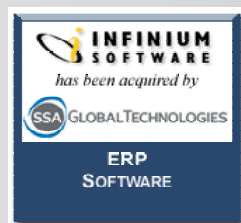
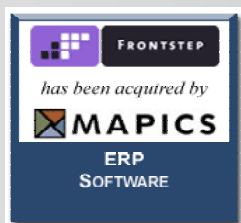
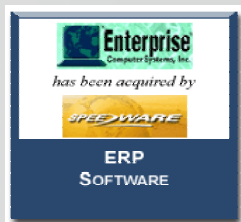


Recent Udata Enterprise Software Transactions



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Market Update Enterprise Software - Public Trading

On the heels of a flat 2002 performance, the enterprise software sector has posted a 36% gain so far this year, outpacing the major market indices. The sector has been buoyed by the performance of the mid market ERP sub-sector which is up 78% YTD. The biggest gainers on an individual basis include: QAD up 153%, Epicor Software up 192% and Retek up 126%. While the price increases are off of a depressed base, the gains are substantial and reveal some increase in the underlying confidence in the sector.

Current multiples continue to appear relatively low on a revenue basis (average of 1.8x trailing revenue) but appear fully valued on a PE basis (average of 41x forward earnings). This reflects the continued difficulty software companies are having maintaining profitability in the current depressed spending environment. Growth has also been anemic with overall growth at less than 4%. This helps explain the low revenue multiples while the high PE multiples continue to suggest the market expects a solid recovery.

The two sectors commanding the highest revenue multiples are the Large ERP vendors, trading at an average 3.5x (EV/LTM revenue) and the Business Intelligence group at 2.3x (EV/LTM revenue). The size and profitability of the large ERP group seems to be supporting its valuation while the business intelligence group valuation can be attributed at least in part to the group's year over year revenue growth.

Mid Market ERP Consolidation

As the overall IT spending environment continues to be challenging new license sales have become even more difficult to attain.

The answer for many companies has been to acquire new customers through acquisition and cross sell existing products to a larger customer base. SSA GT has been a leader in this consolidation with its acquisitions of Computer Associates' Interbiz group as well as Infinium Software in 2002. SSA GT is also rumored to be a leading bidder for Baan. Without a significant increase in IT spending on the horizon companies will likely continue to look to M&A to provide growth and create more profitability through operational leverage. A good example is Mapics' acquisition of Frontstep, which not only provided a large installed base, but also an established .NET strategy. There has also been a considerable amount of interest in consolidating the sector from private equity groups.

Another factor driving consolidation is the paradox between the cost of, and need for technological advancement. Given the competition for new customers and the difficulty in maintaining profitability, the expenses associated with new product development such as developing a .NET strategy can become financially disruptive. However, long-term survivors in this market must continue to fund development and innovation. In the case of Mapics/Frontstep significant cost savings are likely with the need to fund one .NET strategy that may eventually be implemented across both company's products.

We have also noted a revival of the going private transaction. See the article at www.uptdata.com.

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M&A activity in the Enterprise Software sector has been moderate, but as is evident from the list below, the majority of the transactions have been small with the average value at less than 1x trailing revenue. This reflects the fact that many of the transactions have been for unprofitable companies that sold out of necessity, but this is beginning to change. While many software companies continue to struggle, we have noticed a change in attitudes on behalf of larger, well-capitalized software companies to increase the pace at which they look seriously at strategic acquisitions. We expect this increased interest to manifest itself over the next 18 months in an increase in transaction multiples along with overall activity.

Enterprise Software M&A Transactions

Date Closed	Seller	Buyer	Enterprise Value	Mult of Rev	Mult of Op Inc
Pending	divine's Content Management Business	FatWire	ND	NA	NA
Pending	Elevon	SSA Global Technologies	\$3.7	0.2x	NA
Pending	Vista Software *	JDA Software	\$4.3	1.0x	NA
Pending	Alcar Group	Hyperion	ND	NA	NA
Pending	Evolve Software	Primavera Systems	\$6.8	0.4x	NM
Pending	Optimum Logistics	Elemica	ND	NA	NA
Pending	Loadbook	OrderPro Logistics	ND	NA	NA
Pending	Synavant	Dendrite International	\$43.5	0.3x	NM
Pending	Sagent Technology *	Group 1 Software	\$10.7	0.3x	NM
May-03	Dimasys Software	NxTrend Technology	ND	NA	NA
May-03	Elite Information Group	Thomson Corporation	\$85.4	1.0x	12.8x
May-03	Workforce Solutions Business of Simplex Int'l	Kronos	ND	NA	NA
May-03	Datavantage Corporation*	MICROS Systems	\$52.0	1.2x	NA
Apr-03	Enterprise Computer Systems	Speedware	\$12.0	0.6x	NA
Apr-03	Terra Map Server GmbH	Intergraph	ND	NA	NA
Apr-03	ProductFactory	Agile Software	ND	NA	NA
Apr-03	Caminus	SunGard Data Systems	\$124.7	1.5x	NM
Apr-03	Shana Corporation*	FileNet	\$8.5	NA	NA
Mar-03	Allegis Corporation	Click Commerce	ND	NA	NA
Mar-03	Key Automation Nederland B.V.	Hummingbird	ND	NA	NA
Mar-03	Romulus Enterprises	Clarity Commerce Solutions	\$7.9	10.3x	NA
Mar-03	HTE Inc.	SunGard Data Systems	\$97.0	1.4x	9.9x
Mar-03	Xchange Inc	Amdocs	ND	NA	NA
Mar-03	Attenza	Skywire Software	ND	NA	NA
Mar-03	Allegro Software	eEmpact Software	ND	NA	NA
Mar-03	Connect-Care*	Firstwave	\$3.5	NA	NA
Mar-03	Assets of Active IQ Technologies*	Stellent	\$0.7	1.0x	NA
Mar-03	MacDonald Computer Systems	Wrenchhead	ND	NA	NA
Mar-03	LegalKEY Technologies	Hummingbird	ND	NA	NA
Mar-03	Extensity	GEAC	\$5.5	0.2x	NA
Mar-03	SCT's Global Energy & Utilities Soln. Unit*	Indus International	\$37.8	0.6x	NA
Feb-03	Corechange	Open Text	ND	NA	NA
Feb-03	CascadeWorks	Elance	ND	NA	NA
Feb-03	Cowboy	The Cobalt Group	ND	NA	NA
Feb-03	Prentice Technologies	Fortrust Solutions	ND	NA	NA
Feb-03	Frontstep	MAPICS	\$47.2	0.5x	NM
Jan-03	Softchain	RiverOne	ND	NA	NA
Jan-03	Enduce	Comergent Technologies	ND	NA	NA
Jan-03	Commerce One.net	eScout	ND	NA	NA
Jan-03	Obtree Technologies*	Ixos Software AG	\$5.7	0.4x	NA
Jan-03	PowerWork AG*	Ixos Software AG	\$1.3	0.6x	NA
Jan-03	Applix CRM Business	Platinum Equity	\$5.7	0.6x	57.0x
Jan-03	eBenefits	OnlineBenefits	ND	NA	NA
Jan-03	Eloquent	Open Text	(\$3.7)	NM	NA
Jan-03	Asera	SEEC	ND	NA	NA
Jan-03	Concept Group	Sage Group	ND	NA	NA
Jan-03	Thompson Associates	MapInfo	\$13.0	0.8x	NA

*Multiples of deal value.

The overall Venture financing environment continues to be difficult. Even though there is significant capital on the sidelines the pace of investments is slow. For the most part, the investing that is occurring is in much more mature, later-stage companies. Many venture groups who considered themselves early-stage investors have moved on to growth and even buyout investments. Many of the VC's are starting to look at new investments but are looking for much more than an idea and expect to see some product validation in the way of customer acceptance and revenue.

Enterprise Software Financings

Company	Sector	Amount Raised	Round
Centive	Incentive Management	18.0	D
Corticon	Decision Management	3.0	C
Headsprout	eLearning	6.3	C
Veridium	Marketing Analytics	6.0	C
Callidus Software	Incentive Management	8.0	NA
IE-Engine	HR Cost Management	6.4	B
Exactus	ERP	NA	NA
RSS Solutions	Planning, Scheduling	1.6	A
Deploy Solutions	Recruiting/Hiring Management	21.0	NA
SupplierInsight	Supply Chain	2.0	B
Convio	eCRM/Content Management	5.6	C
Nistevo	Collaborative Logistics	8.0	C
Vcommerce	Supply Chain Execution	8.0	NA
Element K	eLearning	24.5	D
Optiant	Supply Chain Optimization	10.5	B
Brickstream	CRM	6.2	A
Spoke Software	Enterprise Sales	5.0	B
Speedware	Enterprise Software	17.5	Private Placement
SSA GT	Enterprise Software	75.0	Private Placement
Clareos	Business Intelligence	3.0	A
Remanage	Property Management	3.5	NA
NetRegulus	Data Management	7.2	B
Demantra	Supply Chain	16.0	B
Broad Daylight	Call Center	5.0	D
Net Update	Mortgage	2.6	E
Emagia	Cash Flow Management	7.5	B
Intalio	Business Process Management	5.0	B
Sabrix	Tax Management	10.5	C
True Context	Content Management	1.1	B
NuTech	Predictive Analytics	2.0	NA

Publicly Traded Enterprise Software Companies

(\$ in Millions)

Company	Market Value				Enterprise Value as a Multiple of				P/E Multiples	
	Current Price	% of 52 Week High	Market Cap.	Enterprise Value	Revenues		EBITA		LTM	CY 2003
					LTM	CY 2003	LTM	CY 2003		
ERP Software										
J D EDWARDS	\$12.02	75.1%	\$1,442	\$1,098	1.2x	1.3x	22.1x	16.1x	37.6x	52.3x
ORACLE	\$13.26	94.7%	\$69,868	\$63,990	6.8x	6.7x	18.9x	18.8x	31.6x	30.1x
PEOPLESOFT	\$15.98	69.5%	\$5,002	\$3,069	1.6x	1.6x	12.2x	10.8x	27.6x	31.3x
SAP AG ADR	\$27.40	97.9%	\$35,154	\$33,079	4.4x	4.3x	17.1x	16.8x	30.4x	29.1x
Mean		84.3%			3.5x	3.5x	17.6x	15.6x	31.8x	35.7x
Median		84.9%			3.0x	3.0x	18.0x	16.4x	31.0x	30.7x
Mid-Tier ERP Software										
EPICOR SOFTWARE	\$4.15	83.0%	\$181	\$142	1.0x	1.0x	27.4x	27.0x	34.6x	31.9x
LAWSON SOFTWARE	\$5.04	63.0%	\$492	\$256	0.7x	0.7x	24.4x	34.6x	100.8x	72.0x
MAPICS	\$6.47	80.9%	\$147	\$122	0.9x	NA	7.1x	NA	24.0x	NA
QAD	\$8.42	84.2%	\$294	\$255	1.2x	NA	83.3x	NA	NM	NA
ROSS SYSTEMS	\$13.97	87.3%	\$39	\$37	0.8x	NA	13.8x	NA	21.5x	NA
Mean		79.7%			0.9x	0.9x	31.2x	27.0x	26.7x	31.9x
Median		83.0%			0.9x	0.9x	24.4x	27.0x	24.0x	31.9x
Vertical Application Software										
AMER SOFTWARE 'A'	\$5.04	84.0%	\$113	\$56	0.9x	NA	13.5x	NA	21.0x	NA
DENDRITE INT'L	\$11.78	90.6%	\$470	\$402	1.8x	1.6x	14.9x	NA	26.8x	21.8x
JDA SOFTWARE GROUP	\$10.97	36.6%	\$312	\$210	1.0x	1.2x	9.2x	10.3x	32.3x	57.7x
MANHATTAN ASSOCIATES	\$26.16	76.9%	\$755	\$633	3.5x	3.2x	15.8x	12.9x	31.9x	30.1x
RETEK	\$6.07	23.3%	\$323	\$237	1.3x	1.5x	66.0x	NM	NM	NM
SS&C TECHNOLOGIES	\$15.52	97.0%	\$195	\$155	2.5x	2.3x	12.0x	11.0x	22.2x	19.4x
TYLER TECHNOLOGIES	\$4.23	70.5%	\$170	\$140	1.0x	1.0x	10.0x	7.2x	30.2x	23.5x
Mean		68.4%			1.7x	1.8x	12.6x	10.3x	27.4x	30.5x
Median		76.9%			1.3x	1.5x	12.7x	10.6x	28.5x	23.5x
CRM Software										
FIRSTWAVE TECH	\$9.98	47.5%	\$26	\$22	1.5x	NA	7.6x	NA	11.6x	NA
I-MANY	\$1.42	28.4%	\$57	\$21	0.4x	0.4x	NM	NM	NM	NM
PIVOTAL	\$1.03	17.2%	\$25	(\$3)	0.0x	0.0x	NM	NM	NM	NM
SIEBEL SYSTEMS	\$9.45	45.0%	\$4,579	\$2,440	1.6x	1.7x	22.0x	14.6x	63.0x	67.5x
Mean		34.5%			0.9x	0.7x	14.8x	14.6x	37.3x	67.5x
Median		36.7%			1.0x	0.4x	14.8x	14.6x	37.3x	67.5x
E-Commerce Software										
ARIBA	\$3.62	72.4%	\$972	\$815	3.4x	3.3x	NM	74.2x	NM	72.4x
FREEMARKETS	\$7.12	41.9%	\$297	\$164	1.0x	1.1x	NM	129.9x	59.3x	NA
MANUGISTICS GROUP	\$4.74	43.1%	\$332	\$454	1.7x	1.8x	NM	NM	NM	NM
Mean		52.5%			2.0x	2.0x	NM	74.2x	59.3x	72.4x
Median		43.1%			1.7x	1.8x	NM	74.2x	59.3x	72.4x
Business Intelligence Software										
COGNOS	\$27.58	95.1%	\$2,426	\$2,088	3.8x	3.3x	23.9x	18.2x	34.0x	30.6x
ASCENTIAL SOFTWARE	\$3.95	79.0%	\$953	\$448	3.5x	3.1x	NM	NM	NM	98.8x
INFORMATICA	\$7.07	70.7%	\$568	\$332	1.7x	1.6x	NM	59.0x	176.8x	70.7x
BUSINESS OBJECTS ADR	\$20.98	67.7%	\$1,331	\$1,062	2.3x	2.1x	19.8x	15.3x	33.3x	28.4x
HYPERION SOLUTIONS	\$32.00	97.0%	\$1,116	\$777	1.5x	1.5x	16.9x	17.9x	36.0x	33.7x
SPSS	\$13.80	76.7%	\$237	\$224	1.1x	1.0x	23.9x	10.3x	24.6x	20.3x
Mean		81.0%			2.3x	2.1x	21.1x	24.1x	32.0x	28.3x
Median		77.8%			2.0x	1.9x	21.8x	17.9x	33.7x	29.5x