



M&A for the
digital markets

QUARTERLY VIEWPOINT:

For the Quarter Ended March 31, 2003
and the Latest Twelve Months

Services

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

Software

- Enterprise
- Spotlight: Customer Relationship Management
- Spotlight: Security

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 to technology 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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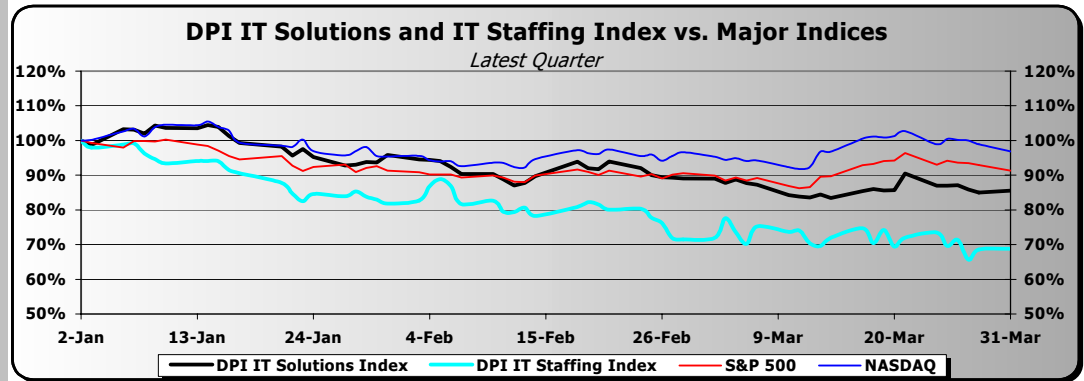
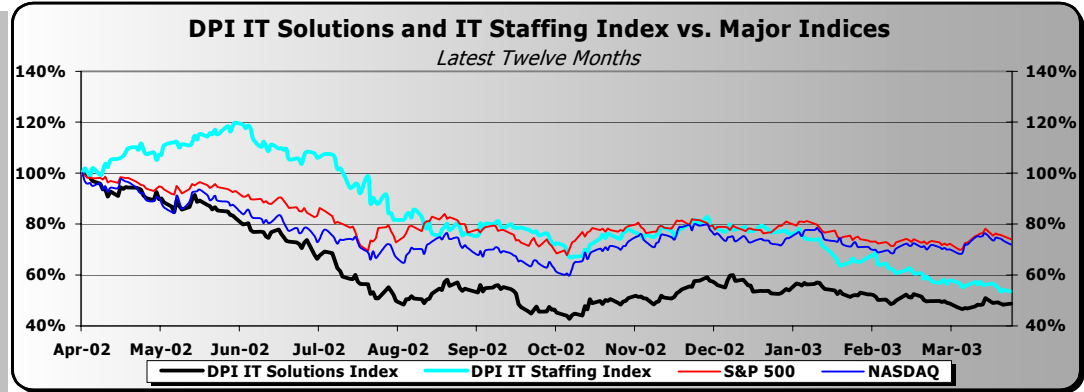
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IT Solutions / IT Staffing

Stock Performance and Recent M&A Activity

Highlights

- For the LTM period, the IT Solutions Index was down 52%, while the IT Staffing Index was down 46%. The IT Solutions Index was down 14% for the quarter, while the IT Staffing Index was down 31%.
- Companies with strong EBITDA margins and companies that provide offshore capabilities continue to be attractive targets.
- Projects utilizing Web Services tools continue to draw increased interest from clients.
- According to Gartner, the largest global vertical markets including financial services, manufacturing, government and communications – will make up 67% of worldwide business IT spending in 2003.
- Based on Enterprise Value, for the LTM period, the average M&A revenue multiple was 0.7x while the average EBITDA multiple was 9.2x.



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: Butler International, COMFORCE Corporation, Computer Task Group, Hall, Kinion & Associates, MPS Group, TechTeam Global and RCM Technologies.

March 31, 2003

Metrics

Ticker	Enterprise Value /	
	LTM Revenue	LTM EBITDA
IT Solutions		
ACN	1.0x	7.0x
AMSY	0.4x	4.2x
ANSR	0.2x	NM
AXO.LSE	0.5x	7.1x
BE	0.5x	7.1x
GIB	1.2x	7.8x
CBR	0.5x	12.2x
DTPI	NM	NM
DTAS	0.4x	NM
KEA	0.6x	11.8x
IT Staffing		
BUTL	0.3x	NM
CFS	0.4x	9.5x
CTG	0.2x	6.2x
HAKI	0.1x	NM
MPS	0.4x	9.6x
TEAM	0.2x	1.4x
RCMT	0.2x	2.5x

Representative IT Solutions and IT Staffing Transactions

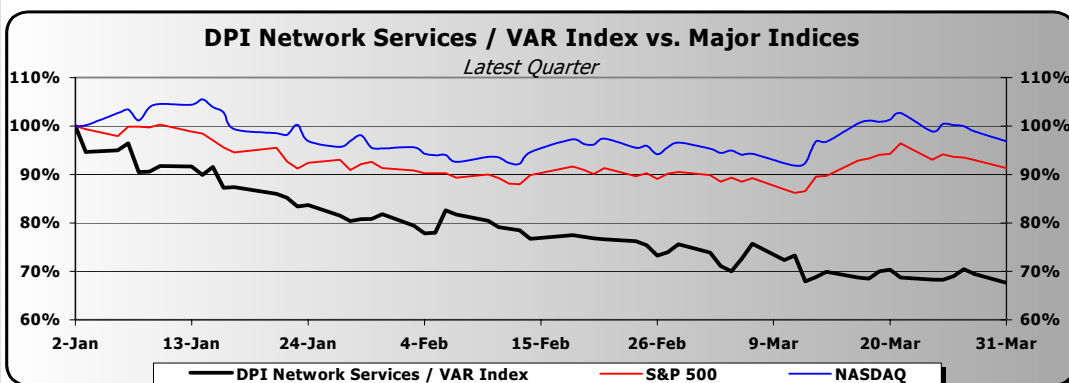
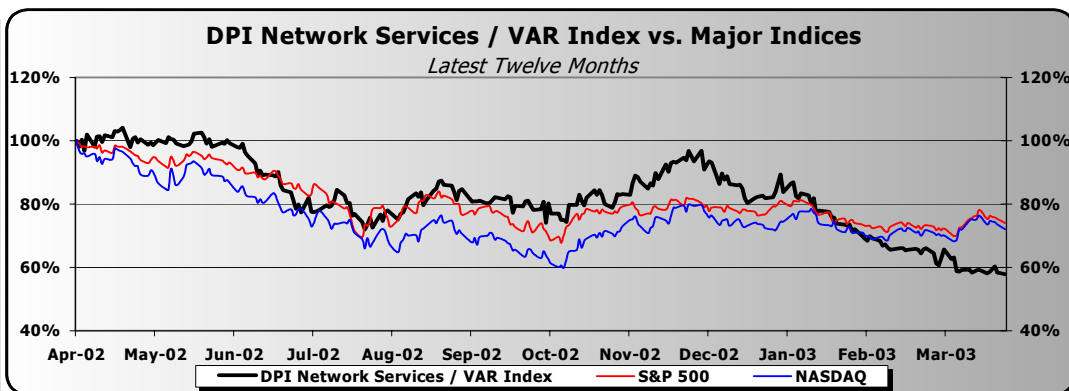
Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
03/20/03	EYT	Gorilla Consultants	NA
03/11/03	Computer Horizons Corp.	Global Business Tech. Solutions	NA
03/03/03	CACI	Applied Technology Solutions	NA
02/24/03	Global Telesystems	Redington Group	\$95.0
02/24/03	ManTech International	Integrated Data Systems	\$62.7
02/24/03	Teleca	YacCom	\$1.7
02/06/03	Accenture	Systor	NA
02/06/03	EDO Corporation	Advanced Eng. and Research	\$38.0
02/06/03	SAIC	Quality Research, Inc.	NA
02/05/03	Perot Systems Corp.	Soza & Company, Ltd.	\$99.0
02/04/03	Borden Associates	CareCentric, Inc.	\$12.4
01/30/03	CGI Group	Cornerstone Project Mgmt.	NA
01/29/03	First Consulting	Paragon Solutions, Inc.	\$11.8
01/28/03	Sony Corporation	CIS Corporation	NA
01/04/03	CDC Australia	Praxa Limited	\$6.4

Network Services / Value Added Resellers (VAR)

Stock Performance and Recent M&A Activity

Highlights

- The Network Services / VAR Index was down 42% for the LTM and 32% for the quarter.
- Many traditional resellers are starting to offer managed services including network monitoring, help desk services, etc. in addition to current offerings. It is still too early to tell if this shift will be successful.
- Vendors are seeing an increase in mobile computing orders in the government sector, especially from federal agencies.
- The federal government sector continues to be relatively attractive while the state and local government market suffers from extreme cost-cutting pressures related to budget deficits.
- M&A activity has been strong in the recent quarters as unprofitable companies seek larger and more stable partners.



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

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Metrics

Ticker	Enterprise Value /	
	LTM Gross Profit	LTM EBITDA
BBOX	2.3x	6.0x
CMPC	0.2x	0.9x
ENPT	0.5x	NM
MANC	0.1x	1.3x
PMRY	0.6x	1.7x
PRDS	NM	NM

Representative Network Services / VAR Transactions

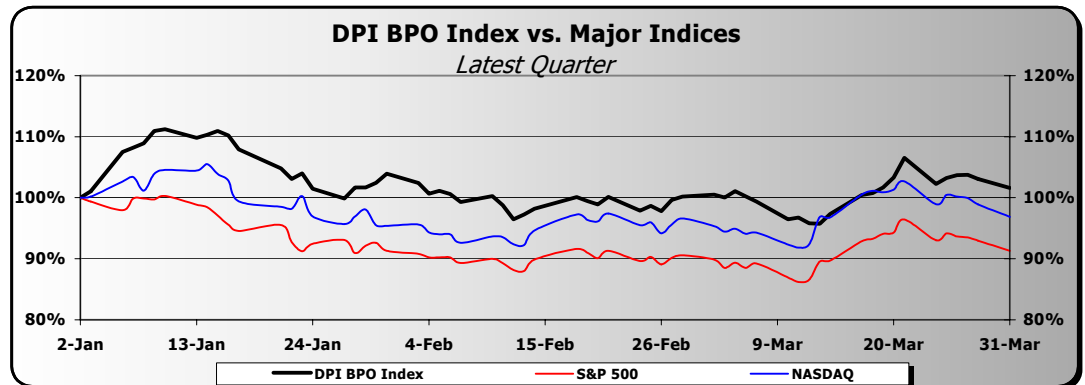
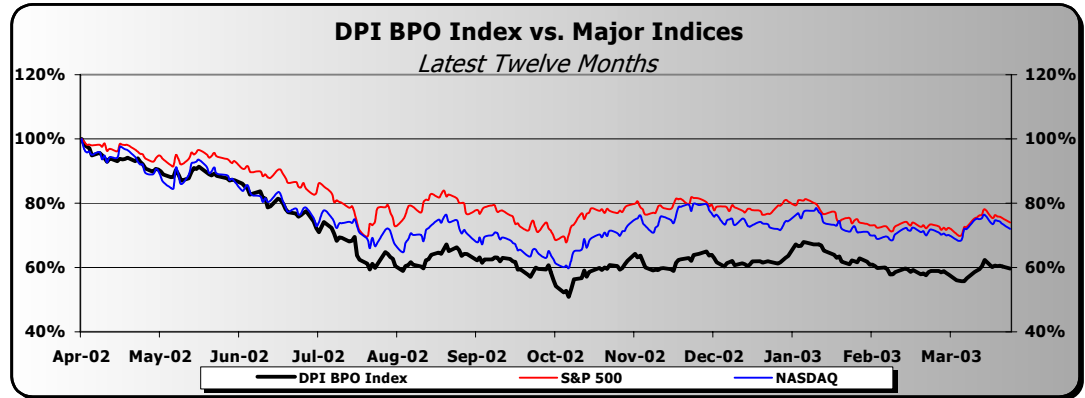
Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
03/18/03	SAN Holdings Inc.	Solunet Storage	NA
03/12/03	TecServ, Inc.	Applied Data System, Inc.	NA
03/11/03	EDO Corporation	Darlington, Inc.	\$28.5
03/05/03	OpSource, Inc.	EYT, Inc. (Managed Services)	NA
03/04/03	Engineered Support Systems	TAMSCO	\$66.5
02/26/03	Emeritis	Plaut IT	NA
02/24/03	Apex Business Systems	Orlando IT	\$14.2
02/20/03	Dempsey Business Systems	Jade Systems	NA
02/13/03	Black Box	Rowe Structured Cabling Ltd.	NA
02/06/03	Tech Data Corporation	Azlan Group PLC	\$218.7
02/03/03	Zanett, Inc.	Paragon Dynamics, Inc.	\$4.8
02/03/03	SRM Networks, Inc.	Hy-Tech Computer Systems	NA
01/28/03	Bentley Systems	WorkPlace Wisdom	NA
01/28/03	SAIC	VGS, Inc.	NA
01/06/03	Bentley Systems	Infrasoft Corporation	NA

Business Process Outsourcing (BPO)

Stock Performance and Recent M&A Activity

Highlights

- The BPO Index was down 40% for the LTM and up 2% for the quarter.
- The American banking and financial sector alone has been able to save around \$8 billion in the last four years due to outsourcing financial processing.
- Within the business process management niche, demand is strongest in the financial services and telecommunications verticals.
- According to Gartner, a November 2002 survey among 36 outsourcing vendors showed that offshore application management was ranked as the highest growth service opportunity for vendors in 2003, followed by nearshore application management.
- Based on Enterprise Value, for the LTM period, the average M&A revenue multiple was 1.4x while the average EBITDA multiple was 6.2x.



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, ProBusiness Services and Tier Technologies.

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Metrics

Ticker	Enterprise Value /	
	LTM Revenue	LTM EBITDA
ACS	1.8x	10.8x
AZPN	0.4x	74.6x
ADP	2.4x	8.2x
BSG	2.5x	9.0x
CEN	1.7x	9.2x
GIB	1.1x	7.4x
EXLT	1.6x	NM
GVP	0.3x	NM
MEDQ	1.1x	5.5x
PAYX	6.9x	15.6x
PSTI	1.0x	10.9x
PRBZ	2.0x	NM
TIER	1.3x	6.9x

Representative BPO Transactions

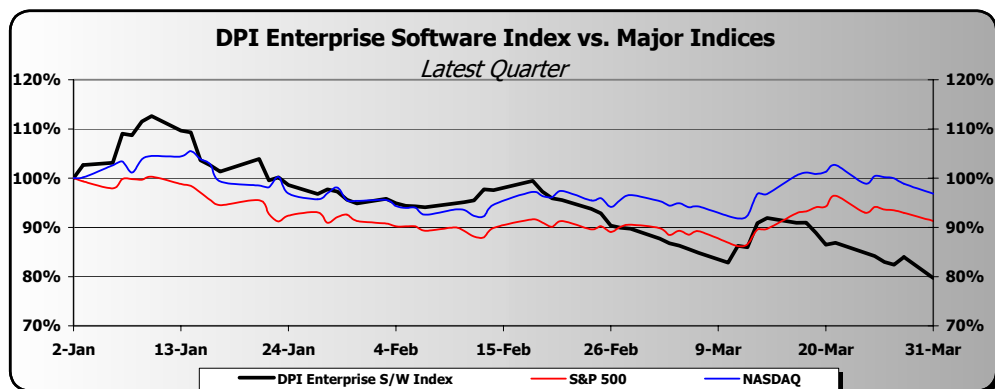
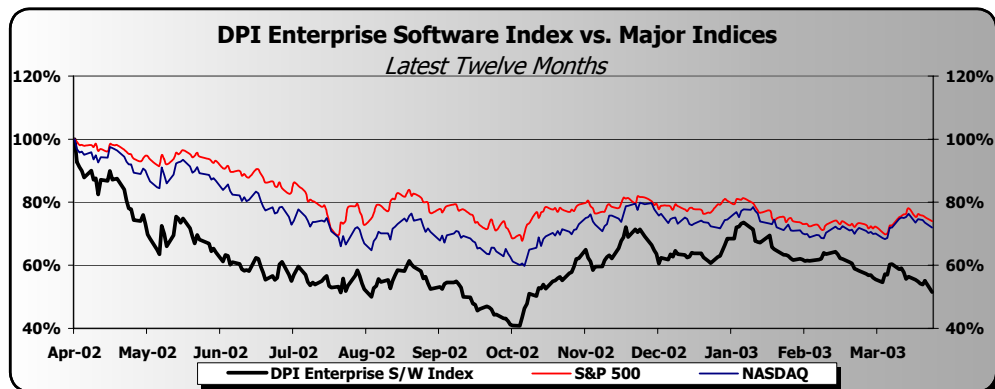
Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
03/19/03	HealthPlan Holdings, Inc.	Administrative Services, Inc.	NA
03/17/03	Paychex, Inc.	InterPay, Inc.	\$155.0
03/11/03	Fiserv	Precision Computer Systems	NA
03/10/03	Alliance Data Systems	Mutual Energy Service	\$30.0
02/28/03	GTECH Holdings Corporation	PolCard S.A.	\$62.0
02/28/03	Management Buyout (MBO)	Telecom Service Centres Ltd	\$44.1
02/24/03	First Data Corp.	TeleCash Kommunikations-Ser.	NA
02/19/03	Euronet Worldwide, Inc.	e-pay Ltd.	\$76.2
02/14/03	Amsterdam Power Exchange	Automated Power Exchange	NA
01/29/03	Fidelity National Financial	ALLTEL Info. Services (div.)	\$1,050.0
01/13/03	Fair, Isaac and Company	Spectrum Managed Care (div.)	NA
01/07/03	The Bank of New York	CSFB (Pershing unit)	\$2,000.0
01/06/03	Automatic Data Processing	ProBusiness Services, Inc.	\$450.0
01/02/03	Jack Henry & Associates	National Bancorp Data Services	NA
01/02/03	ProxyMed, Inc.	MedUnite, Inc.	\$23.4

Enterprise Software

Stock Performance and Recent M&A Activity

Highlights

- The Enterprise Software Index was down 48% for the LTM and 20% for the quarter.
- While the DPI Enterprise Software Index bottomed during the 4th quarter of 2002, we have yet to see a return to sustained growth.
- Limited spending on software is focused on strategic implementations, upgrades and compliance-related projects.
- Companies in the Content Management, Enterprise Systems Management and Security niches have continued to receive the highest multiples based on Enterprise Value.
- Based on Enterprise Value, for the LTM period, the average M&A revenue multiple was 1.7x while the average EBITDA multiple was 27.4x.



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, Cognos, Borland Software, Documentum, EMC Corporation, Internet Security Systems, J.D. Edwards & Company, Manhattan Associates, PeopleSoft, Siebel Systems, Symantec Corporation, Tibco Software, Veritas Software Corporation, Vignette Corporation and webMethods.

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Metrics

Ticker	Enterprise Value /	
	LTM Revenue	LTM EBITDA
BMC	2.4x	11.5x
BORL	1.5x	11.0x
DCTM	2.0x	NM
EMC	2.4x	41.1x
ISSX	1.2x	6.2x
JDEC	1.1x	9.0x
MANH	2.2x	8.4x
PSFT	1.5x	7.9x
SEBL	1.3x	6.8x
SYMC	3.7x	11.3x
TIBX	0.9x	35.6x
VRTS	3.6x	11.7x
VIGN	0.7x	NM
WEBM	1.4x	NM

Representative Enterprise Software Transactions

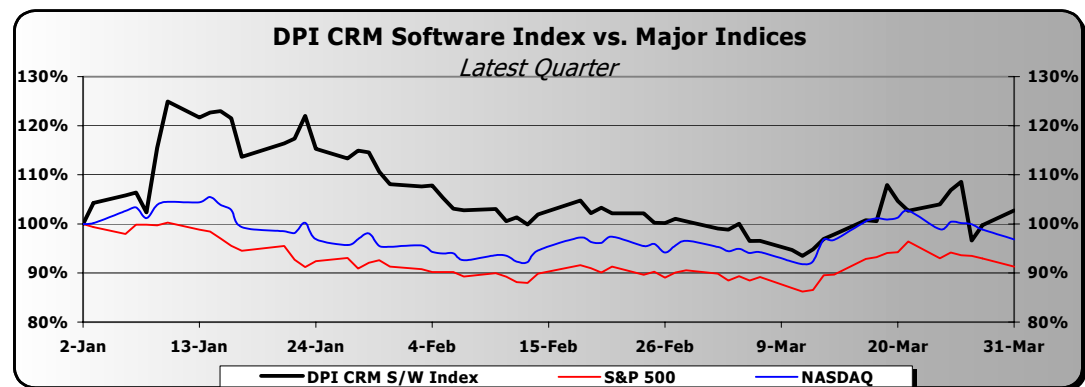
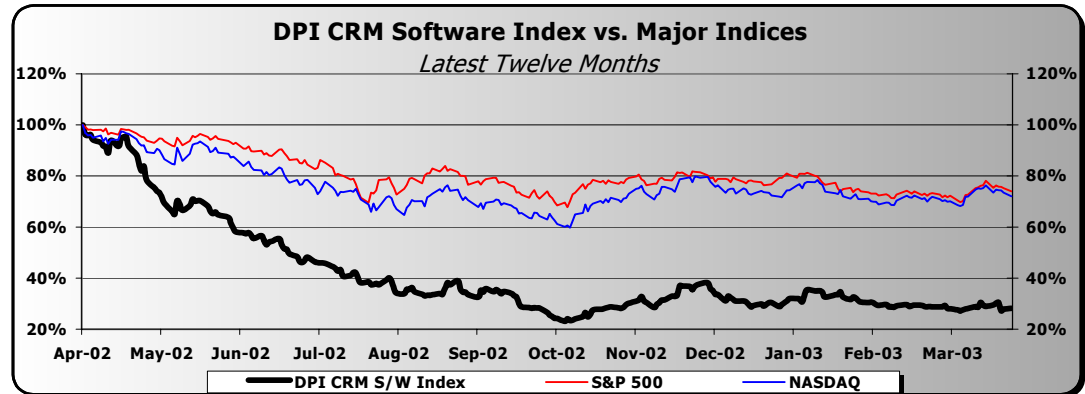
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$M)
03/26/03	Hummingbird Ltd.	Key Automation/Dispro	NA
03/25/03	BMC Software	IT Masters	\$42.0
03/20/03	Primavera Systems, Inc.	Evolve Software, Inc.	\$13.0
03/18/03	DivestCap	FORTEL	\$10.3
03/13/03	Netstore	NetConnect	\$3.6
03/06/03	Kasten Chase	CipherShare Systems Inc.	\$1.1
03/04/03	Firstwave Technologies, Inc.	Connect-Care, Inc.	\$3.1
02/20/03	Microsoft	Connectix Corp. (certain assets)	NA
02/20/03	National Instruments Corp.	MATRIXx product line	NA
02/19/03	AKD Prinsen Van Wijmen	Hummingbird Enterprise 5.0	NA
02/05/03	Quantum Corp.	SANlight Corp.	\$8.5
01/23/03	Electronics For Imaging, Inc.	Printcafe Software, Inc.	\$37.7
01/21/03	Itron, Inc.	Silicon Energy	\$71.2
01/09/03	Open Text Corporation	Eloquent, Inc.	NM
01/06/03	MapInfo Corporation	Thompson Associates	\$13.0

Spotlight: Customer Relationship Management

Stock Performance and Recent M&A Activity

Highlights

- The CRM Software Index was down 71% for the LTM and up 3% for the quarter.
- It is rumored that large software companies such as IBM and Microsoft might be looking to acquire an incumbent CRM software provider.
- M&A activity has been characterized by a large number of low-value deals and a recent flurry of consolidation in the marketing automation niche.
- Labor intensity and associated risk of implementation is slowing industry growth.
- M&A activity has dramatically increased during the month of March as six deals were announced. This trend is expected to continue with the consolidation of unprofitable CRM software companies.



Note: The CRM Software Index includes: Art Technology Group, Blue Martini Software, Chordiant Software, eGain Communications, E.piphany, KANA Software, Onyx Software, Pivotal Corporation, Primus Knowledge Solutions and Siebel Systems.

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Metrics

Ticker	Enterprise Value /	
	LTM Revenue	LTM EBITDA
ARTG	NM	NM
BLUE	NM	NM
CHRD	0.3x	NM
EGAN	1.5x	NM
EPNY	0.3x	NM
EGAN	0.8x	NM
ONXS	0.4x	2.6x
PVTL	NM	NM
PKSI	NM	NM
SEBL	1.3x	6.8x

Representative CRM Software Transactions

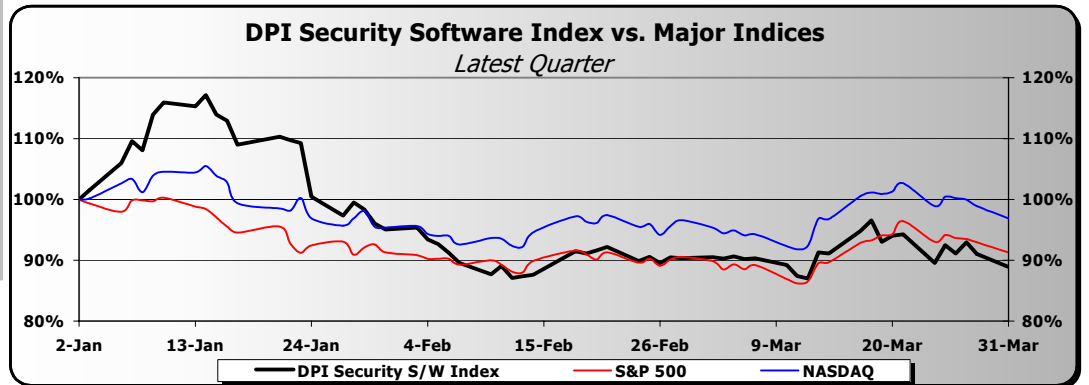
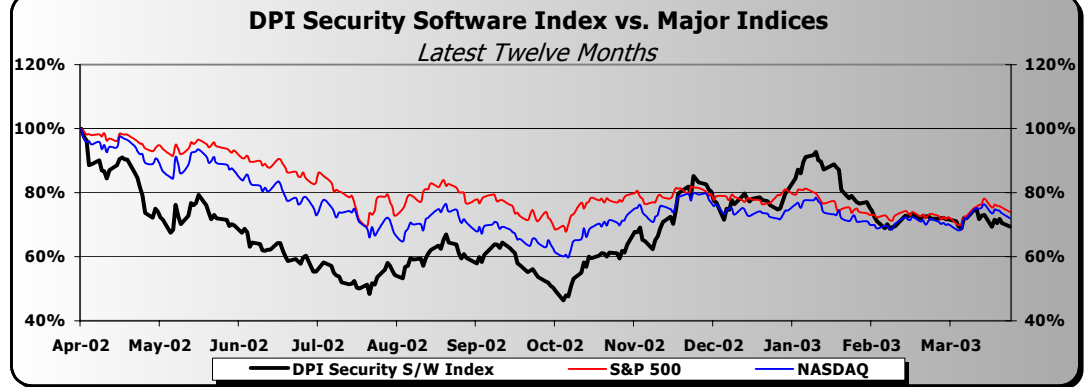
Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
03/27/03	Investor Group	Altitude Software	NA
03/24/03	Click Commerce, Inc.	Allegis	NA
03/24/03	SER Solutions, Inc.	VorTecs, Inc.	NA
03/19/03	Amdocs Limited	Exchange Applications Inc.	NA
03/18/03	Skywire Software	Attenza	NA
03/04/03	Firstwave Technologies, Inc.	Connect-Care, Inc.	\$3.1
02/27/03	Symbol Technologies, Inc.	ImageWare Technologies, Inc.	NA
02/26/03	Witness Systems	Eyretel	\$23.5
02/13/03	Indus International, Inc.	SCT Utility Systems, Inc.	\$39.0
02/04/03	StayinFront, Inc.	Berger Software (CRM division)	NA
01/23/03	Platinum Equity	Applix, Inc. (CRM business)	\$8.8
01/13/03	CommercialWare, Inc.	Capture.Net Technologies Inc.	NA

Spotlight: Security Software

Stock Performance and Recent M&A Activity

Highlights

- The Security Software Index was down 30% for the LTM and 11% for the quarter.
- Security has been elevated from an afterthought to a critical component that every enterprise, government entity and online consumer must consider.
- The Homeland Security Act contains numerous provisions of interest to private-sector technology companies, including stronger cyber-security measures, streamlined procurement policies, etc. However, homeland security contracts have been slow to materialize.
- In spite of increased M&A activity, the security sector is still fairly fragmented and further consolidation is expected.



Note: The DPI Security Software Index includes: Check Point Software Technologies, CyberGuard Corporation, Entrust, Internet Security Systems, Network Associates, RSA Security, SonicWALL, Symantec Corporation, Verisign and WatchGuard Technologies.

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Metrics

Ticker	Enterprise Value /	
	LTM Revenue	LTM EBITDA
CHKP	5.1x	8.4x
CFW	3.8x	27.7x
ENTU	0.4x	NM
ISSX	1.2x	8.9x
NET	1.8x	14.3x
RSAS	1.6x	NM
SNWL	0.1x	32.0x
SYMC	3.7x	11.3x
VRSN	1.4x	9.2x
WGRD	1.4x	NM

Representative Security Software Transactions

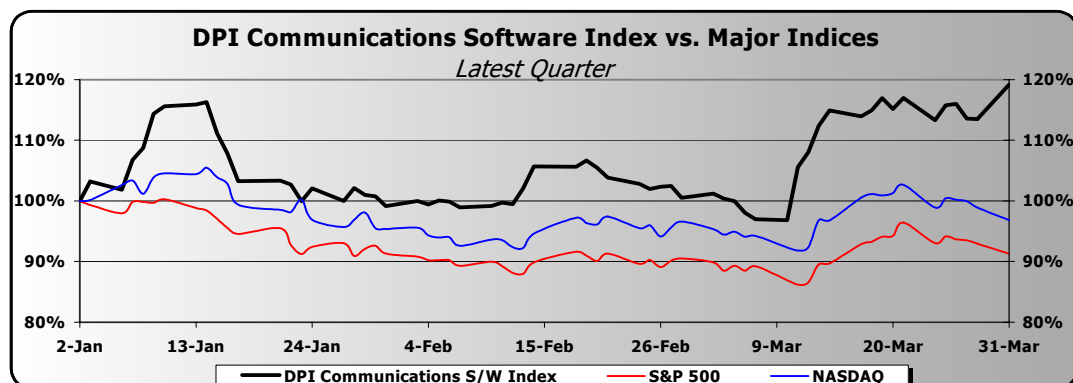
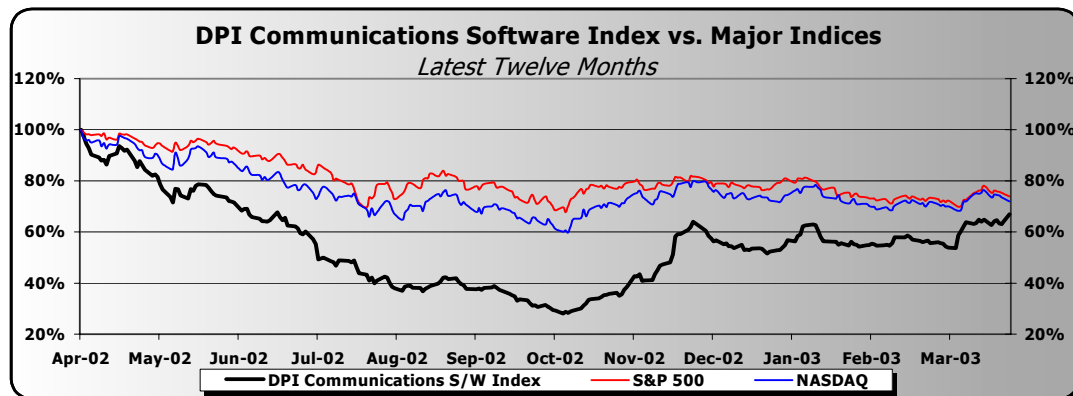
Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
03/18/03	SecureD Services, Inc.	VASCO (certain assets)	NA
03/13/03	Netstore	NetConnect	\$3.6
03/06/03	Kasten Chase	CipherShare Systems Inc.	\$1.1
02/18/03	Secure Blue, Inc.	Omega Information Solutions	NA
02/18/03	TruSecure Corporation	Vigilinx	NA
02/18/03	Tumbleweed Communications	Valicert	\$12.8
02/13/03	Investor	Preferred Internet Tech.	NA
02/12/03	Beta Systems Software AG	Systor Security Solutions GmbH	\$1.1
02/11/03	BEA Systems, Inc.	CrossLogix Inc.	NA
02/11/03	Neohapsis	Sun Tzu Security (div.)	NA
02/06/03	One Equity Partners	beTRUSTed	NA
01/28/03	The Newell & Budge Group	LARE	NA
01/24/03	Cisco Systems, Inc.	Okena, Inc.	\$154.0
01/07/03	Finjan Software, Inc.	Alchemedia Technologies	NA
01/06/03	Network Associates	Deersoft	NA

Communications Software

Stock Performance and Recent M&A Activity

Highlights

- The Communications Software Index was down 33% for the LTM and up 19% the quarter.
- As with other software sectors, the outlook is deteriorating for small Communication Software companies as larger, more stable vendors are winning the limited number of license agreements.
- As an increasing number of consumers upgrade their home Internet access capabilities, the Wi-Fi market should prove to be a bright spot for the sector in 2003.
- M&A activity increased significantly over the last two quarters compared to previous quarters.



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

March 31, 2003

Metrics

Ticker	Enterprise Value /	
	LTM Revenue	LTM EBITDA
AETH	NM	NM
DOX	1.4x	6.2x
CMVT	1.0x	NM
CCRD	0.8x	12.5x
MSLV	NM	NM
MUSE	1.7x	NM
OPWV	0.1x	NM
PUMA	4.4x	NM
TSYS	0.5x	NM
VNWK	0.7x	5.5x

Representative Communications Software Transactions

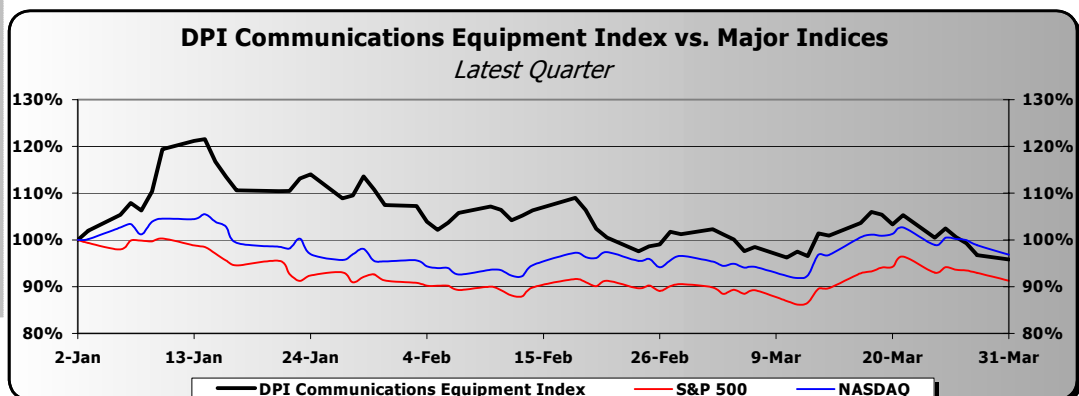
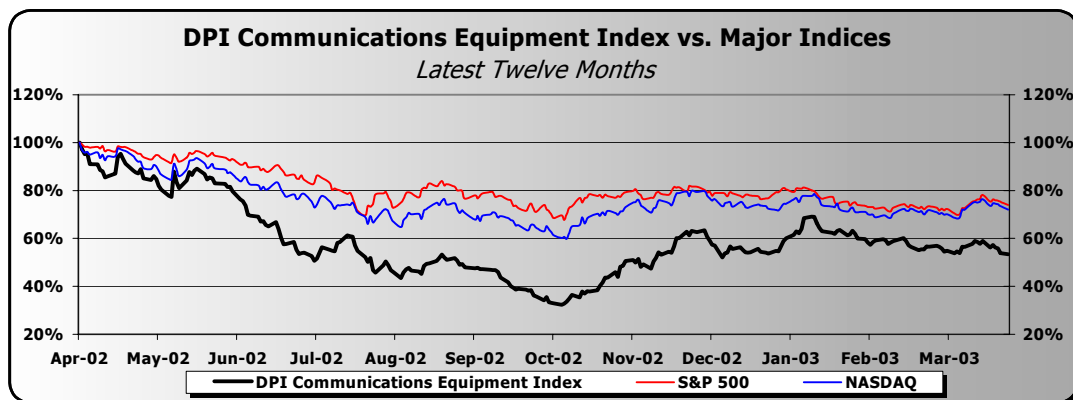
Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
03/27/03	SR Telecom Inc.	Netro Corporation	\$121.0
03/19/03	Cisco Systems, Inc.	SignalWorks	\$13.5
03/17/03	V-SPAN	VideoBureau, Inc.	NA
03/16/03	Ztango	MobileSpring	NA
03/12/03	PCTEL, Inc.	Dynamic Telecommunications	\$10.0
03/10/03	InfoClarus	iConverse	NA
03/07/03	Norstan, Inc.	NetCom Sys. (certain assets)	\$6.0
02/18/03	SiRF Technology, Inc.	Enuvis, Inc.	NA
02/11/03	esmertec AG	Insignia Solutions (certain assets)	\$4.0
02/07/03	Alcatel	iMagicTV	NM
02/06/03	Marvell	RADLAN Computer Comm.	\$49.7
02/03/03	Motorola, Inc.	NetPlane Systems, Inc.	NA
02/03/03	Convergys Corporation	Cygent, Inc.	\$5.0
01/21/03	American Management Systems	Quintessent (certain assets)	NA
01/13/03	Continuous Computing Corp.	Trillium Digital (certain assets)	NA

Communications Equipment

Stock Performance and Recent M&A Activity

Highlights

- The Communications Equipment Index was down 47% for the LTM and 3% for the quarter.
- Weak end-user demand and decreased spending among carriers will continue to negatively impact equipment vendors in 2003.
- OEM's are facing increased pricing pressure, although new features such as digital photography and more versatile business applications should give some relief as consumers move to upgrade their mobile equipment.
- To offset the deterioration in the communication hardware market, some traditional vendors, such as Cisco, are branching out into new growth areas, such as storage, wireless and security.



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, 2003

Metrics

Ticker	Enterprise Value /	
	LTM Revenue	LTM EBITDA
COMS	0.3x	22.7x
ADCT	1.4x	NM
ALA	0.5x	NM
CIEN	4.9x	14.0x
CSCO	4.3x	3.2x
LU	0.5x	NM
NT	0.8x	NM
TLAB	0.5x	NM

Representative Communications Equipment Transactions

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
03/26/03	Chrontel, Inc.	Wireless Interface Technologies	NA
03/20/03	Cisco Systems, Inc.	The Linksys Group, Inc.	\$500.0
03/18/03	Larscom Incorporated	VINA Technologies, Inc.	\$5.8
03/04/03	UTStarcom	3Com (CommWorks division)	\$100.0
02/26/03	Endwave Corporation	Arcom Wireless (certain assets)	NA
02/20/03	Artisan Components, Inc.	NurLogic Design, Inc.	\$17.7
02/18/03	Zhone Technologies, Inc.	NEC Eluminant Technologies	NA
02/18/03	Andrew Corporation	Allen Telecom Inc.	\$500.0
01/29/03	Verilink Corporation	Polycom, Inc. (certain assets)	\$3.0
01/27/03	Magnolia Communications	NewSouth (certain assets)	NA
01/21/03	Voyant Technologies, Inc.	Octave Communications, Inc.	NA
01/08/03	STARBAK Communications	Vividon	NA
01/06/03	APA Optics, Inc.	Computer System Products	NA
01/03/03	Riverstone Networks, Inc.	Pipal Systems	NA
01/03/03	Universal Broadband Networks	FoneFriend, Inc.	NA

VIEWPOINT

Communications Equipment

Please call DecisionPoint for further details on listed transactions.