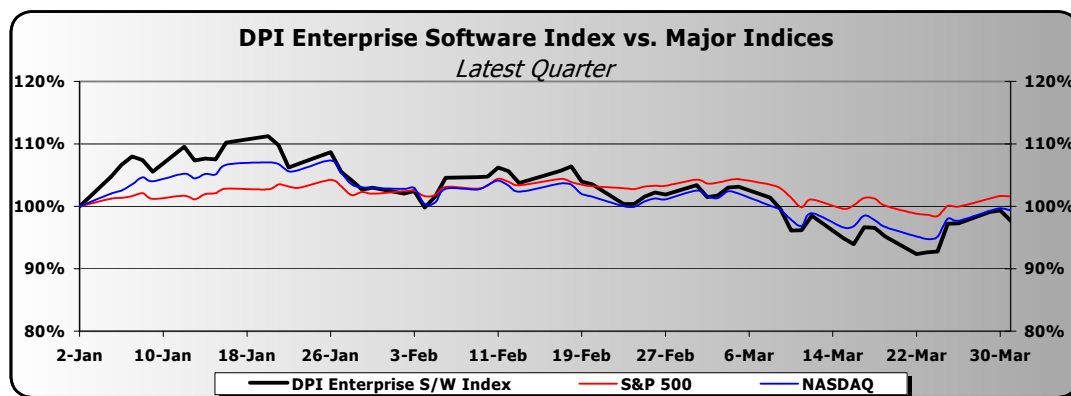
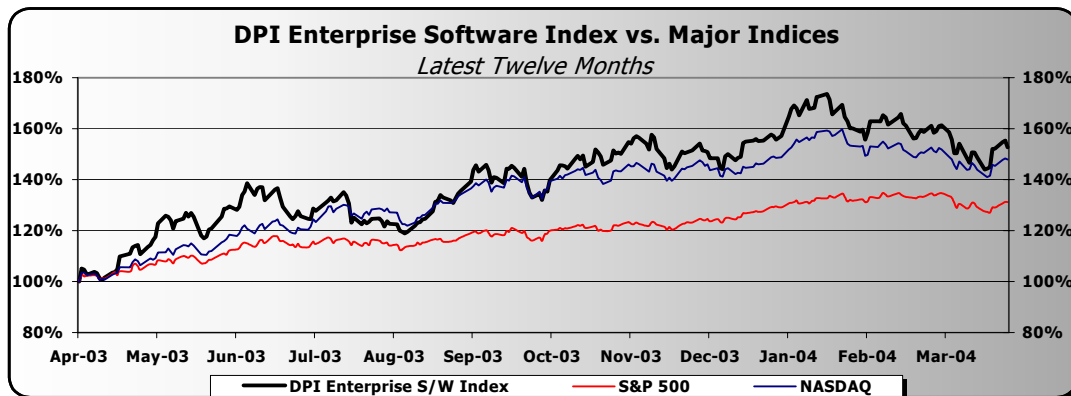
Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
03/22/04	STI Knowledge	HPS Paradigm	NA
03/11/04	Definity Health	NAHP (assets)	NA
02/26/04	Long Term Care Group	ERC LTCS (assets)	NA
02/26/04	SHPS	National Health Services	NA
01/27/04	WebMD	Physicians' Online	\$2.0
01/08/04	Charles River Laboratories	River Valley Farms	NA
01/06/04	ACS	Patient Accounting Services	\$94.0
01/02/04	MultiPlan	U.S. Health	\$213.0

Enterprise Software

Stock Performance and Recent M&A Activity

Highlights

- For the LTM and quarter, the Enterprise Software Index was up 53% and down 2%, respectively.
- Demand for application integration and application security remains among the two top priorities for major corporations. Spam is expected to account for 52% of all e-mail messages by year end 2004.
- M&A activity remains strong within the Enterprise Software space as server management and Anti-Spam security deals remain hot.
- Companies continue to investigate radio frequency identification (RFID) initiatives in addition to major software vendors such as Oracle, which announced its strategy to add this functionality to its core database and application offerings. The vendor market in the RFID space is expected to reach \$4.2b in 2008.



Note: The DPI Enterprise Software Index includes companies from the BI, CRM, ERP, Content Management, EAI, ESM, SCM, Security, Storage and Software Development Tools sectors: BMC Software, Borland Software, EMC Corporation, Internet Security Systems, Manhattan Associates, PeopleSoft, Siebel Systems, Symantec Corporation, Tibco Software, Veritas Software Corporation, Vignette Corporation and webMethods.

March 31, 2004

Metrics

Ticker	Enterprise Value /	
	LTM Revenue	LTM EBITDA
BMC	2.6x	NM
BORL	1.8x	49.0x
EMC	4.9x	NM
ISSX	2.6x	18.2x
MANH	3.5x	19.5x
PSFT	2.3x	32.6x
SEBL	2.8x	49.7x
SYMC	7.5x	27.3x
TIBX	4.7x	NM
VRTSE	5.6x	24.2x
VIGN	1.9x	NM
WEBM	2.0x	NM

Representative Enterprise Software Transactions

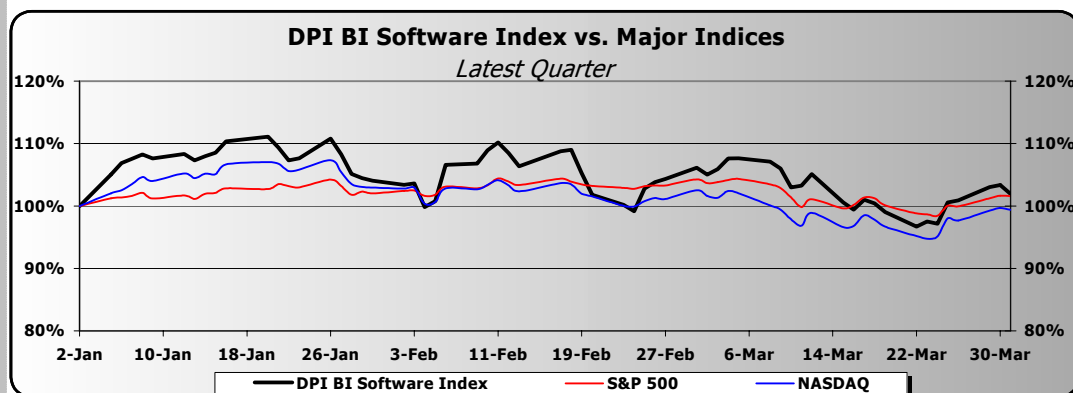
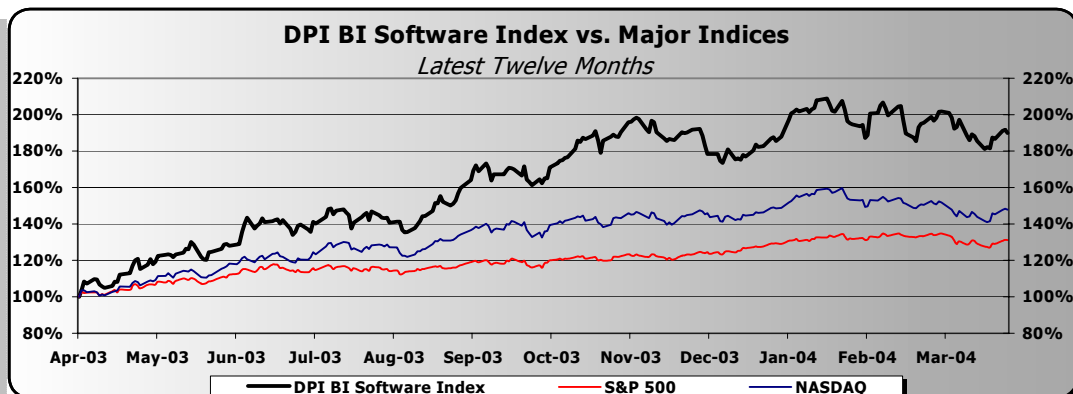
Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
03/14/04	Bain Capital	EDS (UGS PLM Solutions)	\$2,050.0
03/03/04	SERENA Software	Merant	\$317.7
02/05/04	Open Text	IXOS Software	\$213.7
02/04/04	Hewlett Packard	Novadigm	\$94.8
02/02/04	Agilysys	Inter-American Data	\$36.5
02/02/04	Verity	Cardiff Software	\$50.0
01/28/04	Quest Software	Aelita Software	\$115.0
01/26/04	Adaptec	Elipsan	\$19.5
01/23/04	Ariba	FreeMarkets	\$388.1
01/22/04	Vignette	Tower Technology	\$125.0
01/20/04	Siebel Systems	Ineto Services	\$5.0
01/16/04	Exact Software	Dimoni Software	\$40.0
01/14/04	Internet Security Systems	Cobion	\$33.0
01/12/04	Stellent	Optika	\$44.3
01/07/04	VERITAS	Ejasent	\$59.0

Spotlight: Business Intelligence Software

Stock Performance and Recent M&A Activity

Highlights

- For the LTM and quarter, the Business Intelligence Software Index was up 90% and 2%, respectively, outperforming the NASDAQ and S&P.
- Many analysts believe the hot areas of BI in 2004 will be around business and information management, and business-to-information integration.
- It is expected that several large ERP software companies will enter the BI market through strategic acquisitions. It will be difficult and risky to acquire the larger players such as Business Objects, Cognos and Hyperion, but smaller BI software providers such as Actuate may be vulnerable to takeover in 2004.
- The larger BI players are growing through increased license revenue and recurring contracts. The smaller, mostly private organizations continue to struggle, which should lead to increased consolidation within the BI industry.



Note: The DPI Business Intelligence Software Index includes: Actuate Corporation, Ascential Software Corporation, Applix, Business Objects, Cognos, Hyperion, Informatica, MicroStrategy and SPSS.

March 31, 2004

Metrics

Ticker	Enterprise Value /	
	LTM Revenue	LTM EBITDA
ACTU	1.4x	33.3x
ASCL	4.2x	NM
APLX	1.8x	NM
BOBJ	2.8x	16.3x
COGN	3.8x	17.9x
HYSL	2.3x	18.6x
INFA	2.2x	23.7x
MSTR	4.6x	20.9x
SPSSE	1.4x	8.4x

Representative Business Intelligence Software Transactions

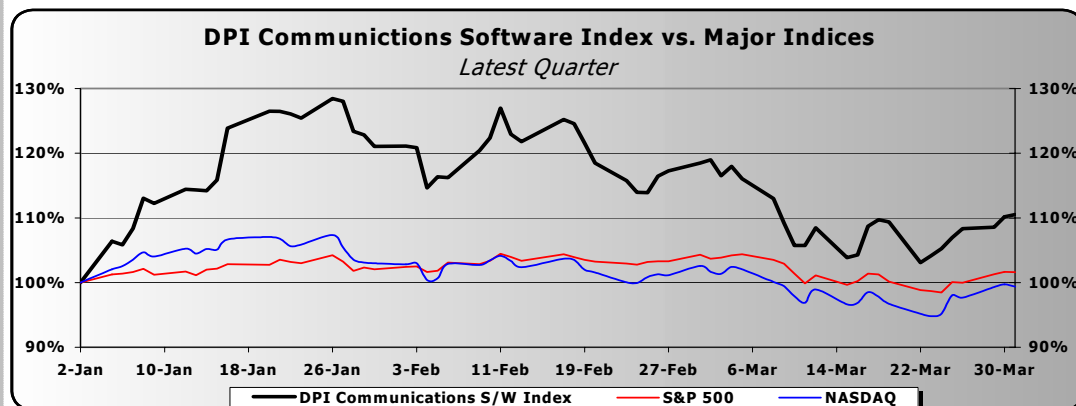
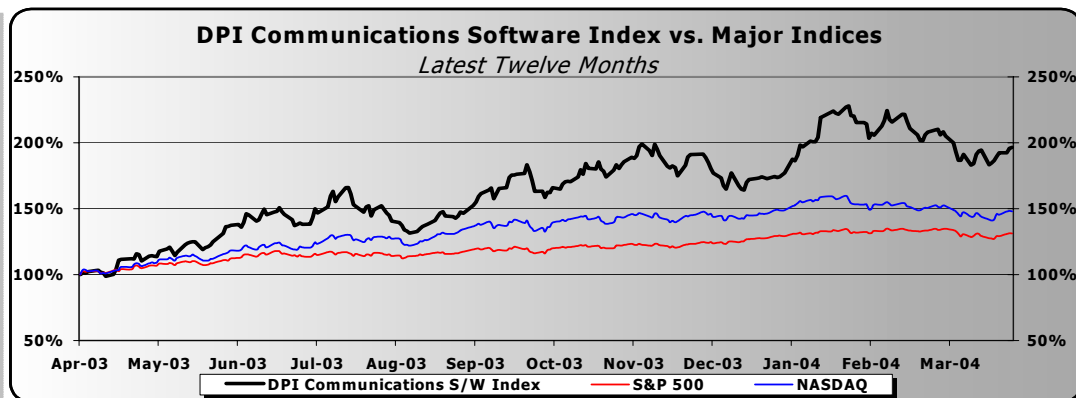
Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
03/31/04	MetricStream	Zaplet	NA
03/30/04	LiveWorld, Inc.	Senti-Metrics	NA
03/22/04	Aon Corporation	Risk Laboratories	NA
03/17/04	Cognos	Business Planning Solutions	NA
03/12/04	Choicepoint Inc.	iMapData	NA
02/27/04	Harte-Hanks	Avellino Technologies	NA
02/11/04	aQuantive	NetConversions	NA
02/11/04	Experian	Marketswitch	NA
02/09/04	Verint Systems	ECTel Ltd. (assets)	\$35.0
02/03/04	Choicepoint	Templar	NA
01/29/04	Captiva Software	ADP Context	\$5.2
01/28/04	Capco	Iverson Financial Systems	NA
01/19/04	Insightful	Lucent (assets)	\$2.0
01/07/04	TransUnion	Visionary Systems	NA

Communications Software

Stock Performance and Recent M&A Activity

Highlights

- For the LTM and quarter, the Communications Software Index was up 96% and 11%, respectively, outperforming the NASDAQ and S&P.
- Some of the Communications Software companies reported lower year-over-year revenue in calendar 2003. Much of this was attributable to a decline in subscriber revenue, however, many companies reported higher than expected sales from devices.
- Many of the companies within the Communications Software sector have not yet achieved EBITDA-positive operations and continue to trim headcount, restructure and divest under-performing assets to achieve profitability.
- Government entities are providing significant business to the sector as different agencies are requiring custom designed, secure wireless solutions for the growing mobile workforce.



Note: The DPI Communications Software Index includes: Aether Systems, Amdocs Limited, Comverse Technology, Concord Communications, Metasolv, Micromuse, Intellisync, Telecommunication Systems and Visual Networks.

March 31, 2004

Metrics

Ticker	Enterprise Value /	
	LTM Revenue	LTM EBITDA
AETH	2.9x	NM
DOX	3.2x	19.0x
CMVT	2.3x	NM
CCRD	1.8x	NM
MSLV	1.0x	NM
MUSEE	4.2x	NM
SYNC	4.9x	NM
TSYS	2.6x	NM
VNWK	2.6x	NM

Representative Communications Software Transactions

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
03/22/04	VeriSign	Unimobile	\$5.3
03/16/04	Air2Web	Wokup	NA
03/08/04	Akonix Systems	Natural Messaging	NA
02/27/04	BTSLogic	BTS Solutions	NA
02/24/04	Openwave Systems	Nombas	NA
02/19/04	Actix	ComOpt	NA
02/17/04	Optimi	RF Consulting	NA
02/17/04	Trimble Navigation	TracerNet	NA
02/11/04	Ingenient Technologies	Imagine Technology	NA
02/03/04	Intrado	bmd wireless	\$21.6
01/28/04	FOCUS Enhancements	COMO Computer & Motion	\$1.8
01/21/04	Indus International	Wishbone Systems	\$6.7
01/20/04	Distinctive Devices	galaxis technology	\$15.2
01/08/04	Index	Mobliss	\$15.0
01/08/04	Infowave Software	Telispark	\$8.4

Communications Equipment

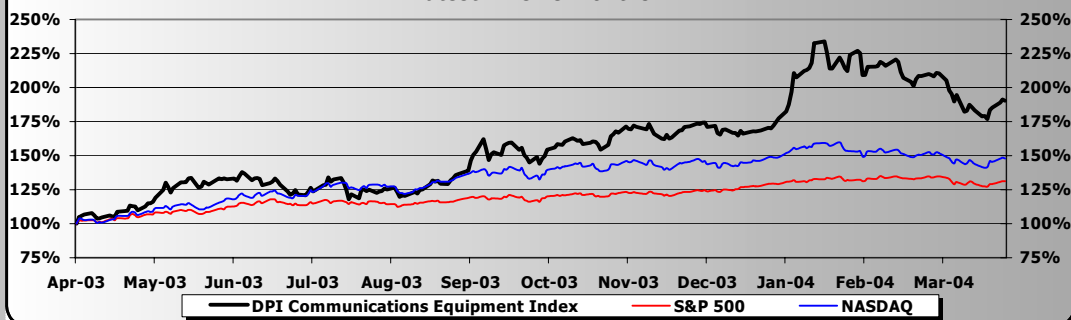
Stock Performance and Recent M&A Activity

Highlights

- For the LTM and quarter, the Communications Equipment Index was up 90% and 5%, respectively, outperforming the NASDAQ and S&P.
- Significant acquisition activity occurred within the Communications Equipment sector during the first quarter of 2004. CIENA announced two acquisitions on February 19th, totaling approximately \$636m in stock.
- Many industry analysts believe 2004 will be the first year of increased spending on communications equipment after years of falling demand. Growth is expected to be in the low single digits.
- Sales visibility and contracted backlog remain weak, but should start to improve as the US and international economies recover in 2004. Until revenue visibility becomes clearer, restructuring and cost containment will continue throughout the sector.

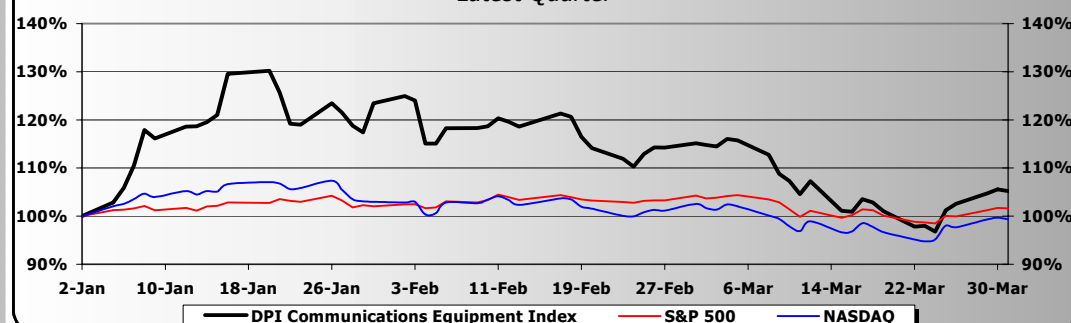
DPI Communications Equipment Index vs. Major Indices

Latest Twelve Months



DPI Communications Equipment Index vs. Major Indices

Latest Quarter



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

March 31, 2004

Metrics

Ticker	Enterprise Value /	
	LTM Revenue	LTM EBITDA
COMS	1.7x	NM
ADCT	2.7x	NM
ALA	1.3x	49.3x
CIEN	7.4x	NM
CSCO	7.8x	27.1x
LU	2.3x	NM
NT	2.6x	NM
TLAB	2.5x	NM

Representative Communications Equipment Transactions

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
03/30/04	Motorola	Quantum Bridge Comm.	NA
03/29/04	Andrew	MTS Wireless (assets)	\$27.5
03/25/04	ADC Telecommunications	Krone	\$350.0
03/25/04	Brooktrout	SnowShore Networks	\$10.0
03/24/04	LSI Logic	Velio Communications	\$20.0
02/25/04	TEKELEC	Taqua	\$85.0
02/19/04	CIENA	Catena Networks	\$486.7
02/19/04	CIENA	Internet Photonics	\$150.0
02/12/04	Texas Pacific Group	Solectron (assets)	\$100.0
02/03/04	Zhone Technologies	Gluon Networks	\$7.0
01/30/04	Alcatel	WaterCove Networks	NA
01/13/04	Performance Technologies	Mapletree Networks	\$8.3
01/05/04	Advanced Fibre Comm.	North American Access	\$240.0
01/05/04	PCTEL	MAXRAD	\$20.0
01/02/04	Agere Systems	TeraBlaze	\$21.0

VIEWPOINT

Communications Equipment

Please call DecisionPoint for further details on listed transactions.