



M&A for the
digital markets

QUARTERLY VIEWPOINT:

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

Services

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

Software

- Enterprise
- 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 and business valuations 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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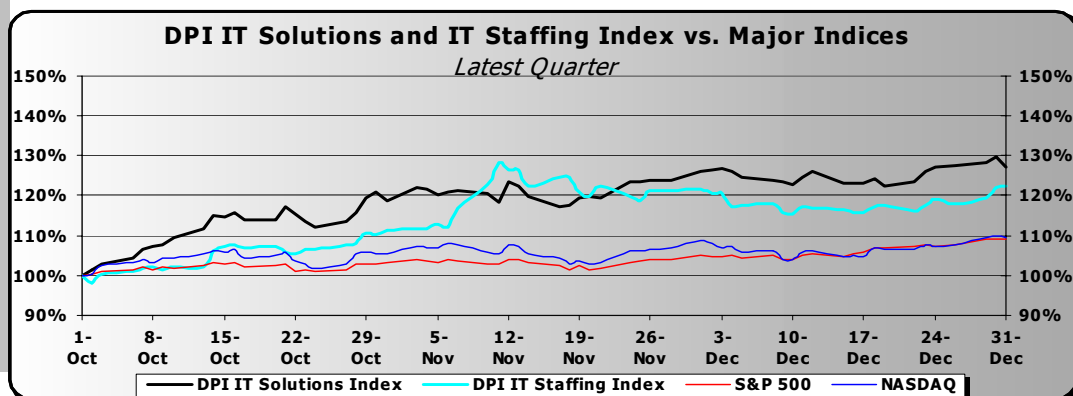
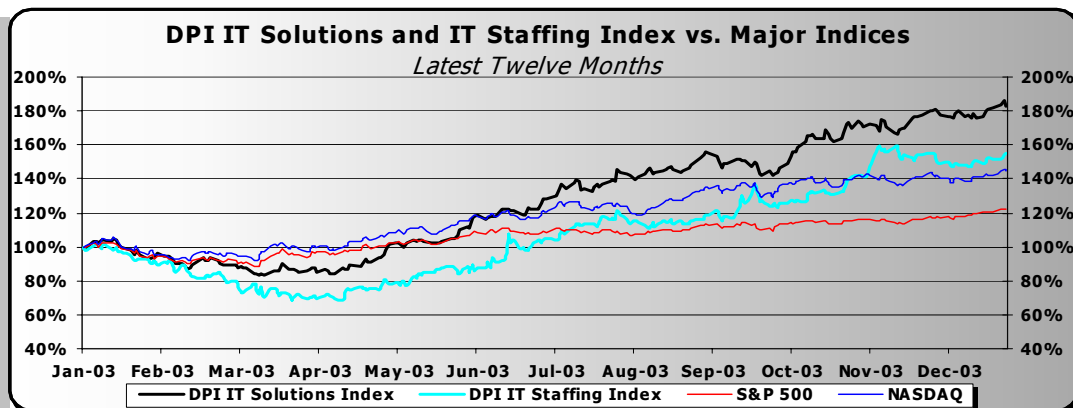
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IT Solutions / IT Staffing

Stock Performance and Recent M&A Activity

Highlights

- For the LTM and quarter, the IT Solutions Index was up 83% and 27%, respectively. For the LTM and quarter, the IT Staffing Index was up 55% and 22%, respectively.
- Operating performance is improving for commercially focused firms, fueling significant stock price appreciation and increased liquidity.
- The movement to single vendor IT providers has led to increased dominance by larger firms and more M&A activity among smaller participants. These transactions typically involve mergers of smaller private organizations or a large organization acquiring a smaller niche player to fill a service line or geographic hole.
- Many of the smaller, publicly traded organizations are being taken private by equity sponsors or MBO's.



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.

December 31, 2003

Metrics

Enterprise Value /

LTM LTM

Ticker Revenue EBITDA

IT Solutions

ACN	1.7x	12.5x
AMSY	0.6x	7.3x
ANSR	1.5x	NM
AXO.LSE	1.6x	NM
BE	0.7x	13.4x
GIB	1.4x	8.3x
CBR	0.8x	12.4x
DTPPI	1.9x	14.5x
DTAS	1.6x	45.8x
KEA	1.1x	16.6x

IT Staffing

ALRC.OB	0.2x	NM
ANLY	0.2x	NM
BUTL	0.3x	NM
CFS	0.3x	8.8x
CHRZ	0.3x	NM
CTG	0.3x	12.7x
HAKI	0.4x	NM
KFRC	0.6x	NM
RCMT	0.4x	7.2x
TEAM	0.3x	8.2x
VOL	0.2x	9.7x

Representative IT Solutions and IT Staffing Transactions

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
12/30/03	SAIC	Atlantic Coast Telesys	NA
12/22/03	Perot Systems	HCL Perot Systems (J/V)	\$105.0
12/18/03	Infosys Technologies	Expert Information Services	\$22.9
12/18/03	SI International	MATCOM International	\$71.7
12/03/03	SAP	SPM Technologies	NA
12/02/03	Kforce	Hall, Kinion & Associates	\$72.7
11/19/03	TietoEnator	Ki Consulting & Solutions AB	\$87.0
11/13/03	Sierra Systems Group	Eastbridge Consulting	\$6.0
11/05/03	OAO (MBO)	OAO Technology Solutions	\$54.4
10/28/03	CGI Group	Apex Consulting Group	\$2.7
10/27/03	CIBER, Inc.	SCB Computer Technology	\$110.0
10/24/03	MTC Technologies	Vitronics Inc.	\$9.3
10/23/03	Kale Consultants	Cognosys	NA
10/21/03	Nexxlink Technologies	CGI Group (assets)	\$16.0
10/01/03	MTC Technologies	International Consultants	\$16.7

VIEWPOINT

IT Solutions / IT Staffing

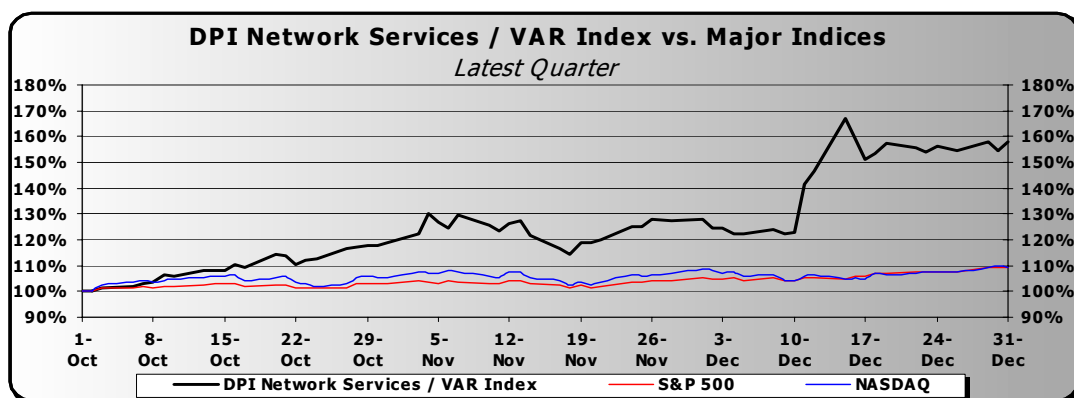
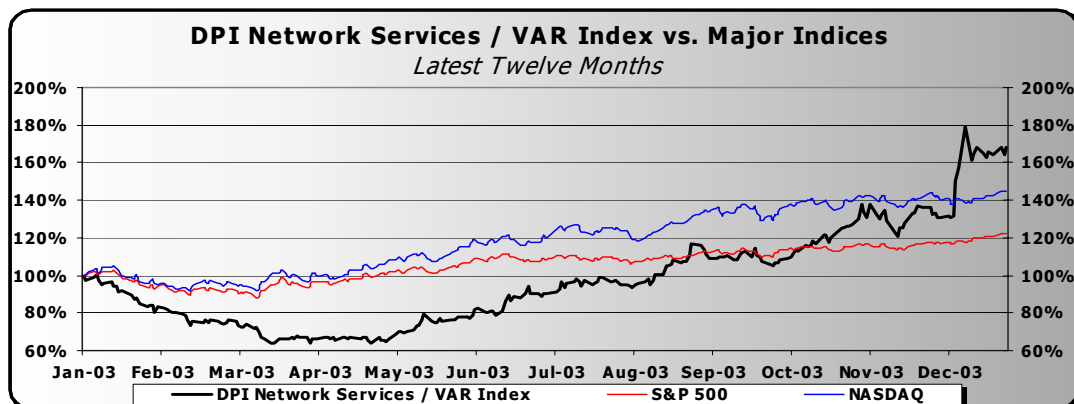
Please call DecisionPoint for further details on listed transactions.

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 68% and 58%, respectively.
- The sector significantly outperformed the broader market indices over the LTM and quarter, a sign that investors are anticipating improvement in tech product spending in 2004.
- Direct marketers employing the Internet for low-cost sales continue to take market share from smaller VARs. This pressure, as well as profitability challenges among smaller firms, is driving channel consolidation.
- With public equity valuations up dramatically over the LTM and quarter, public acquirors are realizing the window for buying profitable, private companies at basement prices might be ending.



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

December 31, 2003

Metrics

Ticker	Enterprise Value /	
	LTM Gross Profit	LTM EBITDA
BBOX	3.9x	11.6x
CMPC	0.7x	3.2x
ENPT	1.0x	NM
MANC	0.8x	NM
PMRY	2.0x	6.8x

Representative Network Services / VAR Transactions

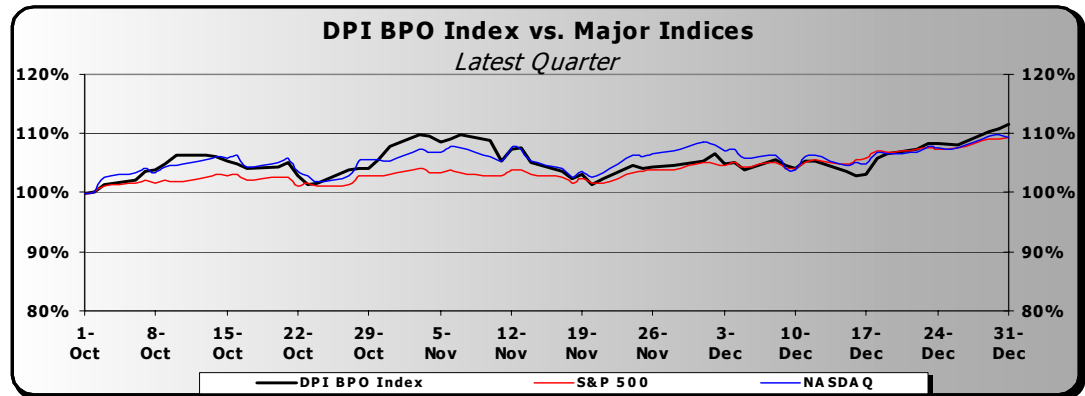
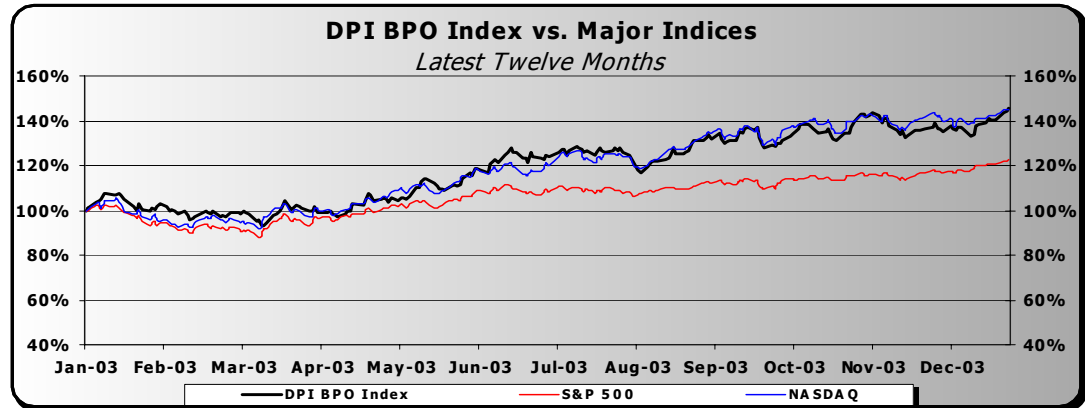
Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
12/23/03	California Amplifier	Vytek Corporation	\$76.8
12/23/03	Wireless Facilities	High Technology Solutions	\$48.8
12/16/03	Harcourt	Beijing Challenger	\$7.5
12/16/03	IPVoice Communications	RKM IT Solutions	NA
12/08/03	Gores Technology Group	Cable & Wireless (assets)	\$125.0
11/24/03	Barrister (MBO)	Barrister Global Services	NA
11/03/03	US LEC	FASTNET	\$6.9
10/27/03	CommScope	Avaya (assets)	\$337.9
10/21/03	CBE Technologies	Teleco Boston	NA
10/16/03	NEC	exinom Technologies	NA
10/13/03	The Rockefeller Group	Synergy Networks	NA
10/07/03	Champion Solutions Group	Commerce Inn	NA
10/01/03	Telsource Corporation	Secure Interiors	NA

Business Process Outsourcing (BPO)

Stock Performance and Recent M&A Activity

Highlights

- For the LTM and quarter, the BPO Index was up 45% and 11%, respectively.
- Both the LTM and quarterly stock performance of the BPO Index mirrored the results of the NASDAQ.
- On December 15th, 2003, IBM announced it would move approximately 5,000 "highly paid software jobs" offshore to India, China and elsewhere. Most of the jobs involve updating and improving software for IBM's own business operations.
- To hinder the movement to offshore resources, at least nine states are considering anti-outsourcing legislation. To combat this legislation and other negative press, the Indian government is paying several Washington, DC lobbying and law firms to create an "education" campaign highlighting the benefits of closer economic ties with India.



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.

December 31, 2003

Metrics

Ticker	Enterprise Value /	
	LTM Revenue	LTM EBITDA
ACS	1.9x	10.9x
AZPN	1.2x	76.5x
ADP	3.0x	11.5x
BSG	2.2x	10.0x
CEN	2.6x	18.1x
GIB	1.3x	8.2x
EXLT	1.4x	19.4x
GVP	0.4x	NM
MEDQ	0.9x	5.0x
PAYX	9.4x	26.1x
PSTI	1.4x	15.3x
TIER	0.9x	NM

Representative BPO Transactions

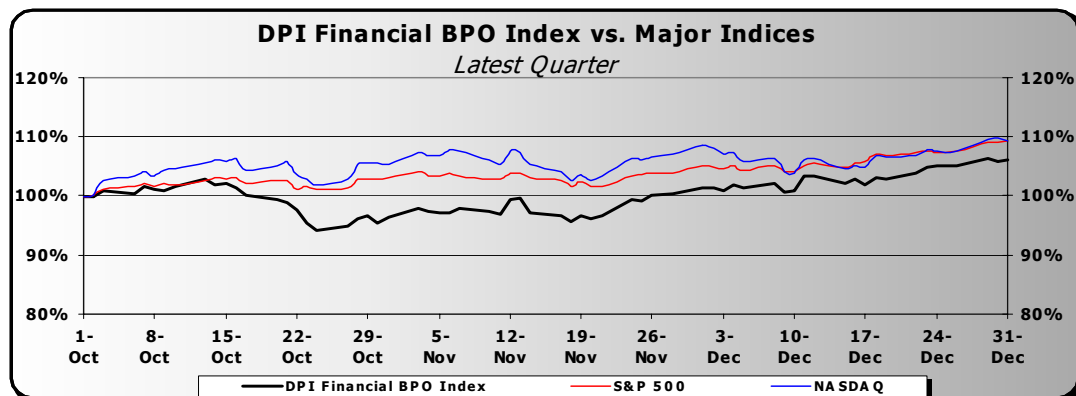
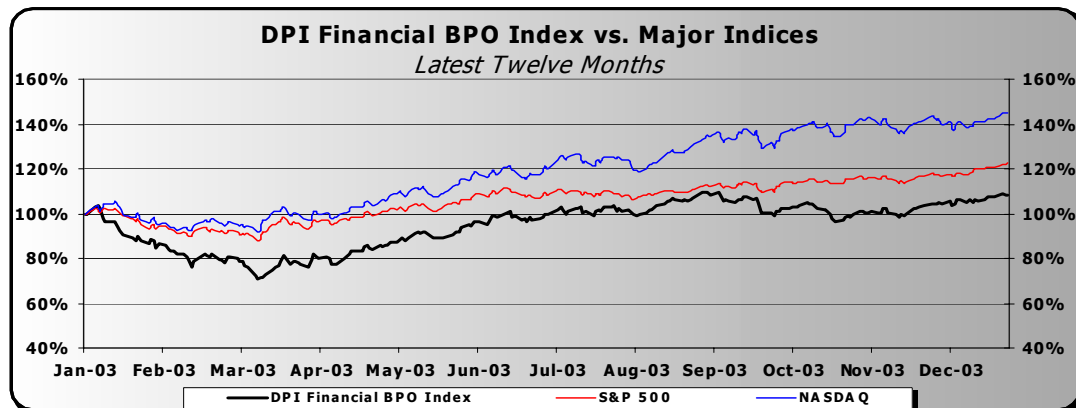
Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
12/29/03	I-trax	CHD Meridian	\$80.0
12/22/03	ECE Holdings	iSeva	NA
12/16/03	Aetna	The Chickering Group	NA
12/08/03	ProxyMed	PlanVista	\$98.6
12/04/03	Alliance Data Systems	Orcom	NA
12/04/03	Fiserv	MedPay	NA
11/18/03	NCO Group	RMH Teleservices	\$115.6
11/10/03	eOn Communications	NeoMecca	NA
11/05/03	Essar Group	Aegis Communications Group	\$26.0
11/04/03	PSS World Medical	ProClaim	NA
10/27/03	Anthem	WellPoint Health Networks	\$9,789.8
10/27/03	ECE Holdings	Spectrum (assets)	NA
10/08/03	Fringe Benefits Management	United Benefits	NA
10/08/03	Tracmail	Webhelp	NA
10/08/03	Tracmail	Spheronomics	NA

Spotlight: Financial BPO

Stock Performance and Recent M&A Activity

Highlights

- For the LTM and quarter, the Financial BPO Index was up 8% and 6%, respectively, dramatically underperforming NASDAQ over the LTM.
- The announced (April'03) \$7b acquisition of Concord EFS by First Data Corp has received scrutiny from the Department of Justice and multiple states surrounding the combined companies electronic funds transfer network. The final agreement calls for First Data to divest its 64 percent ownership of the NYCE Corporation. The transaction is expected to close in April'04.
- Over the past year and quarter, significant consolidation has occurred in the sector. This trend should continue as companies combine to benefit from lower back-office costs and a larger client base and service offering.



The DPI Financial BPO Index includes: Affiliated Computer Services, Automatic Data Processing, Bisys Group (The), Ceridian, Concord EFS, Fiserv, Intercept and Jack Henry & Associates.

December 31, 2003

Metrics

Ticker	Enterprise Value /	
	LTM Revenue	LTM EBITDA
ACS	1.9x	10.9x
ADP	3.0x	11.5x
BSG	2.2x	10.0x
CEN	2.6x	18.1x
CE	2.6x	9.9x
FISV	2.8x	12.4x
ICPT	1.0x	11.6x
JKHY	4.1x	15.4x

Representative Financial BPO Transactions

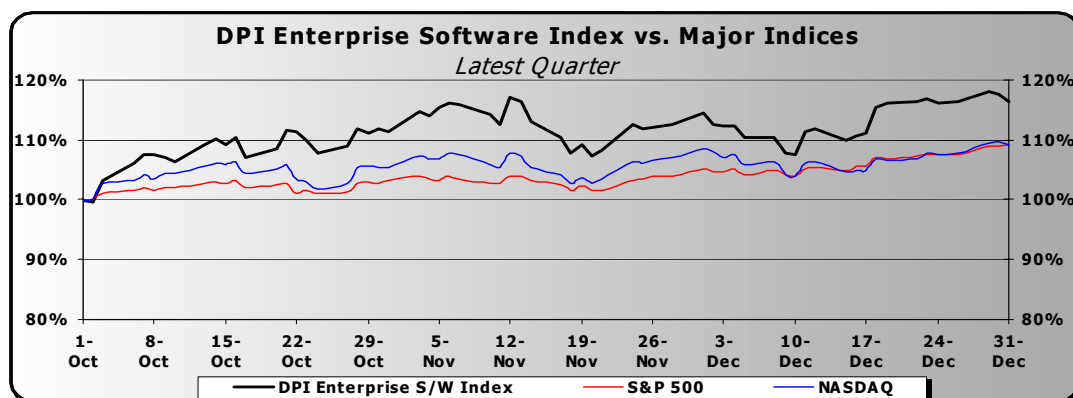
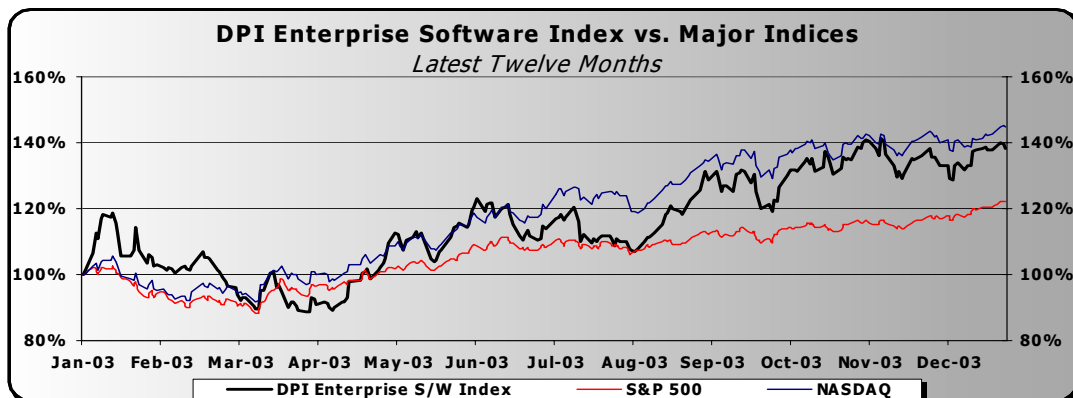
Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
12/29/03	U.S.I. Holdings	The Benefits Team	NA
12/23/03	Arthur J. Gallagher & Co.	Wyatt Gallagher Bassett	NA
12/22/03	First Data	Cashcard Australia Limited	NA
12/22/03	Wachovia Corporation	Harris Bank (assets)	NA
12/19/03	Global Payments	MUZO	\$34.7
12/18/03	Principal Financial Group	The Molloy Companies	NA
12/17/03	Checkfree Corporation	American Payment Systems	\$110.0
12/17/03	Northgate Info. Solutions	Rebus HR Group	\$268.2
12/12/03	Convergys Corporation	ALLTEL (assets)	\$37.0
11/20/03	Euronet Worldwide	Transact	\$27.9
11/17/03	Gevity HR, Inc.	TeamStaff (assets)	\$9.5
11/10/03	Austin Ventures	Colonial Tax Compliance	NA
11/03/03	Fiserv	Fed. Bank Indianapolis (assets)	NA
10/15/03	Datamatics Technologies	CorPay	\$4.5
10/03/03	CompManagement	Octagon Risk Services	\$30.0

Enterprise Software

Stock Performance and Recent M&A Activity

Highlights

- For the LTM and quarter, the Enterprise Software Index was up 38% and 17%, respectively.
- Most of the large, publicly traded enterprise software companies own captive R&D centers and development facilities in India and other offshore countries. This trend is quickly permeating through the middle market as well. Predominately, product development and maintenance activities are performed at the offshore facilities.
- M&A activity remains strong within the Enterprise Software space as security, storage management and web services deals remain hot.
- Based on Enterprise Value, for the LTM period, the median M&A revenue multiple was 1.4x while the median EBITDA multiple was 14.1x.



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, EMC Corporation, Internet Security Systems, 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	2.6x	74.2x
BORL	2.0x	43.9x
EMC	4.6x	80.0x
ISSX	2.9x	19.0x
MANH	3.6x	18.5x
PSFT	3.3x	33.7x
SEBL	3.5x	NM
SYMC	5.8x	22.3x
TIBX	3.4x	NM
VRTS	8.7x	31.6x
VIGN	2.0x	NM
WEBM	1.7x	NM

Representative Enterprise Software Transactions

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
12/23/03	Sage Group plc	ACCPAC International	\$106.0
12/18/03	Citrix Systems	Expertcity	\$234.0
12/15/03	BMC Software	Magic Solutions	\$47.0
12/15/03	EMC	Vmware	\$635.0
12/10/03	SunGard	Systems & Computer Tech.	\$491.3
12/05/03	Progress Software	DataDirect Technologies	\$88.0
12/02/03	Altiris, Inc.	Wise Solutions	\$43.0
12/01/03	Hewlett Packard	Digital GlobalSoft (Privatization)	\$410.1
11/14/03	Epicor Software	Scala Business Solutions	\$87.0
11/04/03	Novell	SUSE LINUX	\$210.0
10/27/03	Symantec	ON Technology	\$86.8
10/15/03	Siebel Systems	UpShot	\$65.0
10/14/03	EMC	Documentum	\$1,558.5
10/08/03	CDC Software	Pivotal	\$37.9
10/07/03	Concerto Software	Melita International	\$145.2

Spotlight: Security

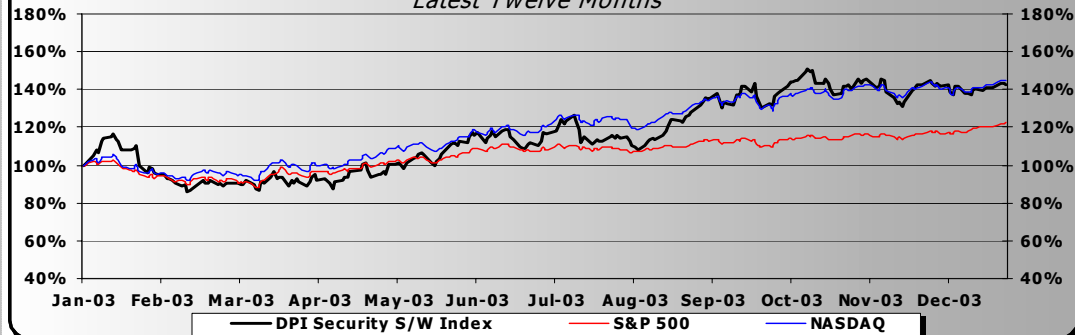
Stock Performance and Recent M&A Activity

Highlights

- For the LTM and quarter, the Security Software Index was up 43% and 7%, respectively.
- Significant consolidation occurred during the 4th quarter in the Security Software sector. DecisionPoint tracked nine deals during the quarter with notable acquirors being Netegrity, Check Point, SafeNet and NetScreen.
- Strategic rationale drove M&A activity during the quarter as acquiring companies sought to fill product line gaps with complementary offerings and generate back-office cost savings. Most of the acquired companies had strong brand identity and a solid customer base.
- As consolidation continues, security vendors that can offer organizations an integrated set of best-of-breed applications are well positioned to capture market share.

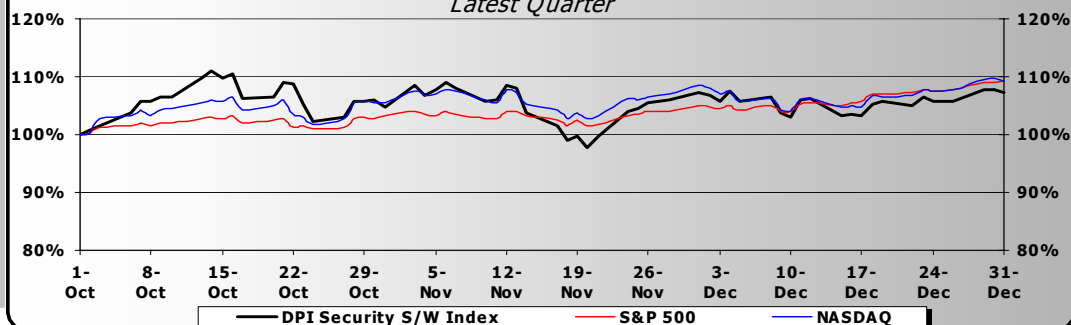
DPI Security Software Index vs. Major Indices

Latest Twelve Months



DPI Security Software Index vs. Major Indices

Latest Quarter



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

Representative Security Software Transactions

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
12/30/03	Netegrity, Inc.	Business Layers	\$42.5
12/23/03	Front Range Internet	Cybersafe.net	NA
12/17/03	Shavlik Technologies	Gibraltar Software	NA
12/15/03	Check Point Software	Zone Labs	\$205.0
11/18/03	Sun Microsystems	Waveset Technologies	NA
11/11/03	Apani Networks	Netlock Technologies (assets)	NA
10/22/03	SafeNet	Rainbow Technologies	\$397.8
10/14/03	SafeNet	SSH Comm. Security (assets)	\$14.0
10/06/03	NetScreen Technologies	Neoteris	\$287.5

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Metrics

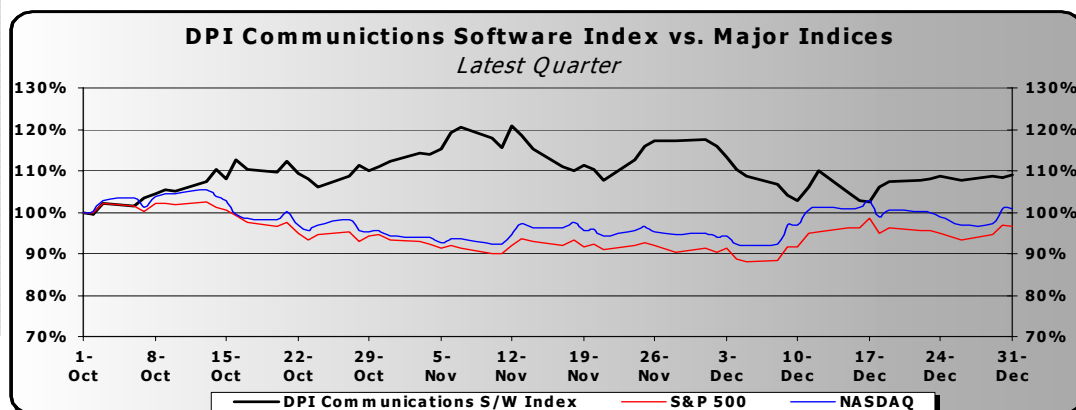
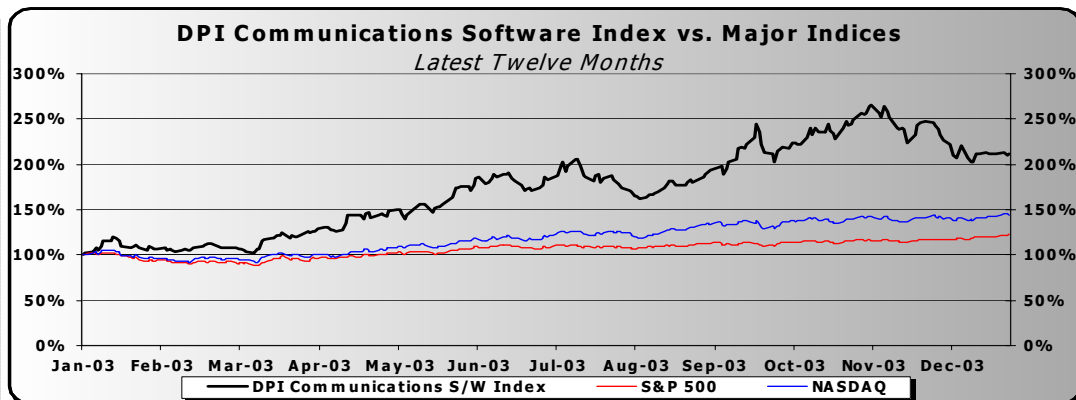
Ticker	Enterprise Value /	
	LTM Revenue	LTM EBITDA
CHKP	6.1x	10.3x
CGFW	5.0x	51.3x
ENTU	1.9x	NM
ISSX	2.9x	19.0x
NET	2.4x	13.8x
RSAS	3.0x	47.8x
SNWL	3.3x	NM
SYMC	5.8x	22.3x
VRSN	3.1x	18.8x
WGRD	1.3x	NM

Communications Software

Stock Performance and Recent M&A Activity

Highlights

- For the LTM and quarter, the Communications Software Index was up 110% and 9%, respectively.
- A significant portion of the dramatic increase in stock performance for the Index over the LTM can be attributed to PUMA's stock appreciation of approximately 375%.
- Wireless-network operators, especially in the US, were under budget at year's end, translating into higher net sales on the infrastructure side. The data suggests an increasingly positive environment for several of the wireless software companies.
- M&A is expected to remain strong in 2004 as public acquirors are enjoying higher stock valuations, therefore making stock transactions more attractive.



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

December 31, 2003

Metrics

Ticker	Enterprise Value /	
	LTM Revenue	LTM EBITDA
AETH	2.9x	NM
DOX	2.8x	17.2x
CMVT	2.4x	NM
CCRD	2.8x	NM
MSLV	0.6x	NM
MUSEE	3.3x	NM
PUMA	6.2x	NM
TSYS	1.6x	NM
VNWK	1.6x	NM

Representative Communications Software Transactions

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
12/18/03	TeleCommunication Systems	Aether Systems (assets)	\$19.0
12/16/03	Antenna Software	RPA Wireless	NA
12/15/03	Esmertec	Kada Systems	NA
12/12/03	SmartServ Online	Mobile Airwaves	NA
12/04/03	DueTel	Process Direction	NA
12/04/03	Sigma Systems	Liberate Technologies (assets)	NA
11/18/03	Instant Technologies	Integrity	NA
11/03/03	Evolving Systems	CMS Communications	\$10.5
10/14/03	Distinctive Devices	galaxis technology ag	NA
10/13/03	Koala International Wireless	Digiplates Software	NA
10/07/03	Axiom Systems	Viewgate	NA
10/07/03	Forgent Networks	Network Simplicity (assets)	\$3.5

Communications Equipment

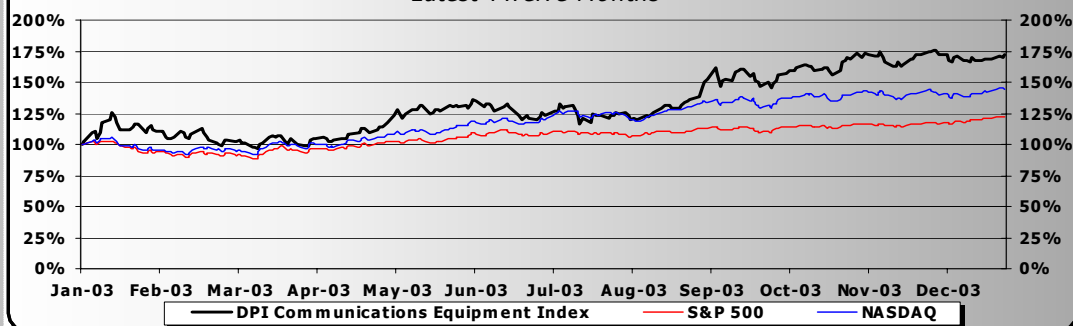
Stock Performance and Recent M&A Activity

Highlights

- For the LTM and quarter, the Communications Equipment Index was up 72% and 18%, respectively.
- The emergence of MCI from bankruptcy and the rollout of 3G in the US and Europe are positive develops for a sector that has suffered significantly over the past few years.
- We believe wireline capex bottomed in the 3rd quarter of 2003 and should rebound in 2004.
- VoIP is expected to contribute significant earnings potential for the providers over the coming years.
- With carriers significantly reducing headcount over the last two years, capitalized labor as a percentage of spending should decline, indicating equipment spending might increase even with a flat outlook for capex.

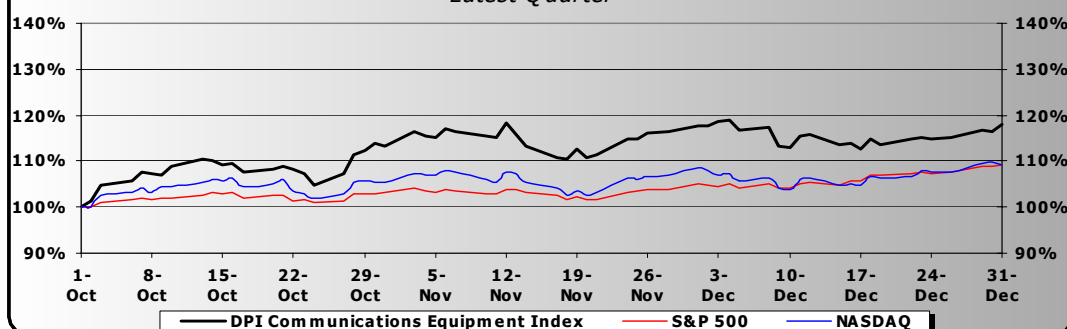
DPI Communications Equipment Index vs. Major Indices

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.

December 31, 2003

Metrics

Ticker	Enterprise Value /	
	LTM Revenue	LTM EBITDA
COMS	2.1x	NM
ADCT	2.7x	NM
ALA	0.9x	NM
CIEN	9.6x	NM
CSCO	8.3x	29.0x
LU	1.6x	NM
NT	1.9x	48.8x
TLAB	2.4x	NM

Representative Communications Equipment Transactions

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
12/22/03	L-3 Communications	IPICOM (assets)	\$27.5
12/02/03	Amnis Systems	Creekside Communications	NA
12/02/03	Curtiss-Wright	Systran	\$18.0
12/01/03	Powerwave Technologies	LGP Allgon	\$414.7
11/24/03	Andrew Corporation	Channel Master (assets)	\$18.0
11/21/03	Polycom	Voyant Technologies	\$122.0
11/17/03	Avocent	Crystal Link Technologies	\$17.0
11/12/03	Cisco Systems	Latitude Communications	\$66.8
11/10/03	Motorola	XtremeSpectrum	NA
11/04/03	Avocent	Soronti	\$7.0
11/03/03	Andrew Corporation	Yantai (assets)	NA
10/22/03	Oplink Communications	RedClover Networks	\$1.5
10/21/03	AccelChip	Bit-tru	NA
10/09/03	EMCORE	Molex (10G Ethernet assets)	NA
10/02/03	Arroyo Optics	Lightcross	NA

VIEWPOINT

Communications Equipment

Please call DecisionPoint for further details on listed transactions.