

June 2004 IPO Forecast



Increasing sun.
Becoming more pleasant.

June 2004 M&A Forecast



Mostly sunny and warm

JUNE 2004

THINKEQUITY SOFTWARE SCORECARD

The Return of the IPO Market: Rational Exuberance?

Jeff Becker

We have tried for as long as we could to resist weighing in with our thoughts on the IPO market, but the time has come for us to add our two cents, since many of you know that we are not shy about this subject. Last May, well before it was accepted that the IPO market had returned, we wrote in the cover article that we believed there was an IPO market lurking in the background for software companies, and that market would expand during 2004 as the IPO "bar" was lowered from its artificially high levels at that time. We also wrote in early 2003 that there were many public and private software companies that were emerging out from the dark days of the post-Bubble era (our "Deep Sea Creatures") that had spent the past few years building more solid, vibrant businesses, and that these companies would be among the first to be able to crawl through the opening IPO window. If you've seen the weather graphic on the top left of the front page of this publication each of the past several months, you will have noticed that we've been forecasting fairly sunny days for the IPO market. In fact, there have been 71 IPOs completed this year, including nine in the broad technology sector with no software IPOs priced yet. From these facts alone, we seem to have been partially correct with our original predictions.

But the IPOs completed during the past 12 months have only been the beginning of the story. Some, looking solely at the number of deals completed so far this year, may remark that there is not yet any real IPO market, especially in the software sector. However, we think this is far from the truth. Look at the following data points:

- In May 2004, 17 IPOs priced yielding \$4 billion in proceeds. However, 55 IPOs filed during the month for an intended \$10 billion of proceeds. This followed April, which had the largest such disparity this year with 13 IPOs pricing for \$2.7 billion in proceeds, but with 67 IPOs filed for \$20.8 billion.
- May became the 5th straight month in which the volume of new IPO filings exceeded the volume of pricings. In other words, IPO backlog is continuing to increase.
- There were three software IPOs that filed during May: Hyland Software (content management), Sybari Software (anti-virus/anti-spam security) and RightNow Technologies (online customer support software). All three companies recorded trailing 12 month revenue of between \$38 million and \$42 million, a far cry from the trailing revenue of three software IPOs filed earlier this year: Blackboard (\$92.5 million), Blackbaud (\$118 million) and Salesforce.com (\$96 million).

We believe that these points show that the software sector is starting to get used to the idea that the IPO market is on its way back, and that feeling has started to accelerate via the expansion of the IPO backlog over the past month or two. Not everyone is convinced yet, however.

We have experienced a significant increase in the number of conversations we have been brought into about the IPO market over the past couple of months, as well as an increase in

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What is The Software Scorecard?

This report will be published at the beginning of each month by the Software Investment Banking team at ThinkEquity Partners. This is intended to provide some insights and information about companies in the software industry, big or small, public or private, hopefully along with a bit of humor and attitude. Please contact Jeff Becker at jbecker@thinkequity.com in order to add or remove names from this distribution, or to provide feedback.

the depth of these discussions. It's become very interesting, because as we get into this give and take, we can quickly see that the software company executive or venture capitalist we are speaking with typically falls into one of three camps: (1) still skeptical that a real IPO market exists for anyone other than a small handful of the largest and highest profile companies; the rest are just suckers; (2) genuinely confused about what to make of the market over the past few months and the data points we itemized above; and (3) schizophrenic about their IPO beliefs – they feel like the market is back and really want it to be back in order to help their own situation, but it's like they are still traumatized by the past four years, can't get fully over it and won't believe that a market is out there for them. This last camp is the most intriguing. In some cases, these people are affiliated with companies that should clearly be starting their preparations for an IPO in earnest, because they could hit the market early in 2005, or perhaps even in late 2004.

An IPO these days is an even more involved event than in the previous cycle, and in fact it is now a fairly involved process that realistically takes more like four months (or more) from the time an organizational/kick-off meeting is convened to the time of pricing. Throughout the mid-and late-1990's, the IPO process often times moved like clockwork and was completed in about three months. Increased scrutiny by the SEC and greater care to get everything right at the earlier stages of this cycle are mostly responsible for the extra month. Whatever the reasons, the fact that the process is a bit longer and more complex (although still not yet what we would consider onerous whatsoever) should mean that all later-stage private software companies who would ever contemplate going public should be closely evaluating this market and making the necessary preparations to move quickly. We believe there are a lot of near-term data points that will enable us to make judgments with a great deal more clarity about the openness of the IPO market for the next six to twelve months. We also believe that, as a full-service investment bank solely focused on growth companies and on growth investors, ThinkEquity Partners is extraordinarily well-suited to be a leading voice on the ability of a range of companies to access the IPO market.

Our Views

In short, we still firmly believe that all signs point to a surprisingly open IPO market today, and a market that is poised to open up more dramatically over the next couple of months. Here are some reasons why:

- In the technology and software markets thus far, we have seen mostly higher quality companies complete or file for IPOs. This is a good sign and a good start, required for a market turnaround.
- As per my earlier thesis about Deep Sea Creatures, there should be a good supply of companies that have learned the lessons of the past and that have built very solid businesses led by experienced management teams that are now realizing more historically high growth rates (i.e. – 30%- 50%+, not 100%+) now that the IT market and the economy as a whole has improved. In addition, the vast majority of software companies that have filed to go public over the course of the year, including the past three that were only +/- \$40 million in trailing revenue, have been cash flow positive in at least the last quarter before filing. In most cases they had also achieved operating profitability. This metric, more than trying to find some magic revenue mass, seems to have become the most important criteria for those on the fence about whether or not they are ready. Our team has encountered a couple dozen companies during the past few months that currently fit or should soon fit these descriptions, meaning that there is a solid supply of IPO-able companies should the IPO market sustain itself.
- Perhaps most importantly, the public buyside community is much more open to looking at these newer IPO candidates than “conventional wisdom” is giving them credit for. The banking group here at ThinkEquity stays in close contact with our institutional sales force on this subject, since they can provide us with a finger on the pulse of that market. By and large, the buyside tells us that they are most concerned with looking for new ideas and areas of innovation. They have become a little bit tired of the same old stories and are looking for some fresh blood. While many of our Deep Sea Creatures have provided tremendous returns over the past 12 months as they completed their turnarounds and as investors finally started paying attention again, many of those stories have been exposed and exploited already. The IPO market is where investors are already looking in order to find their next big ideas.
- Some larger-cap focused compatriots of ours, while agreeing with the point above, will counter by saying that investors that are seeking out new ideas in the IPO markets are still afraid of smaller-cap stocks since the Bubble burst, and that an IPO yielding a market cap of nearly half a billion dollars or more is the only one that will make sense. Again, we use the facts of market performance over the past year or so to

refute that argument. From June 30, 2003 through March 31, 2004, the Russell 2000 (a recognized small-cap index) gained 31.7%, more than double that of the Dow, which during that same time rose only 15.3%. Yes, the smaller caps have given back a little more than the larger caps during the gas price increase-induced volatility of the past couple of months, but the Russell 2000 is still up nearly 25% since last June 30th. Clearly someone has been buying up these smaller cap/growth stocks. We believe that investors are less partial about the market cap (up to a limit of reasonableness) and are more interested in solid growth stories that have “legs”. And as we said, at this point in the market rebound, the IPO market is where many investors know they have to look to find them.

- As we pointed out at the beginning of this piece, new IPO filings have been building over the past few months, and this trend is very apparent in the software world as well. There are several deals that could/should hit the markets during the first half of the summer (Salesforce.com, Blackboard, Taleo, Motive and others), and if these deals are reasonably well received, that should bode well for the next crop that is already on file (Blackbaud, RightNow, Sybari and others). If this cycle of deals is able to get priced and performs satisfactorily in the aftermarket, that should turn the spigot on nearly to full from that point onward.
- As a result of the above, our first thesis about the openness of the IPO market will be proven or disproved within a couple of months from now (so stay tuned to this channel). The next item to look for is whether or not the “bar” has been lowered, as we have also said it has been falling during 2004 and should continue to do so throughout the year. We’ve just seen a trend toward software companies filing with lower trailing revenues (+/- \$40mm) than where the “bar” was just last fall (+/- \$80mm - \$100mm trailing revenues). We still believe that as all the participants in the IPO market (public investors, VC investors, company executives) get more comfortable with this market rebound that we will see an increase in technology IPOs for companies with less than \$40 million in trailing revenues (and even some less than \$30 million, especially if they have a recurring revenue model) and for IPOs raising less than \$50 million at market caps at pricing of less than \$250 million.

While we do strongly believe in our aforementioned forecasts, let us say in full disclosure that some of the performance of these future deals will surely be mixed. Plus, there may be some bumps along the way this year as the market continues to try to figure out and get comfortable with larger issues such as the situation in Iraq, the November elections and rising interest rates. Yet, as long as there are no huge surprises with these issues, the fact is that the continued improvement in the overall economy should win the day and help to nudge the equity market and the IPO market along.

So let us leave you with some of our own advice for how to think about the software IPO market in the next 12-18 months if you are one who could be affected by its outcome:

- Pay close attention to the pricings and filings in June, July and early August. They will provide the best indication for how vigorous the IPO market will be in late 2004 and early 2005.
- Don’t assume that the IPO “bar” is too high for your company (or portfolio company) to reach. The bar is lower than most think and will quickly go lower if near-term deals perform well. Keep talking to several trusted advisors to get the best and most current outlook.
- Start being proactive about preparing for an IPO, especially related to cleaning up as many legal, accounting and management issues in advance as you can. These are the issues that most often slow down an IPO process, but ironically could have been most easily rectified with enough lead-time.

We thank you for your patience in indulging us in one of our most favorite topics to discuss. We recognize that this is just one opinion, even if we think that we are completely right. Therefore, next month we will use the “Thoughts from the Field” article to publish many of the responses we get to today’s thesis. Please feel free to call or email Jeff Becker (jbecker@thinkequity.com, or (212) 944-5063) with any points you’d like to make, whether they are in agreement or disagreement with us. We would really like to hear from you. And finally, as always, please contact us if you want to discuss any particular company IPO situation with us directly for our views.

Thoughts from the Field

Each month, this section of the ThinkEquity Software Scorecard features an article or a Q&A session with a notable software company executive, investor or other industry participant who will provide his/her own take on the thoughts from our previous month's cover article (or on anything else that interests him/her). This month, we are publishing a few of the responses we received from last month's article about the evolution of Human Capital Management Software and the current focus on transforming human capital into a competitive advantage.

Our first response is from Tim Clifford, President and CEO of Workscape, a leading provider of a full range of online benefits and workforce management applications including employee self-service, manager self-service, compensation management, performance management and outsourced benefits administration, as well as an employee portal. Tim writes:

I was encouraged to read Eric Kasper's piece on Human Capital Management vendors from your May issue. In fact, we couldn't agree more with his observation that enterprises of all sizes are increasingly waking up to the realization that their workforce is one of the most critical, yet perhaps one of the most unexploited sources of competitive advantage.

There's no question that technology has been the prime catalyst for a transformation in the way HR services are delivered to, and adopted by employees and managers, allowing HR administrators to trade the largely transactional and administrative work they have been burdened with in the past for more time to work on critical business-facing initiatives. Web-based best-of-breed solutions, such as those provided by Workscape, have automated HR workflows, reduced costs and improved data quality.

But it's not only the streamlining of operations through technology that has helped HR become a more strategic business partner. More recently, with the economy in a downturn, HR has delivered organizational value by outsourcing an increasing number of HR business processes, either wholly or in part. In many cases, outsourcing to the same trusted technology vendors that have already demonstrated their HR domain expertise helps companies achieve additional efficiencies and functionality, reduce headcount and cut costs. And based on statistics citing HR outsourcing as the fastest growing segment of HR services, a market that is expected to hit \$103 billion by 2007, it is clear that outsourcing is here to stay.

I also agree with the point that best-of-breed applications can be highly complementary to an installed ERP system. Industry data and first-hand observations underscore that many enterprises who have deployed an HRMS system from one of the leading ERP providers gain better results and increasingly deeper functionality by working with a best-of-breed providers such as Workscape for core workforce management functions like compensation planning or employee performance management. This is largely because the best-of-breed vendors excel at delivering tools that are configurable to support a customer's existing business process and are highly intuitive and easy to use, ensuring high rates of adoption by the most important user communities: employees and managers. Plus, the proliferation of merger and acquisition activity in the HR vendor community is helping best-of-breed suite providers quickly gain additional functionality, a trend that makes them even more formidable competitors to the large enterprise vendors.

For example, Workscape's integration of its compensation management solution, OneForce/Compensation, with Performaworks' employee performance management suite – a company and product set that we acquired earlier this year – offers customers the opportunity to deploy a true pay-for-performance solution. Pay-for-performance strategies are quickly gaining favor as more and more companies look to link compensation directly to business and employee performance. The result of this integration is a comprehensive performance management system that includes a stronger link to upstream business goals and objectives, as well as a tighter connection to rewards, including merit pay, short-term variable incentives such as bonus awards, and longer-term incentives such as stock grants. It's surprising to note that compensation represents more than 60% of total corporate expenditures, yet most Global 2000 firms are still not properly rewarding their highest-performing workers. As the economy continues to rebound and talent wars intensify, companies will place "pay-for-performance" technologies such as ours - that successfully automate and link compensation planning with employee performance - at the top of the HR priority list.

Our next response is from Tod Loofbourrow, President and CEO of Authoria, a leading provider of strategic human capital management solutions, which combines compensation and performance management with just-in-time knowledge and coaching for employees and managers. Tod writes:

In his article, "HCM -- Humans Can Matter," Eric Kasper provides a great overview of the Human Capital Management (HCM) space and its history. As he points out, HCM has evolved beyond the simple automation of business tasks to the more complex streamlining of traditional HR processes and increasing efficiencies in the broad management of human capital. Eric briefly mentions a new generation of HCM solutions designed to solve broader challenges. At Authoria, we

refer to this next generation as *strategic* Human Capital Management.

Strategic HCM solutions can help organizations transform their people into a competitive advantage by aligning managers and employees with corporate goals: directly driving business value.

We recently spoke to more than 200 senior HR executives and asked them about their top “pain” points. Leading this list was aligning employee goals and corporate goals, paying for performance, and developing top talent. But many of these same executives have been worn down by their attempts to accomplish these important objectives. They need to know *how* to execute on these priorities and make these initiatives successful. They ask, “How do you make people a competitive advantage? How do you make sure you actually have programs that pay for performance and reward people for achieving goals that move the enterprise forward?”

To be successful, organizations must provide strategic HCM solutions that deliver integrated compensation and performance management with just-in-time knowledge and coaching for both employees and managers.

Often overlooked, managers are the key to unlocking the potential of strategic HCM. Exceptional managers are the lynchpin of great corporate performance and must be aligned with corporate objectives. Engaging managers in the process is the key to achieving this alignment. To ensure that managers are engaged, organizations must provide solutions that help managers do their jobs more effectively and efficiently, all while ensuring corporate compliance.

In summary, strategic HCM solutions are exciting because they allow organizations to cascade goals and objectives from the corporate level through to managers and individual employees. Compensation management aligned with individual performance management creates true pay-for-performance -- a notion previously considered the unobtainable “Holy Grail” in human capital management.

Our final response is from Jim Philip, President of Recruitmax, a leading global provider of workforce management solutions, which allow companies to attract, hire, retain and manage their workforces more efficiently. Jim writes:

I appreciate your recent comments about the Workforce Management software industry. As you mentioned in your article, those of us that design and market workforce management applications have seen a marked increase in demand for our products recently. I believe that this increase in demand is a result of a shift from a compliance-driven human resource community to an emphasis on human resource management as a strategic differentiator for organizations.

As products and technologies get commoditized in this information-based economy, companies are beginning to realize that the best way to differentiate themselves is through their people. Why do two companies with similar products and marketing strategies often differ in their results? How do companies create long-term strategic advantages over their competitors? *At Recruitmax, we believe that it's all about the people.*

As the economy begins to heat up and the demographic shifts continue with the retirement of the Baby Boomer generation, we expect to see even more emphasis on workforce management automation and best practices. The Bureau of Labor Statistics forecasts a shortage of 10 million skilled workers by 2010. In order to stay competitive, companies will have to change their hiring, retention and workforce management strategies to maintain an effective, stable workforce and to keep their candidate pipeline sufficiently full for future growth.

Many companies spend as much of two-thirds of their overall costs on labor. While some organizations have tried to cut labor costs to be competitive in their markets, the most progressive companies have embraced their labor forces and used them as a strategic differentiator. These companies utilize best of breed technologies for attracting, hiring, training, motivating and managing their people. Software applications are getting more and more sophisticated to help companies with these tasks. As these solutions continue to evolve and communicate with one another, companies will have seamless access to methods and data to manage their employees throughout the employee lifecycle. Companies that don't embrace these technologies before their competitors will quickly fall behind in their quest for market dominance.

Recruitmax, like many companies that provide workforce management software, designs its applications to help companies differentiate themselves through their people. We encourage companies to look beyond the resume to find the passion in their new hires. We provide the tools and applications to help companies succeed. *The rest is up to the people!*

ThinkEquity Research Highlights – May 2004

Agile Software (AGIL) – May 26, 2004 – Yun Kim

AGIL reported another strong quarter and guided to a breakeven F1Q, reflecting continued improvement in its business activity...We believe that there is enough evidence to support our thesis that the PLM market is improving today, perhaps faster than any other enterprise software sector. With its strong product positioning, we believe AGIL is well positioned to continue to improve its sales momentum. While the company gave a conservative F1Q revenue guidance, we believe that its commitment to reach the breakeven point in its F1Q is a reflection of management's confidence in its expanding sales pipeline and the visibility that this currently provides.

Open Text Corp. (OTEX) – May 6, 2004 – Nate Swanson

While the shortfall in revenues can be explained by the distraction of closing and restructuring (head-count reduction of 130) the IXOS acquisition, we are most concerned as to the company's R&D/engineering efforts. Having closed 3 acquisitions in the last 2 quarters, we believe product integration (along with sales execution) should be receiving extra resources. R&D as a percentage of revenue fell to just 13% in 3Q, as absolute R&D expenses increased just \$600K from 2Q levels.

Opsware, Inc. (OPSW) – May 19, 2004 – Seihun Kong

Opsware develops server automation software that helps companies lower the cost and improve performance of their data centers...Opsware is addressing a huge potential market. Booming demand for Intel servers running Linux and Windows, and the push to "utility" computing are driving higher levels of complexity and expense in the data center. We estimate data center automation is a \$4-5b opportunity and is relatively untapped. In our opinion, Opsware has some of the most advanced solutions on the market with proven scalability, dramatic ROI, and highly referenceable customers.

SAP AG (SAP) – May 13, 2004 – Yun Kim

At SAP's Investor event held during its user group conference, the company focused on its partnership strategy to accelerate its traction in new market opportunities, such as the retail industry, the banking industry, and the mid-market segment...SAP revealed a strategic go-to-market alliance with IBM to accelerate adoption of its solutions in the retail industry. This is in addition to the previously announced partnership with Accenture to jointly target the retail banking industry. We believe that the company is leveraging its dominant partnership network to accelerate the adoption of its products in new market opportunities, and we expect these partnerships to have a significant impact on increasing the company's mindshare in these markets.

TIBCO Software Inc. (TIBX) – May 24, 2004 – Seihun Kong

We are upgrading TIBCO Software as we believe the company is executing extremely well in F2Q and is poised to post very strong results. More importantly, we believe F2Q is another data point that shows the integration market continues to show strength...Deal flow in 2Q looks very strong. We believe TIBCO continues to see very strong momentum with large deals across multiple verticals. We believe the company has signed a number of large deals which indicates the strength of this market.

Witness Systems (WITS) – June 3, 2004 – Yun Kim

Witness Systems targets perhaps the next big opportunity in the evolution of call centers - the growing need to manage quality and performance of the call center. As the deployment of call center applications continues to increase, we believe that the market demand will shift from deployment to management, and WITS is well positioned to benefit from this emerging trend. The company has built out a suite of tools to monitor, analyze, and improve call center agents' interactions and various management tools to increase the overall productivity of the call center. With a solid track record of sales execution and a conservative management team, we have confidence that the company can continue to maintain solid, steady earnings growth momentum.

ThinkEquity Partners Senior Software Research Team

Yun Kim Enterprise Applications	Seihun Kong Infrastructure Management	Nathan Swanson Knowledge Infrastructure
<p>Previous Experience</p> <ul style="list-style-type: none"> • Director, Equity Research, CIBC World Markets • Consultant, Accenture (Supply-chain, SAP, and eCommerce practices) <p>Companies Covered</p> <ul style="list-style-type: none"> Agile Software (AGIL) BEA Systems (BEAS) Chordiant Software (CHRD) MatrixOne (MONE) Oracle (ORCL) PeopleSoft (PSFT) SAP (SAP) Siebel Systems (SEBL) Witness Systems (WITS) 	<p>Previous Experience</p> <ul style="list-style-type: none"> • Analyst, Equity Research, Deutsche Bank • Associate Research Analyst, Robinson-Humphrey <p>Companies Covered</p> <ul style="list-style-type: none"> Blue Coat Systems (BCSI) Borland Software (BORL) Mercury Interactive (MERQ) Opsware (OPSW) Secure Computing (SCUR) Symantec (SYMC) TIBCO Software (TIBX) <p><i>(Additional coverage to launch soon)</i></p>	<p>Previous Experience</p> <ul style="list-style-type: none"> • Senior Analyst, Craig-Hallum Capital Group • Assistant Vice President in Equity Research, Principal Financial Securities <p>Companies Covered</p> <ul style="list-style-type: none"> Business Objects (BOBJ) Cognos, Inc. (COGN) FileNet Corp (FILE) Hyperion Solutions (HYSL) Interwoven (IWOV) Open Text Corp (OTEX) Plumtree Software, Inc. (PLUM) Stellent, Inc. (STEL) Vignette Corp (VIGN) WebEx Communications (WEBX)

* If you would like to be added to ThinkEquity's Software Research e-mail distribution list, please e-mail Eric Kasper at ekasper@thinkequity.com.

News You May Have Missed – May 2004

CyberGuard (CGFW) – May 11, 2004

Today announced a new version of **Global Command Center**, the company's next generation central management solution. The latest release expands on the powerful network management program that began shipping in December 2003 and serves as the gateway for the Total Stream Protection (TSP) functionality announced in March.

Frontbridge Technologies (private) – May 14, 2004

Bowne & Co., a global leader in delivering high-value document-management solutions, announced today it has signed an agreement with Sprint to provide network-based virus protection, spam filtering, 24x7 online reporting and additional email services to help control the integrity of email to its 7,600 employees. Since implementing Sprint Email Protection Services, Bowne & Co. has managed to prevent more than 14 million spam emails in less than three months. **Sprint has teamed with FrontBridge Technologies Inc., the enterprise market leader for email security and message management, to deliver an innovative, email-protection service to organizations around the world.**

LANDesk Software (private) – May 12, 2004

Today announced the launch of its new **LANDesk® Inventory Manager product**. Using LANDesk Inventory Manager will enable businesses to more quickly determine what hardware and software they have in their environment, cut software management and licensing costs, help ensure software compliance and respond to software audits. LANDesk Inventory Manager's advanced device discovery and inventory scanning can also help increase network security.

MAPICS (MAPX) – May 5, 2004

Announced it recently acquired the **MAGIK! Product Lifecycle Management (“PLM”) solution**. This solution has been well received by a number of MAPICS customers and is already integrated with MAPICS ERP for iSeries. The acquisition of MAGIK! PLM complements MAPICS' portfolio of comprehensive software and services designed to help companies achieve world-class manufacturing success. Specific terms of the acquisition were not disclosed. However, MAPICS is bringing key individuals from the organization over to develop, service and support the newly acquired solution, which will provide continuity and dedicated service to current and future customers.

Recruitmax (private) – May 18, 2004

Recruitmax, a global provider of workforce management software and services, today summarized its first quarter achievements. In the first quarter of 2004, Recruitmax continued its track record of impressive growth by signing contracts with twelve enterprise accounts, including Acxiom, CTG, JetBlue Airways and L.L. Bean. During this same period, Recruitmax maintained its impressive track record of 100% retention of its current enterprise client base. With sales up more than 100% over the same period in 2003, Recruitmax also experienced a significant increase in add-on sales to existing customers.

SupportSoft (SPRT) – May 25, 2004

Today announced the release of **4 software products designed to span the spectrum of support automation solutions for the real-time enterprise**, from problem avoidance associated with a company's IT infrastructure, to knowledge-enabled self-service for employees and customers, and intelligent assisted service via the phone or enhanced chat -- all related to the resolution of desktop or mobile computing issues.

TradeCard (private) – May 17, 2004

New Generation Computing Inc. (NGC) and TradeCard, Inc. announced that they have formed a strategic alliance creating an integrated solution which enables customers to link their physical and financial supply chains using the same data for both processes. NGC offers physical supply chain software including a web-based strategic-sourcing software package that enables sourcing executives and vendors to exchange information and manage the production process in real time via the Internet. TradeCard automates the financial processes in the supply chain via a paperless web-based platform to which buyers, sellers and their partners are connected for electronic management, settlement and financing of their transactions. By linking the two, NGC and TradeCard enable companies to automate and track accounts payable and receivable based on packing and procurement information already being captured in the fulfillment process. This provides a fast way for CFOs and treasurers to gain more control over their working capital, while helping operations to reduce paperwork and speed transactions.

Vocus (private) – April 27, 2004

Vocus, Inc., the global leader in on-demand software for public relations and government relations, continues its rapid international expansion with the opening of an office in Scandinavia, based in Stockholm. The new Vocus presence, Vocus Nordic, will serve customers headquartered in Scandinavia as well as provide local support for Vocus' multinational customers in the region...“In the last year, Vocus has entered new markets with offices in Paris, Prague and Madrid, and this office in Stockholm gives us an even larger international footprint.”

ThinkEquity Partners

Comparable Company Analysis

(\$ in millions, except per share data)

Company Name (Ticker)	Price 6/3/2004	Market Cap. (\$MM)	Enterprise Value (\$)	Cash	Debt	Revenue (b)		EV / Revenue		EPS		P / E		Growth CY 05E / CY 04E	
						CY 04E	CY 05E	CY 04E	CY 05E	CY 04E	CY 05E	CY 04E	CY 05E	CY 04E	CY 05E
Application Software															
Agle Software Corp. (AGLI)	\$7.80	\$406.8	\$237.0	\$169.8	\$0.0	\$112.2	\$135.1	2.1 x	1.8 x	\$0.03	\$0.19	NM	NM	41.1 x	20.4%
Ariba, Inc. (ARBA)	2.05	562.6	471.3	112.5	0.0	249.4	NA	1.9 x	NA	(0.02)	NA	NM	NA	NA	NA
Aspen Technology, Inc. (AZPN)	6.14	253.5	308.6	114.4	66.2	334.6	373.5	0.9 x	0.8 x	0.27	0.39	23.1 x	15.8 x	15.8 x	11.6%
Callidus Software (CALD)	7.12	171.0	92.7	79.3	1.0	82.4	97.1	1.1 x	1.0 x	(0.10)	0.17	NM	NM	21.0 x	17.9%
Chordiant Software, Inc. (CHRD)	3.99	286.6	222.3	64.4	0.0	84.3	98.6	2.6 x	2.3 x	0.11	0.19	36.3 x	21.0 x	16.9%	72.7%
Concur Technologies, Inc. (CNGR)	10.38	338.2	315.9	23.1	0.8	59.3	NA	5.3 x	NA	0.13	NA	NM	NA	NA	NA
E. Iphany, Inc. (EPNV)	4.59	348.7	170.0	178.7	0.0	87.9	98.8	1.9 x	1.7 x	(0.10)	0.02	NM	NM	NM	13.5%
i2 Technologies, Inc. (ITWO)	0.84	368.7	469.5	264.1	356.8	329.3	366.9	1.4 x	1.3 x	(0.13)	0.03	NM	30.5 x	11.4%	NM
Indus International, Inc. (IINT)	2.41	125.1	111.8	31.1	17.7	155.8	NA	0.7 x	NA	0.40	NA	NM	NA	NA	NA
JDA Software Group, Inc. (JDAS)	12.83	372.7	291.9	80.8	0.0	232.2	251.0	1.3 x	1.2 x	0.61	0.61	32.4 x	21.0 x	8.1%	54.2%
Kronos, Inc. (KRON)	41.08	1,269.7	1,165.8	103.9	0.0	462.2	NA	2.5 x	NA	1.38	NA	29.8 x	NA	NA	NA
Lawson Software, Inc. (LWSN)	7.11	699.4	474.7	226.5	1.7	388.6	393.2	1.3 x	1.2 x	0.13	0.20	54.1 x	35.6 x	6.7%	52.2%
Manhattan Associates, Inc. (MANH)	28.84	870.3	708.2	162.5	0.4	217.1	237.3	3.3 x	3.3 x	0.95	1.12	30.3 x	25.7 x	9.3%	17.9%
Manugistics Group, Inc. (MANU)	3.92	321.0	352.9	146.3	178.1	238.8	264.7	1.5 x	1.3 x	(0.10)	0.25	NM	15.8 x	10.9%	NM
MAPICS, Inc. (MAPX)	10.22	243.0	232.4	25.0	14.3	179.5	NA	1.3 x	NA	0.52	NA	19.5 x	NA	NA	NA
MainOne, Inc. (MONE)	6.90	335.6	218.8	116.8	0.0	123.0	NA	1.8 x	NA	(0.08)	NA	NM	NA	NA	NA
MRO Software, Inc. (MROI)	13.25	329.6	273.3	56.3	0.0	189.4	NA	1.4 x	NA	0.49	NA	27.0 x	NA	NA	NA
Onyx Software Corporation (ONXS)	3.81	55.2	43.7	11.7	0.0	59.5	65.0	0.7 x	0.7 x	0.10	0.25	38.1 x	15.0 x	9.2%	153.3%
Oracle (ORCL)	10.97	56,989.0	49,141.0	8,018.0	170.0	10,401.0	NA	4.7 x	NA	0.51	NA	21.5 x	NA	NA	NA
Pegasystems Inc. (PEGA)	8.51	302.4	210.0	92.4	0.0	110.0	125.5	1.9 x	1.7 x	0.32	0.51	27.0 x	16.8 x	14.0%	60.9%
PeopleSoft, Inc. (PSFT)	17.39	6,345.2	4,808.1	1,537.1	0.0	2,811.1	3,211.5	1.7 x	1.5 x	0.88	1.08	19.8 x	16.1 x	10.3%	22.7%
Realk, Inc. (RETK)	6.48	361.5	285.6	75.9	0.1	191.0	216.2	1.5 x	1.3 x	0.14	0.26	47.4 x	25.4 x	13.2%	86.5%
SAP AG (ADR) (SAP)	39.63	49,999.4	46,506.8	3,558.4	0.0	9,178.4	10,034.8	5.1 x	4.6 x	1.35	1.54	29.4 x	25.7 x	9.3%	14.1%
Siebel Systems, Inc. (SEBL)	10.95	5,503.3	3,370.3	2,132.9	0.0	1,433.0	1,571.4	2.4 x	2.1 x	0.34	0.41	32.2 x	25.5 x	9.7%	26.5%
SumTotal Systems (SUMT)	6.40	128.6	117.2	14.9	3.5	56.4	76.1	2.1 x	1.5 x	0.13	0.41	49.2 x	15.6 x	34.8%	NM
Witness Systems, Inc. (WITS)	13.15	301.3	252.9	48.3	0.0	127.7	144.0	2.0 x	1.8 x	0.33	0.47	39.8 x	28.0 x	12.8%	42.4%
Median:															
Mean:															
Infrastructure Management															
Ahtris, Inc. (ATRS)	\$26.95	\$708.1	\$562.4	\$147.9	\$2.2	\$157.9	\$188.1	3.6 x	3.0 x	0.80	1.10	33.7 x	24.5 x	19.1%	37.8%
BEA Systems, Inc. (BEAS)	8.37	3,428.9	2,615.9	1,559.2	746.3	1,131.4	1,305.2	2.3 x	2.0 x	0.40	0.53	20.9 x	15.8 x	15.4%	32.5%
BMC Software, Inc. (BMC)	17.11	3,652.1	2,943.2	908.9	0.0	1,509.6	1,594.8	1.9 x	1.8 x	0.68	0.85	25.1 x	20.0 x	5.6%	25.5%
Borland Software Corp. (BORL)	8.30	670.2	466.6	203.6	0.0	301.9	338.0	1.5 x	1.4 x	0.29	0.40	28.6 x	20.8 x	12.0%	37.9%
Chix Systems, Inc. (CTXS)	20.07	3,416.1	3,164.9	251.2	0.0	705.0	774.5	4.5 x	4.1 x	0.81	0.95	24.8 x	21.1 x	9.9%	17.3%
Computer Associates International, Inc. (CA)	26.30	15,305.8	15,703.8	1,902.0	2,300.0	3,648.7	4,223.8	4.3 x	3.7 x	0.74	0.94	35.3 x	27.9 x	15.7%	26.7%
Compuware Corporation (CPWR)	7.68	2,973.7	2,369.1	604.6	0.0	1,310.1	1,388.6	1.8 x	1.7 x	0.21	0.24	36.2 x	32.5 x	6.0%	11.3%
Concord Communications (CCRD)	11.70	213.9	135.8	164.3	86.3	109.5	127.1	1.2 x	1.1 x	0.19	0.19	62.4 x	22.7 x	16.0%	174.7%
Embarcadero Technologies (EMBT)	10.72	294.6	232.5	62.1	0.0	60.6	69.4	3.8 x	3.4 x	0.37	0.44	29.1 x	24.4 x	14.5%	19.5%
Embarcadero, Inc. (MRBA)	8.18	221.4	168.6	52.9	0.0	45.5	55.5	3.7 x	3.0 x	0.16	0.33	51.1 x	24.8 x	21.8%	106.3%
Mercury Interactive Corp. (MERO)	46.60	4,296.4	4,320.2	791.4	815.2	666.8	770.0	6.5 x	5.6 x	1.12	1.30	41.6 x	35.8 x	15.5%	16.1%
Micromuse, Inc. (MUSE)	6.08	477.5	340.2	122.6	0.0	135.1	164.1	2.5 x	2.1 x	0.15	0.24	40.0 x	25.6 x	21.5%	56.3%
Microsoft Corporation (MSFT)	25.89	279,474.6	223,067.6	56,407.0	0.0	37,813.3	39,580.7	5.9 x	5.6 x	1.30	1.39	19.9 x	18.6 x	4.7%	7.4%
NerQ Corporation (NIQ)	12.53	714.7	392.9	321.8	0.0	271.2	302.6	1.4 x	1.3 x	0.07	0.25	NM	50.1 x	11.6%	NM
Novell, Inc. (NOVL)	7.70	2,955.6	2,376.2	636.1	0.0	1,116.6	1,173.9	2.1 x	2.0 x	0.16	0.25	48.5 x	31.0 x	5.1%	56.5%
Opnet Technologies (OPNT)	14.25	284.0	202.8	81.5	0.3	68.3	80.2	3.0 x	3.0 x	0.44	0.60	32.4 x	23.6 x	17.4%	37.1%
Opsware, Inc. (OPSW)	8.03	670.4	612.5	57.9	0.0	37.1	67.4	16.5 x	9.1 x	(0.07)	0.11	NM	73.0 x	81.5%	NM
Quest Software, Inc. (QST)	12.45	1,178.4	1,094.3	84.1	0.0	385.0	417.7	3.0 x	2.6 x	0.40	0.51	31.3 x	24.3 x	14.4%	28.9%
Red Hat, Inc. (RHAT)	27.38	4,798.6	4,791.8	608.6	601.4	181.1	280.2	26.5 x	17.1 x	0.19	0.38	NM	72.9 x	54.7%	98.4%
SeeBeyond Technology Corp (SBYN)	3.15	267.9	197.3	73.8	3.1	159.1	188.1	1.2 x	1.0 x	(0.01)	0.08	NM	39.4 x	18.2%	NM
SERENA Software, Inc. (SRNA)	20.43	784.8	539.6	465.2	220.0	119.5	130.1	4.5 x	4.1 x	1.03	1.16	19.9 x	17.7 x	8.9%	12.9%
SupportSoft, Inc. (SPRT)	8.54	360.7	234.7	126.0	0.0	67.3	83.0	3.5 x	2.8 x	0.34	0.36	25.1 x	24.1 x	23.4%	4.4%
Sybase, Inc. (SY)	16.63	1,611.6	1,108.3	508.4	0.0	808.8	845.5	1.4 x	1.3 x	1.06	1.16	15.7 x	14.4 x	4.5%	9.3%
Tibco Software, Inc. (TIBX)	7.67	1,521.9	1,059.0	515.9	53.1	322.4	360.0	3.3 x	2.9 x	0.22	0.27	34.9 x	28.4 x	11.7%	22.7%
Veritas Software Corporation (VRTS)	25.80	11,031.5	9,248.1	2,684.0	900.6	2,062.4	2,296.0	4.5 x	4.0 x	0.98	1.13	26.3 x	22.9 x	11.3%	14.7%
webMethods, Inc. (WEBM)	8.11	426.8	308.3	119.8	1.3	221.3	241.4	1.4 x	1.3 x	0.01	0.11	NM	71.1 x	9.1%	NM
Median:															
Mean:															
3.1 x															
2.7 x															
4.5 x															
3.5 x															
31.3 x															
24.4 x															
31.1 x															
32.5 x															
26.1%															
36.8%															

ThinkEquity Partners

Comparable Company Analysis (cont'd)

(\$ in millions, except per share data)

Company Name (Ticker)	Price 6/3/2004	Market Cap. (\$MM)	Enterprise Value (a)	Cash	Debt	Revenue (b)		EV / Revenue		EPS		P / E		Growth CY 05E / CY 04E	
						CY 04E	CY 05E	CY 04E	CY 05E	CY 04E	CY 05E	CY 04E	CY 05E	Revenue	EPS
Security Software															
Blue Coat Systems, Inc. (BCSI)	\$30.89	\$323.1	\$283.6	\$39.5	\$0.0	\$93.7	\$121.7	3.0 x	2.3 x	\$0.89	\$1.26	34.7 x	24.5 x	29.8%	41.6%
Check Point Software Tech (CHKP)	24.35	6,069.9	5,026.7	1,043.1	0.0	515.6	582.9	9.7 x	8.6 x	1.03	1.13	23.7 x	21.5 x	13.1%	10.4%
CyberGuard Corp (CGFW)	8.24	203.0	183.6	19.4	0.0	59.0	78.6	3.1 x	2.3 x	0.35	0.35	33.3 x	23.4 x	33.2%	42.3%
Digimarc Corp. (DMRC)	11.25	227.8	155.7	72.2	0.0	95.6	104.5	1.6 x	1.5 x	0.26	0.35	43.7 x	32.1 x	9.3%	35.9%
Entrust, Inc. (ENTU)	4.44	282.2	182.7	99.5	0.0	96.8	109.5	1.9 x	1.7 x	0.04	0.11	NM	39.6 x	13.1%	NM
Internet Security Systems, Inc. (ISSX)	15.36	743.4	532.7	210.8	0.0	281.2	309.9	1.9 x	1.7 x	0.61	0.73	25.3 x	21.0 x	20.5%	20.5%
Netegrity, Inc. (NETE)	8.17	309.4	246.2	63.2	0.0	96.5	115.7	2.5 x	2.1 x	0.19	0.35	43.5 x	23.3 x	17.5%	86.9%
Network Associates, Inc. (NETI)	17.52	2,896.6	2,594.1	647.8	345.3	827.8	854.2	3.1 x	3.0 x	0.45	0.83	39.2 x	21.1 x	3.2%	86.1%
RSA Security Inc. (RSAS)	17.80	1,099.3	959.6	219.0	79.2	300.5	338.1	3.2 x	2.8 x	0.47	0.63	37.7 x	28.1 x	12.5%	34.3%
SafeNet, Inc. (SFTN)	24.35	578.6	405.1	173.5	0.0	205.4	270.7	2.0 x	1.5 x	1.28	1.62	19.1 x	15.0 x	31.8%	27.3%
Secure Computing Corporation (SCUR)	8.83	314.2	273.3	40.9	0.0	98.2	117.0	2.8 x	2.3 x	0.42	0.59	21.0 x	15.0 x	19.1%	40.5%
SonicWALL, Inc. (SNWL)	7.62	541.9	286.9	255.0	0.0	133.6	152.8	2.1 x	1.9 x	0.13	0.21	57.3 x	35.6 x	14.3%	60.8%
Symantec Corporation (SYMC)	45.86	14,273.1	12,462.8	2,410.3	600.0	2,317.4	2,659.0	5.4 x	4.7 x	1.45	1.68	31.6 x	27.3 x	14.7%	15.9%
Trend Micro, Inc. (TMIC)	35.80	4,778.4	4,296.3	NA	61.5	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Tumbleweed Communications (TMWD)	4.55	216.9	194.2	23.4	0.7	49.5	70.9	3.9 x	2.7 x	0.03	0.25	NM	18.2 x	43.3%	NM
VeriSign, Inc. (VRSN)	17.42	4,319.8	3,689.9	657.9	0.0	961.5	1,070.5	3.8 x	3.4 x	0.61	0.73	28.3 x	23.9 x	11.3%	18.7%
Watchguard Technologies, Inc. (WGRD)	6.26	209.5	131.7	77.8	0.0	91.5	106.8	1.4 x	1.2 x	(0.04)	0.15	NM	40.7 x	16.7%	NM
WebSense, Inc. (WBSN)	31.97	733.3	533.1	200.2	0.0	104.6	125.4	5.1 x	4.2 x	0.91	1.06	35.3 x	30.1 x	20.0%	17.4%
Median:								3.0 x	2.3 x			34.0 x	23.9 x	14.7%	35.1%
Mean:								3.3 x	2.8 x			33.8 x	25.9 x	18.4%	38.5%
Content Management / Collaboration															
Adobe Systems, Inc. (ADBE)	\$44.90	\$10,719.4	\$9,470.0	\$1,249.3	\$0.0	\$1,555.8	\$1,700.7	6.1 x	5.6 x	1.58	1.70	28.4 x	26.3 x	9.3%	7.7%
Captiva Software Corporation (CPTV)	9.57	109.0	92.8	16.2	0.0	67.9	74.0	1.4 x	1.3 x	0.44	0.60	21.8 x	16.0 x	9.0%	36.4%
FileNet Corporation (FILE)	27.44	1,068.5	796.5	272.0	0.0	409.5	440.7	1.9 x	1.8 x	0.65	0.85	42.2 x	32.3 x	7.6%	30.8%
Interwoven, Inc. (IWOV)	9.21	372.3	230.3	143.0	0.9	161.9	183.0	1.4 x	1.3 x	0.33	0.33	70.8 x	27.9 x	13.0%	153.8%
Macromedia, Inc. (MACR)	24.07	1,663.2	1,380.5	282.7	0.0	414.4	449.0	3.3 x	3.1 x	0.81	0.95	29.6 x	25.4 x	8.4%	16.8%
Mobius Management Systems (MOBI)	6.49	117.9	82.3	35.7	0.0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Open Text Corporation (OTEX)	27.66	1,403.1	1,261.9	153.3	2.3	389.5	467.3	3.2 x	2.7 x	1.09	1.30	25.4 x	21.3 x	20.0%	19.3%
Plumtree Software, Inc. (PLUM)	3.50	110.7	42.2	68.5	0.0	74.2	84.0	0.6 x	0.5 x	(0.34)	(0.12)	NM	NM	13.2%	NM
ScanSoft, Inc. (SSFT)	4.95	516.2	501.4	50.1	28.6	189.0	214.8	2.7 x	2.3 x	0.21	0.28	24.0 x	17.9 x	13.7%	34.3%
Stellent, Inc. (STEL)	7.97	176.9	110.4	66.5	0.0	84.9	99.8	1.3 x	1.1 x	0.00	0.06	NM	NM	17.5%	NM
Verity, Inc. (VRTY)	13.31	490.3	277.9	212.5	0.0	133.1	NA	2.1 x	NA	0.47	NA	28.4 x	NA	NA	NA
Vignette Corporation (VIGN)	1.64	473.5	281.0	192.5	0.0	186.8	221.9	1.5 x	1.3 x	(0.03)	0.04	NM	41.0 x	18.8%	NM
WebEx Communications (WEBX)	24.00	1,056.9	913.5	143.5	0.0	249.4	307.4	3.7 x	3.0 x	0.92	\$1.04	26.1 x	23.1 x	23.3%	13.0%
Median:								2.0 x	1.8 x			28.4 x	25.4 x	13.2%	25.0%
Mean:								2.4 x	2.2 x			33.0 x	25.7 x	14.0%	39.0%
Business Intelligence															
Actuate Corporation (ACTU)	\$3.46	\$212.8	\$167.0	\$45.9	\$0.0	\$110.7	\$120.0	1.5 x	1.4 x	0.08	0.12	43.8 x	29.8 x	8.4%	46.8%
Ascential Software Corporation (ASCL)	14.77	875.9	366.4	510.0	0.5	270.5	314.7	1.4 x	1.2 x	0.45	0.69	33.1 x	21.3 x	16.3%	55.0%
Business Objects SA (BOBJ)	20.77	1,973.9	1,737.7	245.9	9.7	935.5	1,052.0	1.9 x	1.7 x	0.88	1.21	23.6 x	17.2 x	12.5%	37.5%
Cognos, Inc. (COGN)	32.38	2,924.5	2,536.3	388.2	0.0	756.2	833.4	3.4 x	3.0 x	1.15	1.32	28.2 x	24.5 x	10.2%	14.8%
Hyperion Solutions Corp. (HYSL)	38.13	1,487.2	1,148.5	338.7	0.0	663.6	719.8	1.7 x	1.6 x	1.41	1.67	27.0 x	22.8 x	8.5%	18.4%
Informatica (INFA)	7.49	642.2	410.1	234.4	0.0	234.4	262.6	1.7 x	1.6 x	0.21	0.29	36.3 x	25.5 x	12.0%	42.3%
MicroStrategy (MSTR)	46.50	746.1	669.8	76.3	0.0	205.6	230.6	3.3 x	2.9 x	2.34	2.01	19.9 x	23.1 x	12.2%	(14.1%)
Median:								1.7 x	1.6 x			28.2 x	23.1 x	12.0%	37.5%
Mean:								2.1 x	1.9 x			30.3 x	23.5 x	11.4%	28.7%
Universal Median:								2.1 x	2.0 x			30.1 x	24.4 x	13.1%	32.5%
Universal Mean:								3.1 x	2.6 x			32.7 x	27.1 x	15.6%	40.5%

(a) Enterprise Value is defined as market value of equity, plus total debt, less cash and short-term investments.
 (b) Revenue estimates from Wall Street research reports. Earnings estimates from First Call Consensus.
 NM = Not meaningful, NA = Not available

Software M&A Deals Analysis

Date Announced	Date Effective	Acquiror Name	Target Name	Transaction Value (\$MM)	LTM Sales (\$MM)	TV / LTM Sales	Consideration
05/25/04	06/01/04	Workstream	Kadiri	\$12.5	NA	NA	Stock
05/19/04	Pending	Symantec	Brightmail	370.0	26.0	14.2 x	Cash
04/29/04	Pending	BMC Software	Marimba	239.0	39.0	6.1 x	Cash
04/27/04	Pending	Compuware	Changepoint	100.0	30.0	3.3 x	Cash
04/27/04	04/27/04	Mobius Management Systems	eManage (Records Mgmt Technology and Assets)	ND	NA	NA	NA
04/26/04	04/29/04	Cyberguard	Webwasher AG	50.0	7.7	6.5 x	Cash & Stock
04/22/04	Pending	Silver Lake Partners/Texas Pacific Group	Sniffer Technologies (division of Network Associates)	275.0	200.0	1.4 x	Cash
04/22/04	Pending	TIBCO Software	Staffware plc	194.0	75.0	2.6 x	Cash & Stock
04/20/04	Pending	Siebel Systems	Eontec Limited	100.0	15.0	6.7 x	Cash
04/19/04	Pending	SurfControl plc	Messagesoft	14.7	NA	NA	Cash
04/13/04	Pending	Pitney Bowes	Group 1 Software	321.0	110.0	2.9 x	Cash
04/12/04	Pending	Trinity Ventures	SciQuest	25.3	6.8	3.7 x	Cash
04/02/04	05/03/04	Sybase	XcellNet	95.2	30.0	3.2 x	Cash
03/18/04	03/18/04	Tumbleweed Communications	Corvigo	38.5	NA	NA	Cash & Stock
03/15/04	04/12/04	SS&C Technologies	OMR Systems and OMR Systems International	19.7	20.0	1.0 x	Cash
03/14/04	05/27/04	Bain Capital, Silver Lake Partners and Warburg Pincus	UGS PLM Solutions (division of EDS)	2,050.0	897.0	2.3 x	Cash
03/11/04	Pending	Hewlett Packard	TruLogica	ND	NA	NA	NA
03/09/04	Pending	IBM	Trigo Technologies	ND	NA	NA	NA
03/03/04	Pending	SERENA Software	Merant plc	380.0	129.5	2.9 x	Cash & Stock
02/24/04	02/24/04	Open Solutions	Maxxar Corporation	6.5	5.0	1.3 x	Cash
02/09/04	04/16/04	Juniper Networks	NetScreen Technologies	3,826.4	275.3	13.9 x	Stock
02/04/04	04/02/04	Hewlett Packard	Novadigm Inc.	117.5	58.4	2.0 x	Cash
02/04/04	02/16/04	Hewlett Packard	Consera Software	ND	NA	NA	Cash
02/02/04	03/16/04	Verity	Cardiff Software	50.0	24.0	2.1 x	Cash
01/29/04	01/29/04	JDA Software	Timera Retail Solutions	13.0	6.0	2.2 x	Cash
01/28/04	03/18/04	Quest Software	Aelita	115.0	30.0	3.8 x	Cash & Stock
01/23/04	Pending	Ariba	Freemarkets	493.0	147.5	3.3 x	Cash & Stock
01/22/04	03/01/04	Vignette Corp	Tower Technology Pty Ltd	125.0	40.0	3.1 x	Cash & Stock
01/21/04	01/21/04	Indus International	Wishbone Systems	6.7	2.0	3.3 x	Cash
01/20/04	02/02/04	Siebel Systems, Inc.	Ineto Services, Inc.	5.0	NA	NA	Cash
01/12/04	05/28/04	Stellent	Optika	59.0	19.9	3.0 x	Cash & Stock
01/12/04	01/12/04	ScanSoft	LocusDialog	13.0	NA	NA	Stock
01/07/04	01/28/04	Veritas	Ejascent	59.0	NA	NA	Cash
12/30/03	12/30/03	Netegrity, Inc.	Business Layers	42.5	7.5	5.6 x	Cash & Stock
12/23/03	03/09/04	The Sage Group plc	ACCPAC International	106.0	88.7	1.2 x	Cash
12/18/03	12/23/03	Red Hat	Sistina Software	31.0	0.7	NM	Stock
12/18/03	03/01/04	Citrix	Expertcity	225.0	38.8	5.8 x	Cash & Stock
12/17/03	02/27/04	VeriSign	Guardent	135.0	35.0	3.9 x	Cash & Stock
12/15/03	03/29/04	CheckPoint Software Technologies	Zone Labs	206.0	32.0	6.4 x	Cash & Stock
12/15/03	02/02/04	BMC Software	Magic Solutions (divison of Network Associates)	47.0	64.0	0.7 x	Cash
12/09/03	02/12/04	SunGard Data Systems Inc	Systems & Computer Technology Corp.	584.0	269.6	2.2 x	Cash
12/04/03	02/20/04	Opware	Tangram Enterprise Solutions	10.0	10.4	1.0 x	Stock
12/02/03	12/02/03	Altiris	Wise Solutions	43.0	19.5	2.2 x	Cash & Stock
11/18/03	02/25/04	Chinadotcom Corp	Pivotal Corp.	57.0	57.1	1.0 x	Cash & Stock
11/12/03	01/12/04	Cisco Systems	Latitude Communications	80.0	36.6	2.2 x	Cash
11/04/03	01/13/04	Novell	SuSE Linux	210.0	37.5	5.6 x	Cash
10/29/03	11/17/03	Blue Coat Systems	Osisit Software	7.1	NA	NA	Cash & Stock
10/27/03	02/12/04	Symantec	ON Technology	100.0	35.7	2.8 x	Cash
10/20/03	03/19/04	Click2learn	Docent	55.7	28.9	1.9 x	Stock
10/22/03	03/17/04	SafeNet	Rainbow Technologies	481.3	136.1	3.5 x	Stock
10/22/03	12/19/03	Macromedia	eHelp	65.7	25.0	2.6 x	Cash & Stock
10/21/03	02/19/04	Open Text	IXOS Software	239.0	136.6	1.8 x	Cash & Stock
10/20/03	10/20/03	Symantec Corp	SafeWeb	26.1	NA	NA	Cash
10/15/03	10/15/04	Siebel Systems	Motiva	2.9	NA	NA	Cash
10/15/03	11/04/03	Siebel Systems	UpShot	70.0	NA	NA	Cash
10/14/03	12/19/03	EMC Corporation	Documentum	1,700.0	274.7	6.2 x	Stock
10/13/03	10/20/03	webMethods	The Mind Electric	8.0	NA	NA	Cash
10/13/03	10/13/03	webMethods	Dante Group	19.2	NA	NA	Cash
10/13/03	10/13/03	webMethods	DataChannel	5.3	NA	NA	Cash
10/07/03	02/09/04	Melita International, Inc.	Concerto Software, Inc.	145.2	104.9	1.4 x	Cash
10/06/03	11/17/03	NetScreen Technologies, Inc.	Neoteris, Inc.	265.0	21.1	12.5 x	Cash & Stock
09/28/03	03/18/04	Versant Corp	Poet Holdings Inc	26.4	7.2	3.7 x	Stock
09/25/03	09/30/03	Lawson Software, Inc.	Closedloop Solutions, Inc.	4.2	1.8	2.3 x	Cash
09/24/03	10/15/03	Lawson Software, Inc.	Apexion Technologies, Inc.	8.0	NA	NA	Cash
09/23/03	12/05/03	Symantec Corp	PowerQuest Corp	150.0	NA	NA	Cash
09/15/03	12/30/03	Pumatech Inc	Synchrologic Inc	60.0	11.8	5.1 x	Stock
09/15/03	12/11/03	Vignette Corp	Intraspect Software Inc	20.4	NA	NA	Cash & Stock
09/12/03	09/29/03	Informatica Corp	Striva Corp	62.0	20.0	3.1 x	Cash & Stock
09/09/03	11/17/03	Plato Learning Inc	Lightspan Inc	108.7	51.6	2.1 x	Stock
09/04/03	Pending	Chinadotcom Corp	Ross Systems Inc	68.9	48.4	1.4 x	Cash & Stock
08/18/03	12/19/03	SSA Global Technologies, Inc.	EXE Technologies, Inc.	10.8	NA	NA	Cash
08/11/03	12/08/03	Pervasive Software, Inc.	Data Junction Corp.	52.7	14.0	3.8 x	Cash & Stock
08/06/03	11/18/03	Interwoven, Inc.	Imanage, Inc.	171.0	42.7	4.0 x	Cash & Stock
08/04/03	08/04/03	Novell, Inc.	Ximian, Inc.	40.0	0.0	NA	Cash
08/04/03	09/12/03	Ascential Software Corp.	Mercator Software, Inc.	97.6	107.5	0.9 x	Cash
07/24/03	09/02/03	Fidelity National Financial	WebTone Technologies, Inc.	ND	NA	NA	NA
07/23/03	10/16/03	Hyperion Solutions Corporation	Brio Software	142.0	101.7	1.4 x	Cash & Stock
07/18/03	12/11/03	Business Objects S.A.	Crystal Decisions	820.0	270.0	3.0 x	Cash & Stock
07/16/03	09/19/03	Sage Group PLC	Timberline Software	103.0	63.1	1.6 x	Cash
06/23/03	08/15/03	Geac Computer Corp Ltd	Comshare	52.0	58.3	0.9 x	Cash
06/10/03	08/18/03	Mercury Interactive Corp.	Kintana, Inc.	226.4	44.5	5.1 x	Cash & Stock
06/05/03	08/08/03	Battery Ventures	Made2Manage Systems	30.0	30.1	1.0 x	Cash
06/05/03	09/30/03	Computer Assoc Intl Inc	SilentRunner Inc	16.0	NA	NA	Cash
06/03/03	06/03/03	Siebel Systems Inc	BoldFish Inc	ND	NA	NA	NA
06/02/03	07/18/03	PeopleSoft, Inc.	JD Edwards & Co	1,776.3	885.6	2.0 x	Stock
06/02/03	06/30/03	Interwoven, Inc.	MediaBin	6.4	NA	NA	Cash

Median:	\$62.0	2.9 x
Mean:	\$224.7	3.5 x

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