

# QUARTERLY VIEWPOINT:

For the Quarter Ended September 30, 2007 and the Latest Twelve Months

## Services

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

## Software

- Application
- Infrastructure
- Internet Software and Services
- Software as a Service (SaaS)

## Communications

- Software
- Equipment



# Market Leader For Mid-Market Technology M&A

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](http://www.DecisionPointInt.com).



October 2007 -Services



September 2007 -Services



September 2007 -Services



August 2007 -Services



July 2007 -Services



July 2007 -Services



June 2007 -Services



May 2007 -Services



April 2007 -Software



February 2007 -Services



December 2006 - Software



August 2006 - Services



July 2006 - Services



July 2006 - Services



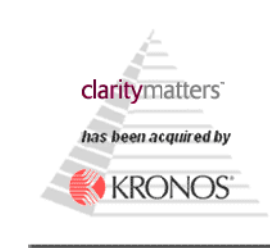
May 2006 - Services



May 2006 - Services



April 2006 - Services



April 2006 - Software



April 2006 - Services



February 2006 - Services

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# Services: Project-Based - IT Commercial

## Highlights, Stock Performance and Recent M&A Activity

### Highlights

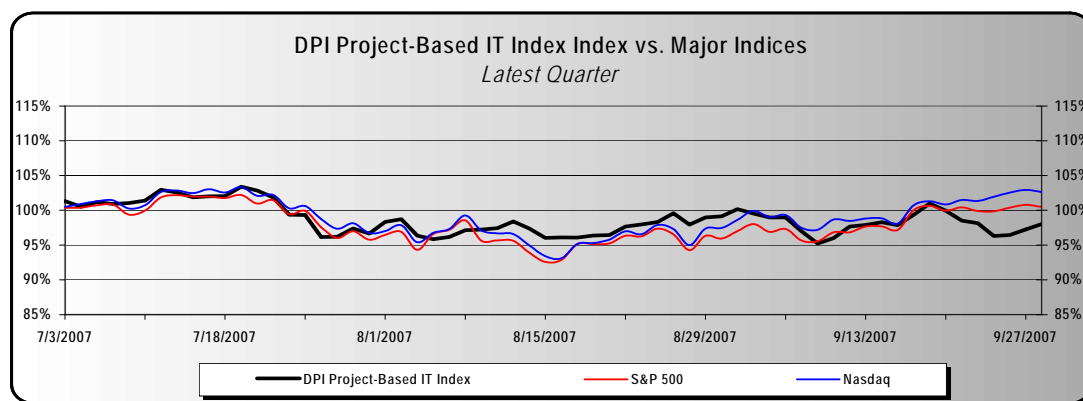
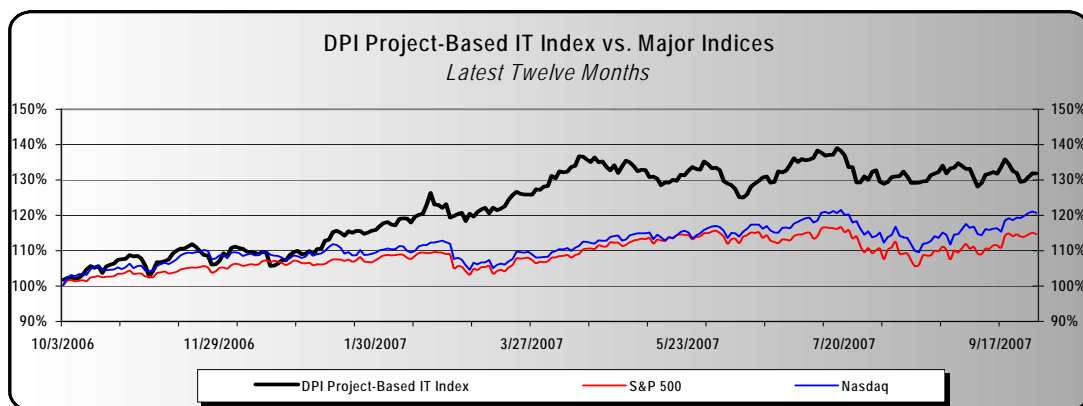
- For the LTM and quarter, the IT Commercial Index was up 32% and down 2%, respectively.
- Vertically focused Healthcare and Life Sciences consultancies, JJ Wild and Taratec, were both acquired during the quarter by leading IT Outsourcers, Perot Systems and Patni.
- Early in Q3, the largest, privately held US-based SAP consultancy, myITgroup, was acquired by VIP. SAP implementation continues to be the most sought-after proficiency of IT services buyers, however, most consultancies are doing a majority of implementation and integration with very few firms performing post implementation support.
- Perficient remains the most active acquirer of project-based consultancies in the United States. Its recent acquisition of BoldTech Systems expanded its Midwest footprint in Denver, CO and gave it a CMMI (Level 4) certified global development center in China.
- Consolidation surrounding Business Intelligence consultancies continues to evolve as Edgewater Technology picked up Alecian, a Hyperion implementer, as well as Lynx Business Intelligence Consulting, an OutlookSoft/Microsoft BI practice.
- Anecdotal evidence from multiple contact points indicates that sector revenue growth has slowed, with clients delaying new projects as economic uncertainty has increased. It remains unclear if this is a short-term blip or a sustained downward move.
- Q3'07 had a total of 28 M&A transactions compared to 16 announced in Q2'07.

September 28, 2007

### Metrics

Company	Enterprise Value	
	LTM Revenue	LTM EBITDA
Accenture Ltd.	1.0x	7.3x
Answerthink Inc.	0.7x	17.2x
CIBER, Inc.	0.6x	9.7x
Edgewater Technology	1.2x	9.5x
Perficient Inc.	3.6x	22.9x

LTM = Last twelve months



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

### Representative IT Commercial Transactions

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
09/25/07	Edgewater Technology	Lynx BI Consulting	\$5.5
09/25/07	ISH	Paradigm Business Solutions	NA
09/24/07	Deloitte Consulting	Xcelicor	NA
09/21/07	Perficient	BoldTech Systems	\$21.3
09/07/07	Gimmel Group	DeepBridge Content Solutions	NA
09/05/07	ZapThink	Linthicum Group	NA
08/28/07	Global Consultants	Blue Hammock	NA
08/13/07	Perot Systems	JJWild	\$89.0
08/07/07	Ascendant Technology	TamGroup	NA
08/02/07	The Revere Group	Tryarc	NA
08/01/07	Computer Generated Solutions	Cubed Technologies	NA
07/30/07	iCrossing	Proxicom	NA
07/23/07	Patni Computer Systems	Taratec Development	\$27.2
07/11/07	Visionary Integration Professionals	MyITgroup	NA
07/02/07	Edgewater Technology	Alecian	\$1.5

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 up 11% and 6%, respectively.
- In spite of the substantially large portion of the federal budget currently spent on the Iraq war and defense in general, the military continues to demand improvements in the sophistication of their IT systems to modernize networks and improve the management of intelligence.
- IT companies that compete for contracts in this space are finding each year that more companies, both large and small, are competing to provide services to the federal government because of the "contract bundling" strategy the government has employed to increase competition for each job. Companies are willing to accept these terms because of the potentially lucrative and dependable income that is available from securing a federal contract.
- M&A activity in the IT federal sector has included 488 deals over the past five years and looks to remain strong based on the continued consolidation of IT firms and the interest that private equity firms have shown recently in the sector.
- Q3'07 had a total of 9 M&A transactions compared to 16 announced in Q2'07.

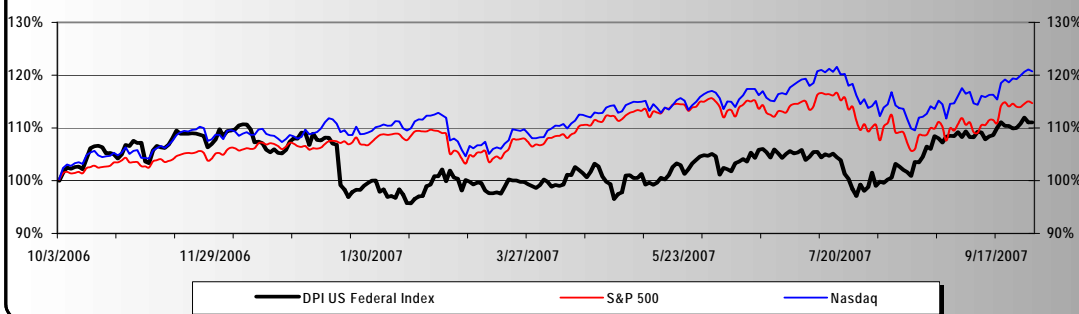
September 28, 2007

### Metrics

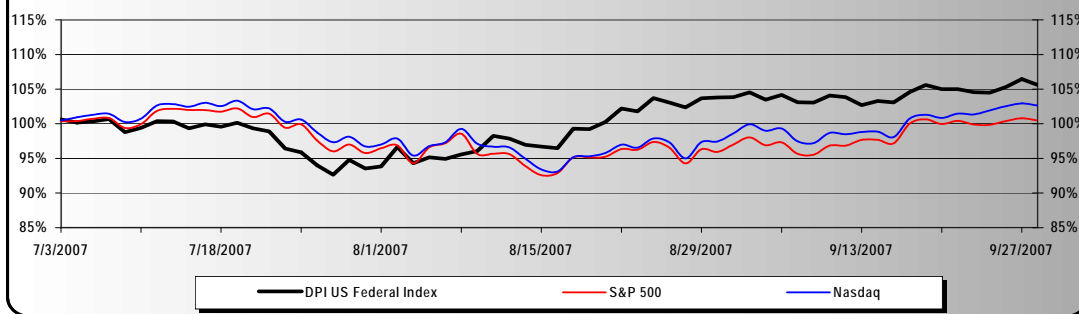
Company	Enterprise Value	
	LTM	LTM
	Revenue	EBITDA
CACI International Inc.	0.9x	8.7x
ManTech International	1.0x	11.3x
Nci Inc	1.0x	13.0x
SAIC, Inc.	1.0x	12.5x
SI International, Inc.	0.9x	9.4x
SRA International Inc.	1.2x	11.4x

LTM = Last twelve months

DPI US Federal Index vs. Major Indices  
Latest Twelve Months



DPI US Federal Index vs. Major Indices  
Latest Quarter



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

### Representative IT Federal Transactions

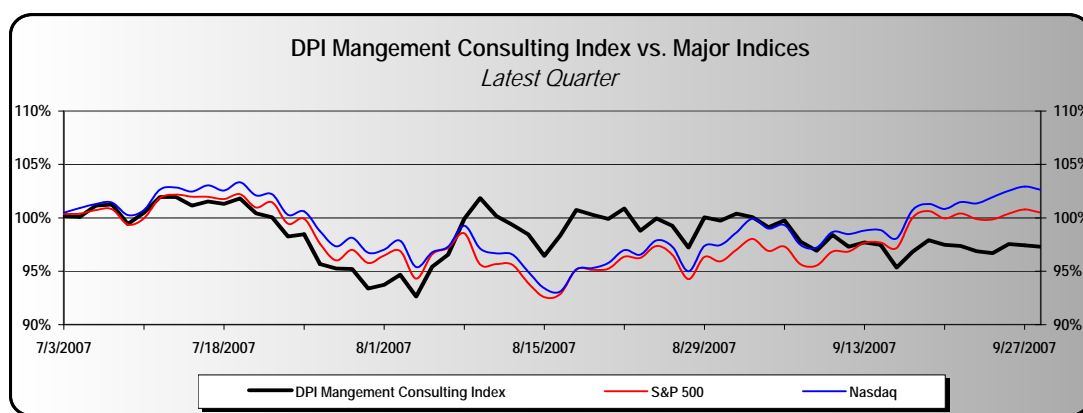
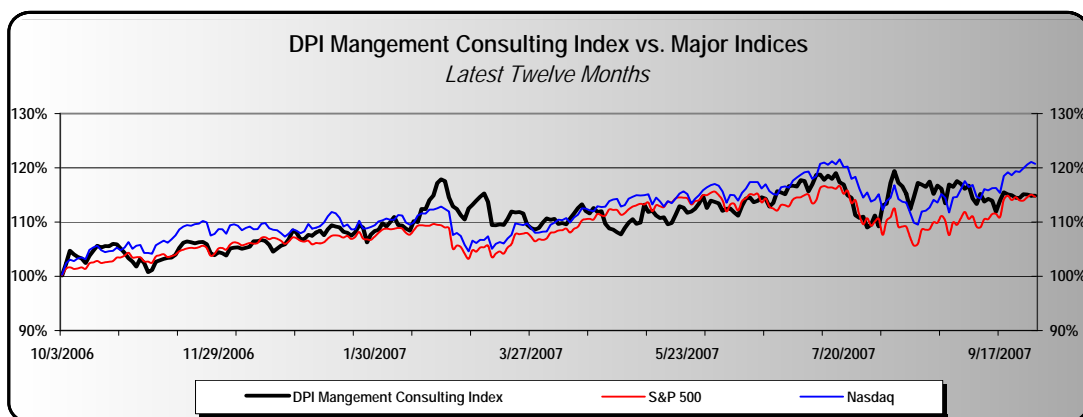
Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
09/24/07	CACI International	Athena Innovative Solutions	\$200.0
09/04/07	TechTeam Government Solutions	RL Phillips	\$2.2
08/16/07	Argon ST	Coherent Systems	\$37.5
08/13/07	Alion Science and Technology	LogConGroup	NA
08/13/07	Rockwell Collins	ITAC	\$38.0
08/02/07	SAIC	The Benham Companies	NA
07/16/07	L-1 Identity Solutions	McClendon	\$66.0
07/05/07	Radyne	AeroAstro	\$18.5
07/05/07	The Carlyle Group	ARINC	NA

# 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 15% and down 2%, respectively.
- The increase in merger activity in the past quarter has not only increased the consulting firms' ability to serve customers globally, but companies are also acquiring firms that exhibit strong interpersonal skills because these traits are becoming increasingly more important to landing big deals and contracts.
- The leading management consulting firms including "Accenture, Navigant and Huron" continue to make selective "bolt-on" acquisitions to supplement their current service offerings.
- Six of the world's 10 highest-paying countries for information technology managers are in Western Europe, according to a new survey by Mercer.
- Q3'07 had a total of 15 M&A transactions compared to 5 announced in Q2'07.



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.

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### Metrics

Company	Enterprise Value	
	LTM Revenue	LTM EBITDA
CRA International Inc.	1.5x	9.1x
DTPI	1.0x	14.8x
FTI Consulting, Inc.	3.5x	15.0x
Huron Consulting Group	3.9x	17.3x
LECG Corp.	1.0x	8.9x
Navigant Consulting Inc.	0.9x	4.7x
Advisory Board Co.	5.4x	21.1x
Corp. Executive Board	4.9x	16.3x

LTM = Last twelve months

### Representative Management Consulting Transactions

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
09/25/07	Project Leadership Associates	Fourth Floor Consulting	NA
09/19/07	Management Consulting Group plc	Kurt Salmon Associates	\$124.9
09/19/07	Morse plc	Xayce plc	\$12.4
09/18/07	Kroll	TrialGraphix	NA
08/30/07	EMC	BusinessEdge Solutions	NA
08/27/07	ATS	Potomac Management Group	\$22.5
08/20/07	SQS Software Quality Systems AG	Triton Unternehmensberatung	\$20.9
08/01/07	Management Network Group	RVA Consulting	\$7.0
07/31/07	Digital Trends	Embassy Multimedia Consultants	NA
07/30/07	Huron Consulting Group	Callaway Partners	\$60.0
07/26/07	Navigant Consulting	Troika (UK) Limited	NA
07/19/07	Accenture	George Group Consulting	NA
07/17/07	Cambridge Energy Research	SDG (Oil & Gas Practice)	\$7.6

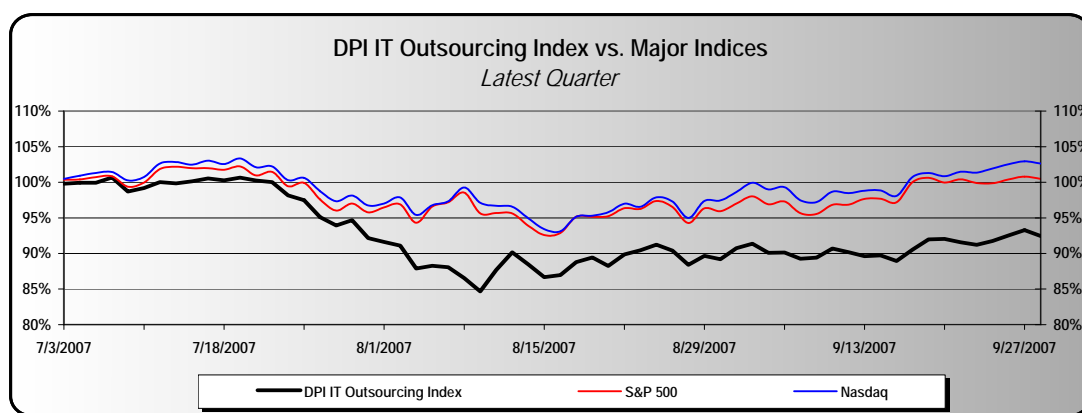
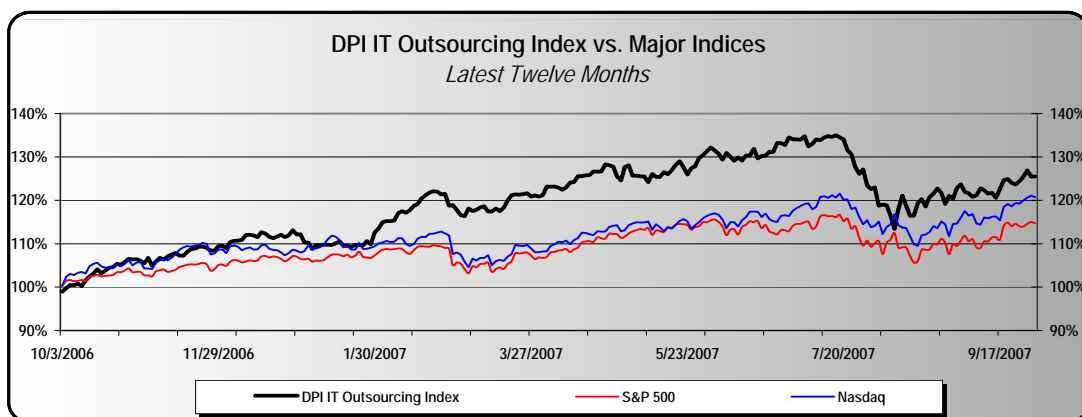
Please call DecisionPoint for further details on listed transactions.

# Services: Outsourcing - IT

## Highlights, Stock Performance and Recent M&A Activity

### Highlights

- For the LTM and quarter, the IT Outsourcing Index was up 26% and down 7%, respectively.
- Although marketing research by Goldman Sachs and other firms reports positive views of the IT outsourcing sector, there was only one contract awarded greater than \$1 billion for the past quarter compared to the average 5-15 deals in the previous quarters.
- Consolidation of hosted services providers was rampant during Q3. Services including collocation, disaster recovery, hosting and managed services continue to be in great demand, creating an extremely competitive M&A market for buyers.
- New industry research indicates that IT outsourcing services have begun to provide critical business and patient care benefits to the healthcare industry by providing a centralized database of records that are quickly accessible to healthcare employees.
- Q3'07 had a total of 84 M&A transactions compared to 94 announced in Q2'07.



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

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### Metrics

Company	Enterprise Value	
	LTM	LTM
	Revenue	EBITDA
CGI Group, Inc.	0.1x	0.9x
CSC	0.7x	4.5x
EDS	0.5x	5.0x
Perot Systems Corp.	0.9x	8.1x

LTM = Last twelve months

### Representative IT Outsourcing Transactions

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
09/26/07	Nuvio	New Choice Telecom	NA
09/24/07	Globalat	CompleteHostingSolutions.com	NA
09/19/07	mindSHIFT Technologies	Invision.com	NA
09/14/07	Equinix	IX Europe plc	\$544.9
09/12/07	NaviSite	netASPx	\$40.0
09/04/07	Iptimize	WTI	NA
09/04/07	Telanetix	AccessLine Communications	\$37.4
08/23/07	Perimeter Internetworking	USA.NET	NA
08/15/07	Globalat	Newista	NA
08/13/07	NaviSite	Alabanza	\$7.8
08/13/07	NaviSite	Jupiter Hosting	\$7.8
08/07/07	Sierra Atlantic	ArrAy	NA
08/06/07	Wipro	Infocrossing	\$529.2
07/16/07	Reliance Communications	Yipes Enterprise Services	\$300.0
07/16/07	SunGard Data Systems	VeriCenter	NA

Please call DecisionPoint for further details on listed transactions.

# Services: Outsourcing - Business Process Outsourcing

## Highlights, Stock Performance and Recent M&A Activity

### Highlights

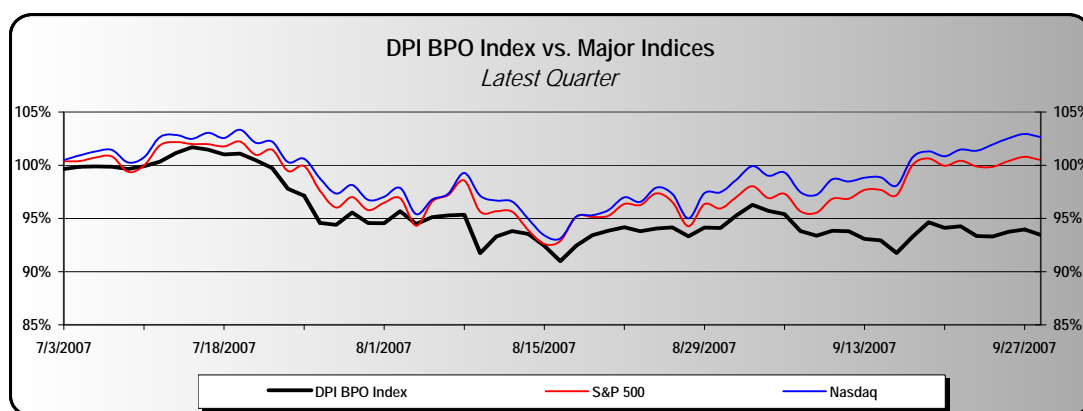
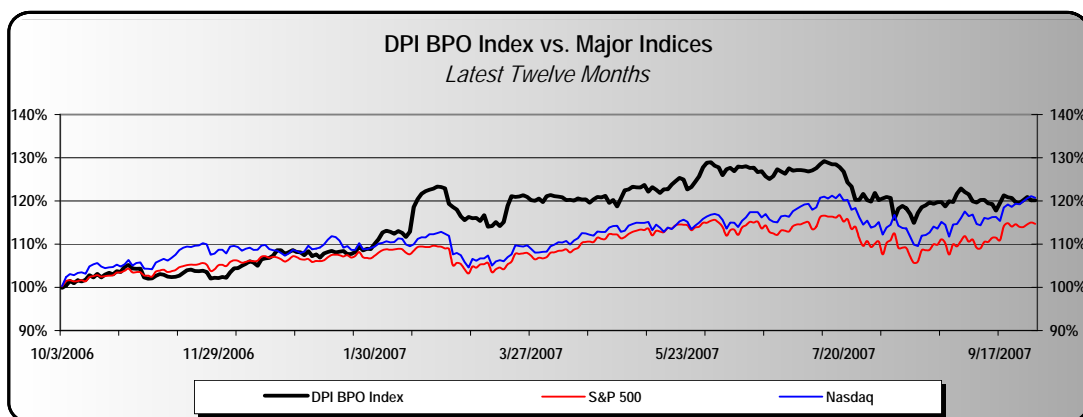
- For the LTM and quarter, the Business Process Outsourcing Index was up 20% and down 6%, respectively.
- As competition heats up in the BPO market and the CRM segment of this market, outsourcers are offering clients a variety of new value-added services ranging from business process transformation to analytics on call center data.
- The most active area in the BPO sector for the third quarter was finance and accounting services. Several firms have also begun a relatively new trend of contracting one firm to execute low-end services like payroll while finding another to handle high-end accounting and managerial reporting.
- According to a new report, India is positioning itself to challenge China as the world's leader in offshore manufacturing in the next 3-5 years based on the unprecedented growth of the BPO and IT services sectors in the country.
- The BPO sector as a whole, while not totally detached from the sub-prime mortgage lending crisis, did see revenues fall as a result of handling outsourcing responsibilities for several firms in the industry.
- Q3'07 had a total of 81 M&A transactions compared to 111 announced in Q2'07.

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### Metrics

Company	Enterprise Value	
	LTM Revenue	LTM EBITDA
ACS	1.3x	7.0x
ADP	2.2x	9.5x
Ceridian Corporation	3.0x	13.5x
CGI Group, Inc.	0.1x	0.9x
First Advantage Corp.	1.5x	7.1x
Paychex Inc.	7.8x	18.5x

LTM = Last twelve months



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 (ACS), Automatic Data Processing, Bisys Group (The), Ceridian, CGI Group, First Advantage and Paychex.

### Representative Business Process Outsourcing Transactions

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
09/28/07	WeDo Consulting Sistemas	CAPE Technologies	\$28.5
09/20/07	Spherion	Today's Staffing	\$40.8
09/19/07	eTelecare Global Solutions	AOL Member Services-Philippines	\$7.2
09/07/07	Humana	KMG America	\$161.0
09/05/07	Digital River	Netgiro Systems AB	\$27.0
09/04/07	Thomson	Deloitte Tax	NA
08/30/07	Apollo Health Street	Zavata	\$169.0
08/29/07	Firstsource Solutions	MedAssist Holding	\$330.0
08/28/07	Transcom Worldwide SA	NuComm International	\$85.6
08/27/07	Hewitt Associates	RealLife HR	NA
08/09/07	Goldman Sachs Merchant Banking	Nursefinders	NA
08/02/07	Fiserv	CheckFree	\$4,093.8
07/26/07	Online Resources	Internet Transaction Solutions	\$45.0
07/23/07	General Atlantic Partners	GlobalCollect	NA
07/19/07	Infosys Technologies	R.P. Electronics (BPO units)	\$28.0

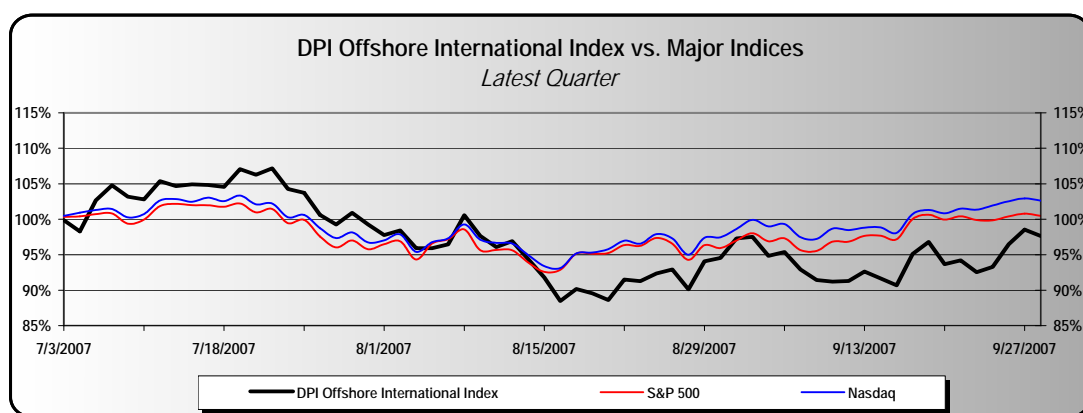
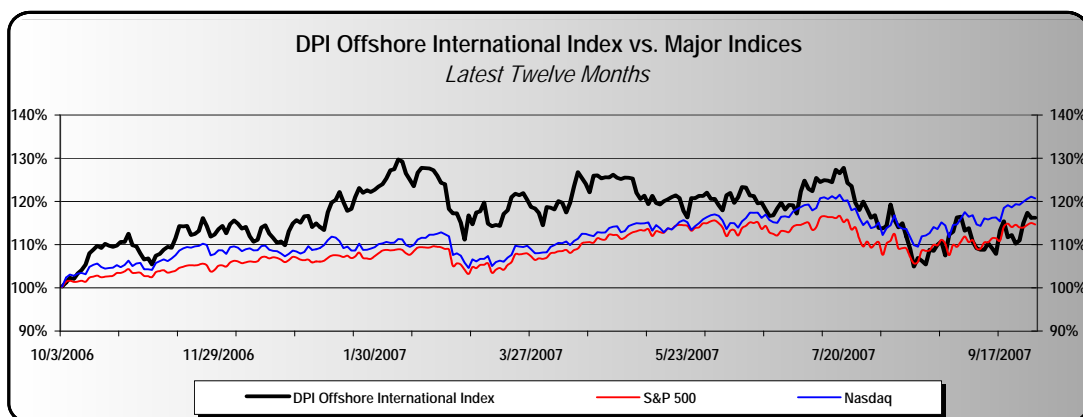
Please call DecisionPoint for further details on listed transactions.

# Services: Offshore

## Highlights, Stock Performance and Recent M&A Activity

### Highlights

- For the LTM and quarter, the Offshore Index was up 16% and down 2%, respectively.
- The environment for offshore business continues to show high demand with no visible signs of a slowdown, particularly in the US market, according to Infosys' COO.
- Two main reasons that deals in the Offshore sector declined in the third quarter were the lengthening of sales cycles and the increased caution of clients that pushed several deals that were near completion to the next quarter.
- While multi-sourcing delivery models seemed to be gaining favor in the sector, only 17% of deals this quarter were labeled "multi-source or consortium deals" compared to 39% in the previous year.
- Despite most companies engaged in the offshore sector meeting or exceeding revenue forecasts for the third quarter, investors remain hesitant because of appreciation of the rupee, increasing wages in India and the health of the US economy.
- Q3'07 had a total of 1 M&A transaction compared to 2 announced in Q2'07.



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

### Representative Offshore Transactions

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### Metrics

Company	Enterprise Value	
	LTM	LTM
	Revenue	EBITDA
Cognizant Technology	6.8x	30.3x
Infosys Technologies	8.4x	26.6x
Patni Computer Systems	2.6x	11.2x
Satyam Computer Services	5.0x	21.5x
Wipro	4.6x	19.1x

LTM = Last twelve months

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
07/07/07	Kaashyap Technologies Limited	Logistics Solutions (Consultancy unit)	NA

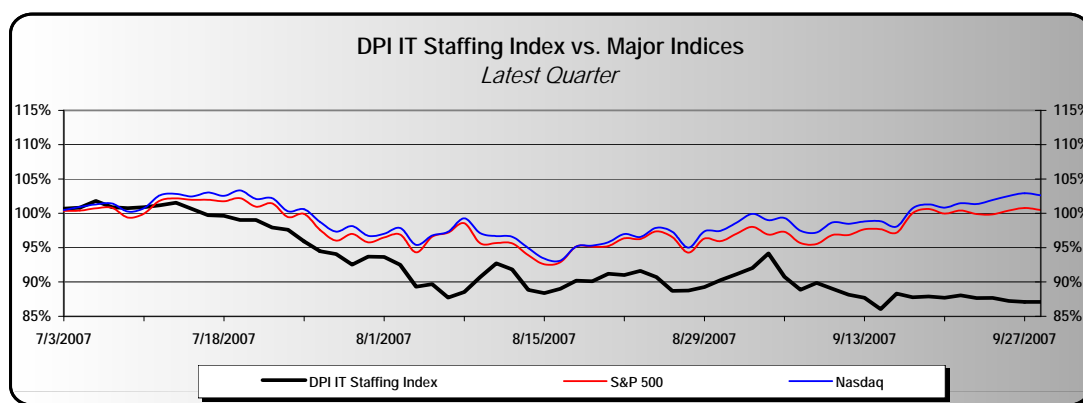
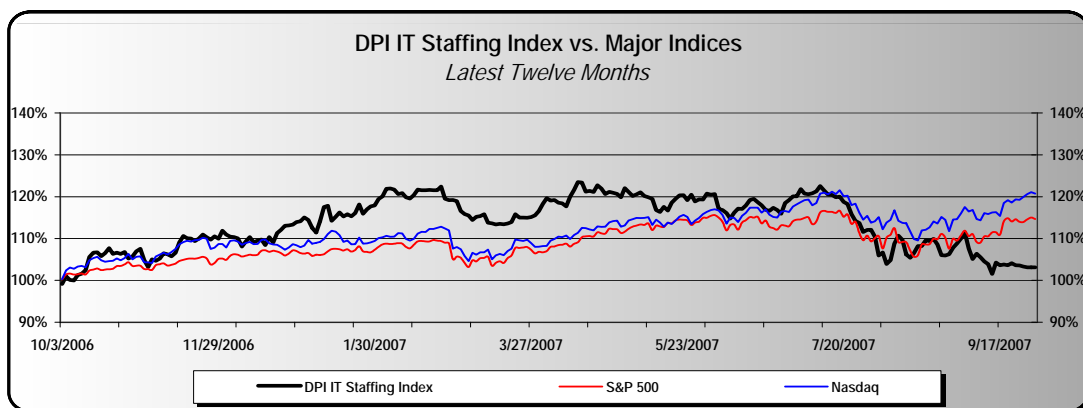


# Services: IT Staffing

## Highlights, Stock Performance and Recent M&A Activity

### Highlights

- For the LTM and quarter, the IT Staffing Index was up 3% and down 13%, respectively.
- The U.S. job market has been one of the more stable parts of the economy, however, several analysts believe that the slowing economy could depress job creation over the next quarter, negatively impacting staffing firms.
- An analyst from Morningstar mentioned that the growth in temporary staffing has declined over the past six months. This data is often a reliable predictor of the overall health of the economy.
- The IT staffing industry continues to be dominated by thousands of small, local companies that provide limited services to a specific area. In fact, the top 10 firms by market share make up only 24% of the sector, and no one firm makes up more than 5%.
- Q3'07 had 8 M&A transactions compared to 3 announced in Q2'07.



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

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### Metrics

Company	Enterprise Value	
	LTM Revenue	LTM EBITDA
	Analysts International	0.1x
Comforce Corp.	0.2x	6.3x
Computer Task Group Inc.	0.3x	8.4x
Kforce Inc.	0.6x	8.0x
RCM Technologies Inc.	0.4x	7.3x
TechTeam Global Inc.	0.6x	11.4x
Volt Information Sciences	0.2x	4.3x

LTM = Last twelve months

### Representative IT Staffing Transactions

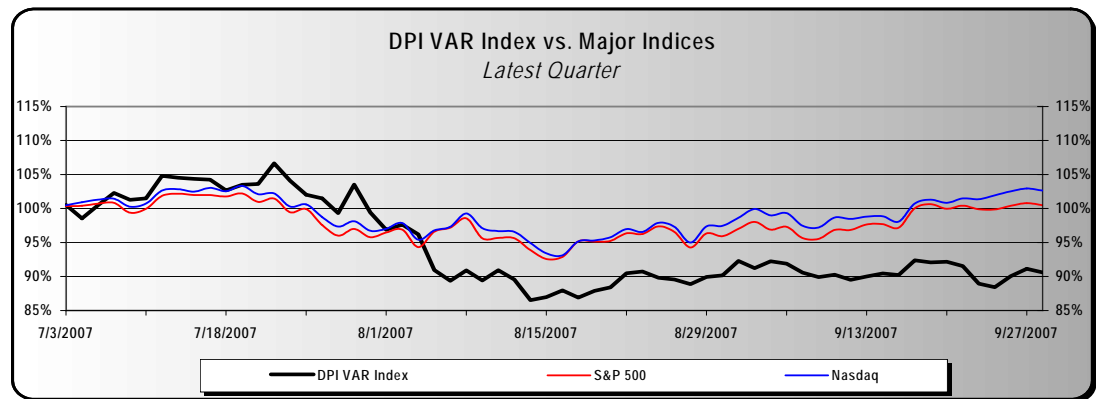
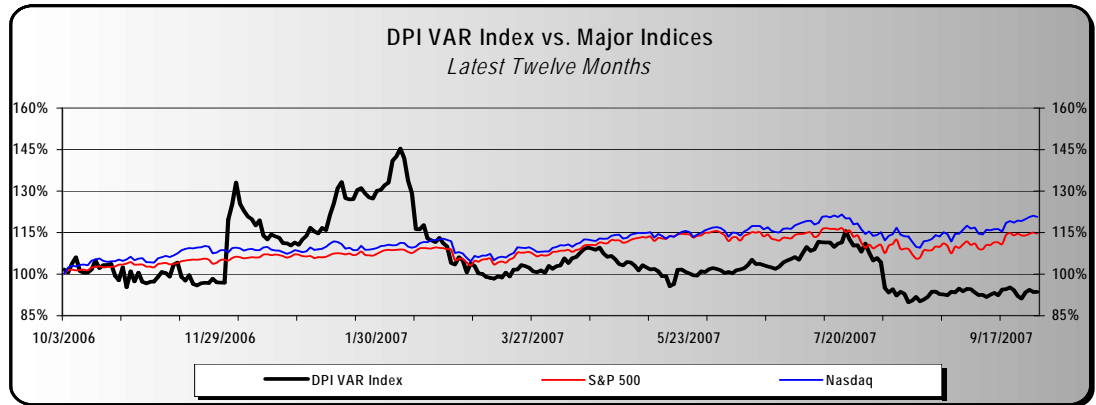
Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
09/27/07	Vedior NV	b2bworkforce	NA
09/26/07	Partners Consulting Services	CPSG	NA
09/05/07	CIBER	Metamor Enterprise Solutions	NA
08/31/07	PEQ Consulting	WaterburyGroup	NA
07/31/07	orizon AG	jobs in time holding GmbH	NA
07/25/07	DC Capital Partners	TMSI	NA
07/16/07	SolutionsIQ	MetaJiva	NA
07/16/07	TunaFish Enterprises	Summit IT Services	NA
07/03/07	Staffing Now	Q&A Recruiting	NA

# Services: Value Added Resellers

## Highlights, Stock Performance and Recent M&A Activity

### Highlights

- For the LTM and quarter, the VAR Index was down 6% and 9%, respectively.
- Small businesses are beginning to comprise a larger portion of the server and hardware markets, thus giving solution providers a reason to start offering higher-end technologies to a wider variety of customers.
- Sales of servers and server components have grown tremendously in the past year. In fact, sales of integrated servers grew by 179% and 280% from the first to second quarter and then from the second to third quarter, respectively.
- OEM software shops are placing a greater emphasis on teaching sales staff technical expertise about products, free of charge to the reseller base, thereby empowering the resellers to make informed and technical presentations to potential customers.
- Q3'07 had a total of 8 M&A transactions compared to 6 announced in Q2'07.



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

September 28, 2007

### Metrics

Company	Enterprise Value	
	LTM	LTM
	Gross Profit	EBITDA
Emtec Inc.	0.3x	13.4x
En Pointe Technologies Inc.	0.7x	5.9x
Insight Enterprises Inc.	2.8x	11.2x
MTM Technologies Inc.	1.0x	NM
PC Connection Inc.	1.6x	9.0x
Pomeroy IT Solutions Inc.	0.9x	4.9x

LTM = Last twelve months  
NM = Not Meaningful

### Representative Value Added Resellers Transactions

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
09/20/07	Global Imaging Systems	Inland Business Systems	NA
09/06/07	Forsythe Technology	Information Security Technology	NA
09/06/07	Incentra Solutions	SSI hubCity	\$9.0
08/20/07	Incentra Solutions	Helio Solutions	\$25.6
08/20/07	PC Mall	SARCOM	NA
08/14/07	Ampersand Ventures	Rand A Technology	\$30.0
07/18/07	Avnet	Magirus Group (assets)	NA
07/12/07	QSGI	DPVTEch	NA

# Software: Application

## Highlights, Stock Performance and Recent M&A Activity

### Highlights

- For the LTM and quarter, the Application Software Index was up 21% and down 1%, respectively.
- Consolidation of leading business intelligence vendors continued with Cognos acquiring Applix, a leader in Performance Management and Business Intelligence solutions.
- After SAP's announcement on Oct 7 (acquisition not part of this report) to buy business intelligence software vendor Business Objects for \$6.8 billion, investors are wondering if Cognos is the next takeover target. While Cognos remains independent for now, IBM is a potential buyer, especially given its previous partnership with Hyperion.
- Acquisition activity in geo-mapping is a "hotspot" with TomTom taking out TeleAtlas for \$2.5b and Nokia snapping up Navteq (acquisition not part of this report) for approximately \$7.7b. These acquisitions leave GPS device makers such as Garmin searching for answers and competing with Nokia, while phone companies such as Verizon and AT&T who use Navteq's mapping software on their mobile phones, left to buy the service from rival Nokia.
- Q3'07 had a total of 109 M&A transactions compared to 162 announced in Q2'07.

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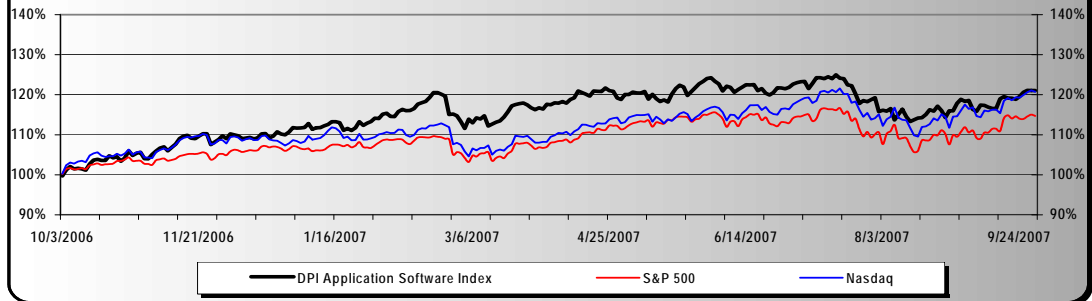
### Metrics

Industry	Enterprise Value	
	LTM	LTM
	Revenue	EBITDA
Acct. & Financial	3.6x	20.2x
Billing & Service	1.9x	15.8x
Business Int.	2.8x	15.4x
Content Mgmt.	2.3x	16.7x
CRM	2.4x	71.9x
Engineering, etc.	4.1x	18.1x
ERP	2.6x	33.5x
Healthcare	2.7x	17.2x
HR Management	2.6x	50.1x
Media & Ent.	3.9x	17.9x
SC Mgmt.	2.5x	12.5x

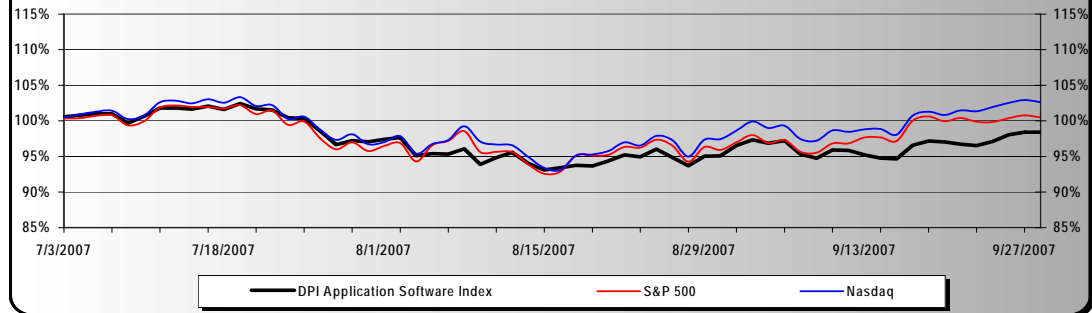
LTM = Last twelve months

NM = Not Meaningful

DPI Application Software Index vs. Major Indices  
Latest Twelve Months



DPI Application Software Index vs. Major Indices  
Latest Quarter



Note: The DPI Application Software Index includes approximately 65 companies from the following sub-sectors: Accounting and Financial Services, Billing & Service Provisioning, Business Intelligence, Content & Document Management, Customer Relationship Management, Engineering, Electronic Design Automation, Product Lifecycle Management, Computer Aided Design/Computer Aided Manufacturing, Enterprise Resource Planning, Healthcare, Human Resources & Workforce Management, Media & Entertainment and Supply Chain Management.

### Representative Application Software Transactions

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
09/17/07	Exact Software N.A.	Longview Solutions	\$51.5
09/11/07	Tyler Technologies	EDP Enterprises	NA
09/10/07	Sopra Group	Business Architects	NA
09/05/07	Cognos	Applix	\$309.9
09/05/07	CDC Software	Catalyst International	NA
08/24/07	MBK Partners	Yayoi	\$619.0
08/23/07	X-Rite	Pantone	\$180.0
08/14/07	CAE	Flightscape	\$17.1
08/02/07	Emergis	Informatique Demers	\$10.8
08/01/07	e-Future Information Technology	Royalstone System Integrated	\$7.7
07/25/07	Federal Signal	Riverchase Technologies	\$7.0
07/23/07	TomTom	Tele Atlas	\$2,494.1
07/22/07	QuadraMed	Misys (Patient Record assets)	\$33.0
07/22/07	Vista Equity Partners	Misys (Diagnostic Information Business)	\$381.5
07/20/07	CompuGROUP Holding	iSOFT Group	\$277.2

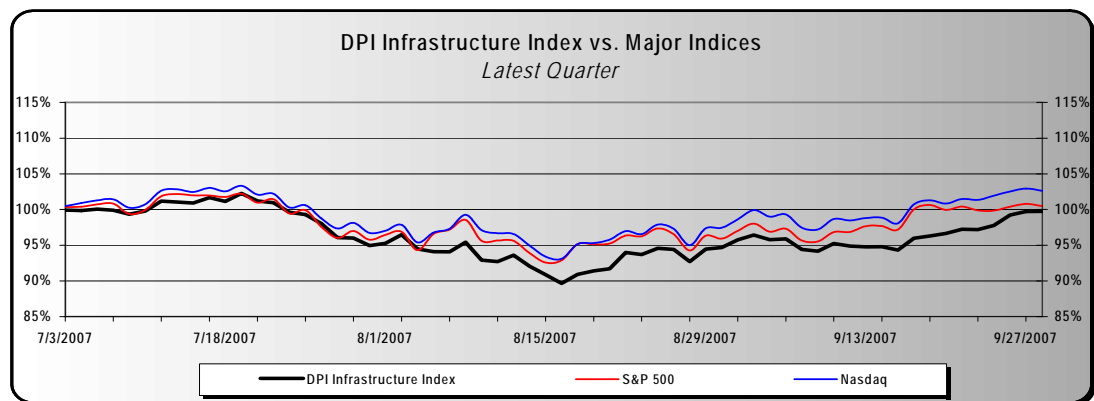
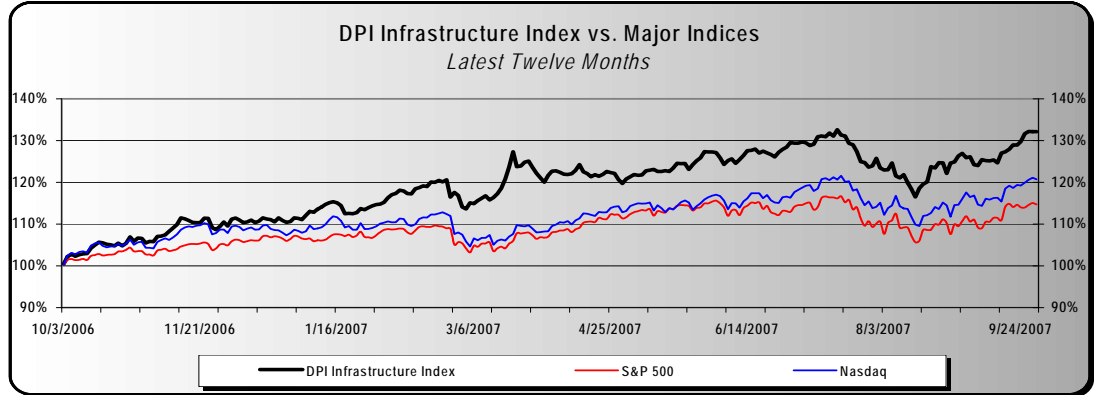
Please call DecisionPoint for further details on listed transactions.

# Software: Infrastructure

## Highlights, Stock Performance and Recent M&A Activity

### Highlights

- For the LTM and quarter, the Infrastructure Software Index was up 32% and 0%, respectively.
- According to its 2007 global IT market forecast, IDC predicts that spending on infrastructure software will grow 9 percent this year, faster than any other software category.
- While consolidation has been occurring in most parts of the technology industry, experts believe that Infrastructure software companies still have the potential for M&A deals because of less competition from private equity groups and the amount of cash on the company's balance sheets.
- Infrastructure software spending is boosted by the growth of virtualization and companies like Oracle that are trying to take advantage of that trend.
- On October 9, Oracle delivered a letter to the board of directors of BEA Systems, proposing to acquire the company for \$17.00 per share in cash, valuing the transaction at \$6.7b, but BEA rejected the offer as too low.
- Q3'07 had a total of 82 M&A transactions compared to 87 announced in Q2'07.



Note: The DPI Infrastructure Software Index includes approximately 56 companies from the following sub-sectors: Database & File Management, eCommerce Enablement, Enterprise Application Integration, Messaging & Conferencing, Networking & Connectivity, Security, Storage and Enterprise Systems Management, Tools and Testing and Wireless.

September 28, 2007

### Metrics

Industry	Enterprise Value	
	LTM Revenue	LTM EBITDA
Database Mgmt.	3.7x	11.3x
eCommerce	3.9x	15.2x
Enterprise App.	2.7x	15.1x
Messaging & Conf.	3.0x	11.7x
Networking	1.6x	17.6x
Security	4.2x	18.6x
Data Storage	2.6x	14.8x
Tools & Testing	1.4x	7.3x
Wireless	5.4x	29.3x

LTM = Last twelve months

NM = Not Meaningful

### Representative Infrastructure Software Transactions

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
09/20/07	Raytheon	Oakley Networks	NA
09/17/07	Yahoo!	Zimbra	\$350.0
09/17/07	Barracuda Networks	NetContinuum	NA
09/14/07	Intel	Havok.com	NA
09/12/07	Sage Group	XRT	\$60.9
09/12/07	Sun Microsystems	Cluster File Systems	NA
09/11/07	VMWare	Dunes Technologies	\$45.0
09/06/07	Business Objects	FUZZY! Informatik AG	\$12.0
09/04/07	IdentiPHI	SAFLINK	\$50.1
08/30/07	Microsoft	Parlano	\$52.5
08/17/07	Oracle	Bridgestream	\$35.0
08/15/07	Citrix Systems	XenSource	\$500.0
08/02/07	Fiserv	CheckFree	\$4,225.2
07/23/07	HP	Opsware	\$1,526.6
07/17/07	Thoma Cressey Bravo	Hyland Software	\$265.0
07/16/07	IBM	DataMirror	\$143.7

Please call DecisionPoint for further details on listed transactions.

# Software: Internet Software and Services

## Highlights, Stock Performance and Recent M&A Activity

### Highlights

- For the LTM and quarter, the Internet Software and Services Index was up 24% and down 2%, respectively.
- According to BusinessWeek, technology companies, specifically online trafficking companies like Google and Facebook, are beginning to require higher prices on a valuation basis because of the increased demand of marketers and media companies to enter the space, and the Internet's transition from an information gathering medium to one of interaction and communication necessary to everyday life.
- The television industry has become one of the newest players to recruit the 11.9 million households that will pay for online video content in 2007 by entering the Internet sector. Studios like NBC are auctioning off the right to distribute shows over the Internet to Amazon.com, and ABC is distributing full versions of it's shows to AOL.
- Google, normally thought of as one of the leaders of the technology industry, now makes 99% of revenues from advertising and is closer to becoming a full-service media company according to several industry insiders.
- Q3'07 had a total of 99 M&A transactions compared to 126 announced in Q2'07.

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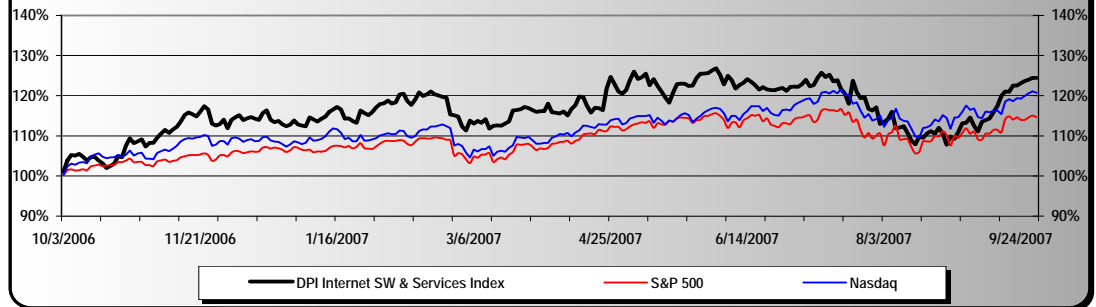
### Metrics

Company	Enterprise Value	
	LTM	LTM
	Revenue	EBITDA
Amazon.com Inc.	3.1x	51.3x
CNET Networks Inc.	2.8x	19.0x
eBay Inc.	7.3x	21.6x
Google Inc.	12.3x	32.1x
InfoSpace Inc.	1.1x	NM
IAC/InterActiveCorp	1.2x	10.6x
Monster Worldwide Inc.	3.0x	13.8x
RealNetworks Inc.	1.0x	62.3x
Yahoo! Inc.	5.2x	23.6x

LTM = Last twelve months  
NM = Not Meaningful

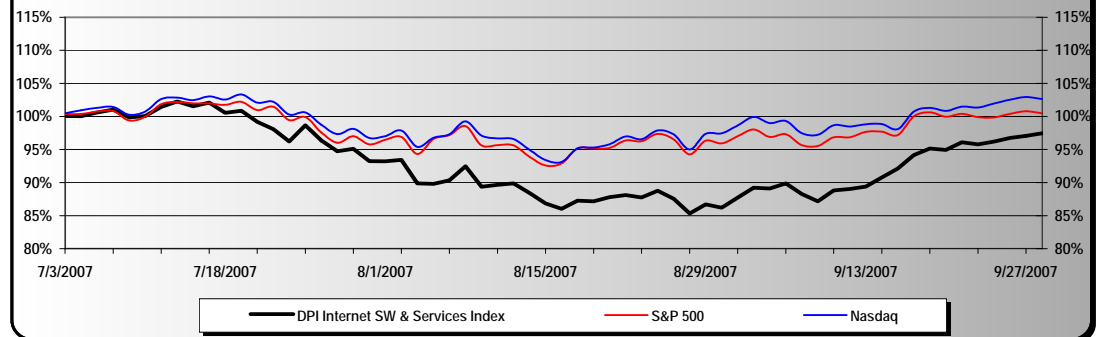
DPI Internet Software & Services Index vs. Major Indices

Latest Twelve Months



DPI Internet Software & Services Index vs. Major Indices

Latest Quarter



Note: The DPI Internet Software & Services Index includes: Amazon.com, CNET Networks, eBay, Google, InfoSpace, IAC/InterActive, Monster Worldwide, RealNetworks and Yahoo!.

### Representative Internet Software and Services Transactions

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
09/24/07	Boursorama	Onvista AG	\$194.5
09/17/07	Hearst	RealAge	\$100.0
09/17/07	Idearc	Switchboard.com	\$225.0
09/10/07	Fairfax Digital	InvestSMART Financial Services	\$9.9
09/04/07	Yahoo!	BlueLithium	\$300.0
09/04/07	Citizens Capital	BFN Network	\$90.0
09/02/07	ProSiebenSat.1 Media AG	MyVideo Broadband S.R.L.	\$26.0
08/08/07	Hearst	Kaboodle	\$35.0
08/06/07	SEAT Pagine Gialle S.p.A.	Eniro AB	\$157.0
08/01/07	Walt Disney	Club Penguin	\$350.0
07/26/07	R.H. Donnelley	Business.com	\$345.0
07/24/07	Nokia	Twango	\$96.8
07/20/07	BC Partners	Bureau van Dijk Electronic Publishing	\$966.0
07/18/07	Jupitermedia	Mediabistro.com	\$20.0
07/16/07	ValueClick	MeziMedia	\$100.0

Please call DecisionPoint for further details on listed transactions.

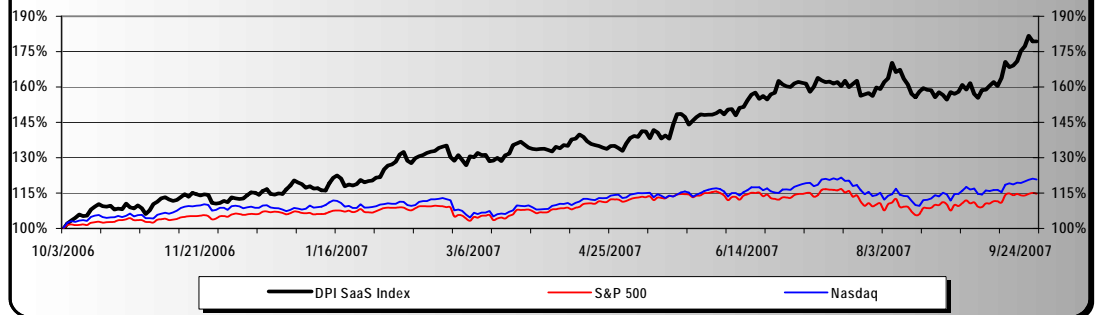
# Software: Software as a Service (SaaS)

## Highlights, Stock Performance and Recent M&A Activity

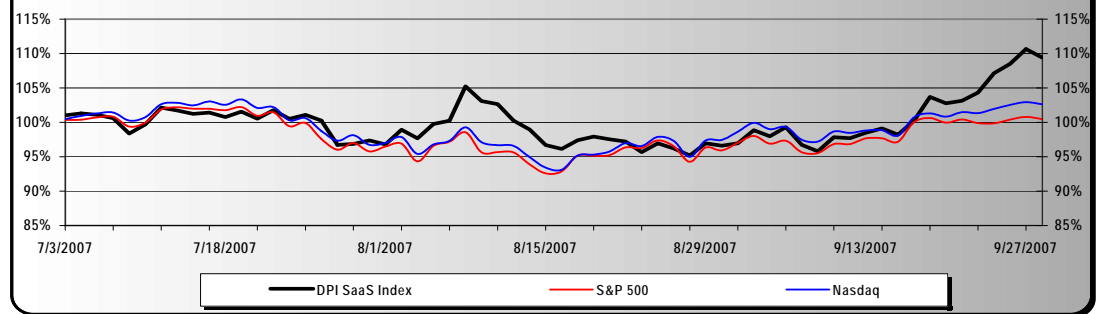
### Highlights

- For the LTM and quarter, the Software as a Service Index was up 80% and 9%, respectively.
- M&A activity in the SaaS market continues to grow with a variety of sub-sectors consolidating including Communications (CSG / Prairie), Procurement (Ariba / Procuri) and Security (Google / Postini).
- SaaS has recently attracted a large number of financial institutions. In fact, approximately 60% of the top 150 banks use at least one service-based application and 90% of banks with less than \$4 billion in assets (community banks) now engage a shared service platform to better serve customers.
- Although SaaS has been successful at providing SMB's (small-to-medium businesses) solutions that drastically reduce costs and improve business operations, convincing larger, multinational companies to sign on to this technology will require greater sophistication and individual customization.
- Q3'07 had a total of 76 M&A transactions compared to 52 announced in Q2'07.

DPI Software as a Service Index vs. Major Indices  
Latest Twelve Months



DPI Software as a Service Index vs. Major Indices  
Latest Quarter



Note: The DPI Software as a Service (SaaS) Index includes: Blackboard, Concur Technologies, DealerTrack Holdings, Kenexa, Kintera, Omniture, Red Hat, Rightnow Technologies, Salesforce.com, Taleo, Ultimate Software Group and Vocus.

September 28, 2007

### Metrics

Company	Enterprise Value	
	LTM Revenue	LTM EBITDA
Blackboard Inc.	6.1x	32.2x
Concur Technologies	11.1x	57.0x
DealerTrak Holdings	7.8x	27.8x
Kenexa Corp.	4.5x	21.5x
Kintera, Inc.	1.4x	NM
Omniture Inc.	14.9x	236.2x
Red Hat Inc.	7.6x	38.8x
Rightnow Technologies	4.0x	NM
Salesforce.com	9.3x	295.7x
Taleo Corp.	5.1x	105.5x
Ultimate Software Group I	6.3x	73.3x
Vocus Inc.	9.2x	140.1x

LTM = Last twelve months  
NM = Not Meaningful

### Representative Software as a Service (SaaS) Transactions

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
09/28/07	Adobe Systems	Virtual Ubiquity	NA
09/27/07	Cisco Systems	Latigent	NA
09/26/07	Satmetrix Systems	Informative	NA
09/21/07	Fiserv	WorkingRx	NA
09/20/07	Ariba	Procuri	\$101.0
09/18/07	SWsoft	Sphera	NA
09/13/07	Yahoo!	BuzzTracker	NA
08/22/07	AKQA	SearchRev	NA
08/22/07	IBM	WebDialogs	NA
08/13/07	Datavantage/CommercialWare	eOne Group	NA
08/06/07	Blackbaud	eTapestry.com	\$24.8
07/30/07	CSG Systems	Prairie Voice Services	\$39.0
07/19/07	j2 Global Communications	Yac	NA
07/10/07	Level 3 Communications	Servecast	\$40.9
07/09/07	Google	Postini	\$625.0

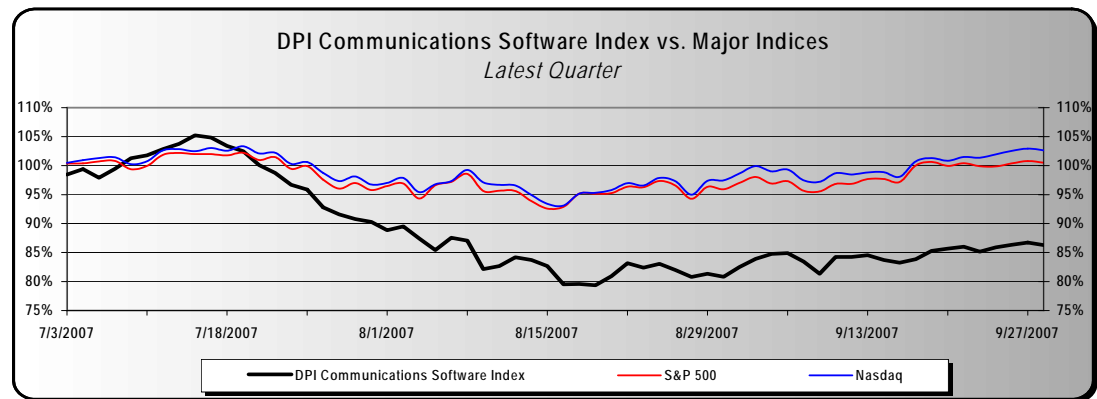
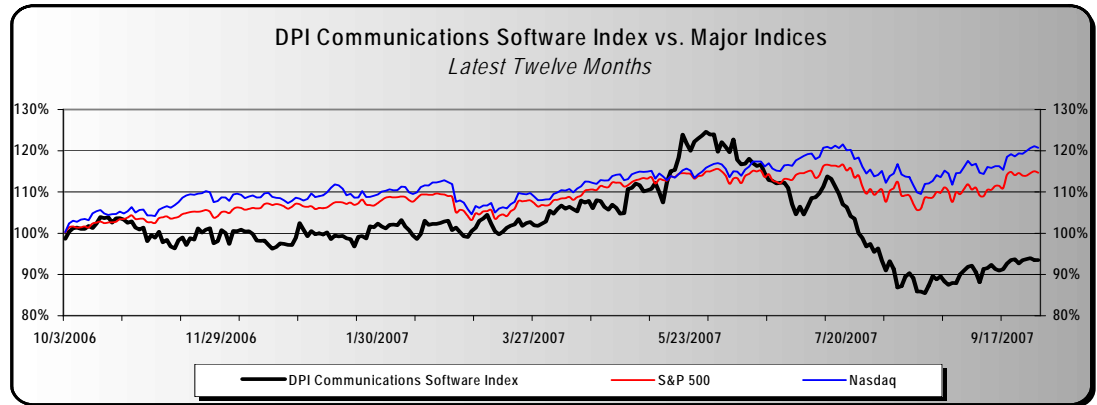
Please call DecisionPoint for further details on listed transactions.

# Communications: Software

## Highlights, Stock Performance and Recent M&A Activity

### Highlights

- For the LTM and quarter, the Communications Software Index was down 13% and 6%, respectively.
- In October 2007, Microsoft announced the worldwide availability of Microsoft's unified communications software, taking the first step toward streamlining workplace communications and helping reduce the cost of the average corporate voice over Internet protocol (VoIP) system by half.
- Amdocs has been recognized as OSS Observer's leader in business support systems (BSS) and operations support systems (OSS) for the telecommunications industry for the second consecutive year.
- Companies competing in the communications software industry are beginning to offer more real-time billing solutions that can offer all-in-one personalized service plans while increasing customer loyalty, overall revenue and profitability.
- Q3'07 had a total of 7 M&A transactions compared to 12 announced in Q2'07.



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

September 28, 2007

### Metrics

Company	Enterprise Value	
	LTM Revenue	LTM EBITDA
Amdocs Ltd.	2.7x	12.9x
Converse Technology	2.0x	14.2x
Openwave Systems	0.6x	NM
TeleCommunication Sys.	1.4x	10.0x

LTM = Last twelve months  
NM = Not Meaningful

### Representative Communications Software Transactions

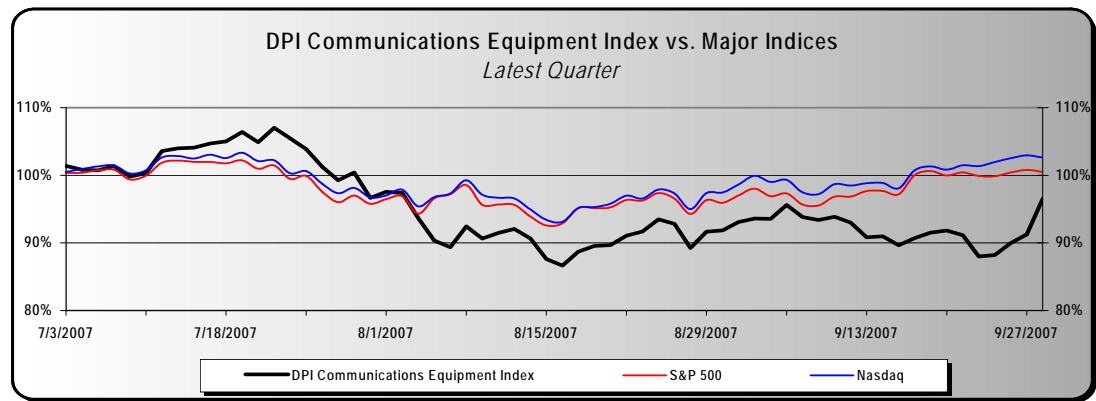
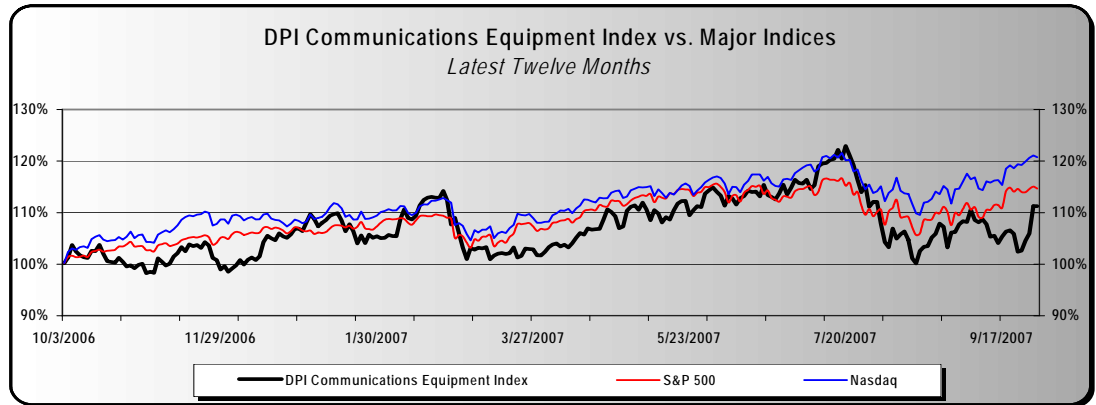
Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
09/11/07	SWsoft	Ensim (Pro product line)	NA
09/10/07	RadiSys	Intel (modular communication assets)	\$31.8
09/03/07	OnMobile	Voxmobili SA	\$36.7
09/02/07	Oracle	Netsure Telecom	NA
08/14/07	Pannaway Technologies	TelStrat (Access division)	NA
07/12/07	Megasoft	Boston Communications Group	\$65.0
07/10/07	Motorola	Leapstone Systems	NA

# Communications: Equipment

## Highlights, Stock Performance and Recent M&A Activity

### Highlights

- For the LTM and quarter, the Communications Equipment Index was up 11% and down 3%, respectively.
- Tellabs has informed Wall Street that it doesn't expect to achieve its revenue expectations for the current quarter. The slow growth in overall revenue is due to the weakness in current domestic telecom spending and could highlight a potential problem for the overall sector.
- A recent BusinessWeek article describing the current state of the hardware, software, and networking vendors has stated that despite the uncertainty present in the financial and credit markets, third and fourth quarter earnings should remain strong as CIO's continue to drain the money from IT budgets that were set at the beginning of the year.
- According to a Goldman Sachs survey of 100 information technology managers, there was healthy spending on new computer equipment and software in the third quarter, but IT spending in 2008 could fall by 1% compared to 2007.
- Q3'07 had a total of 15 M&A transactions compared to 14 announced in Q2'07.



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

### Representative Communications Equipment Transactions

September 28, 2007

### Metrics

Company	Enterprise Value	
	LTM Revenue	LTM EBITDA
3Com Corporation	1.5x	NM
ADC Telecommunications	1.6x	13.3x
Alcatel-Lucent	1.3x	16.8x
CIENA Corp.	4.5x	43.8x
Cisco Systems, Inc.	5.6x	17.3x
Nortel Networks Corp.	0.7x	15.5x
Tellabs Inc.	1.5x	8.1x

LTM = Last twelve months

NM = Not Meaningful

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
09/28/07	Bain Capital	3Com	\$2,070.8
09/25/07	Catcher Holdings	Vivato Networks	\$2.7
09/24/07	EchoStar Communications	Sling Media	\$380.0
09/07/07	Aspera	Avid Technology (DigiDelivery assets)	NA
09/06/07	Tandberg	Codian	\$270.0
09/06/07	CBS	SignStorey	\$71.5
08/27/07	Sixnet Holdings	BlueTree Wireless Data	\$18.7
08/20/07	U.S. Media Team	Cell Wireless	NA
08/09/07	Nutech Digital	RoseTel System	\$3.7
08/07/07	NDS Group	CastUp	\$11.3
08/02/07	Teles AG	New World Brands (IP Gear Subsid.)	\$1.5
07/31/07	British Sky Broadcasting Group	Amstrad plc	\$201.6
07/31/07	SubterraCom Wireless Solutions	iPackets	\$2.7
07/11/07	Ceres Capital	Mavix	\$12.2
07/02/07	The Riverside Company	HyperLink Technologies	NA

Please call DecisionPoint for further details on listed transactions.



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