



**M&A for the
digital markets**

QUARTERLY VIEWPOINT:

For the Quarter Ended September 30, 2001
and the Latest Twelve Months

IT Services

Software

- Enterprise
- Security

Communications

- Equipment
- Software

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The team at DecisionPoint International would like to extend our deepest sympathies to those affected by the September 11th tragedy.

The Impact of September 11th on Technology - Excluding the immediate asset replacement costs, the events at the WTC are largely negative for technology spending. In the very short-term, economic activity was dramatically curtailed during the remainder of September as travel plans were disrupted and purchasing decisions were delayed. The significant increase in uncertainty and perceived economic and political risk make forecasting results over the next 90 days difficult. However, it seems clear that the negative impact of the weakening economy will make for a challenging fourth quarter environment for technology firms.

This quarterly VIEWPOINT covers stock index performance, public valuation multiples and relevant M&A activity for the IT Services sector, the Enterprise and Security Software sectors and the Communications Equipment and Software sectors. Adding to already weak performance, the stock market experienced a drastic drop at the end of the 3rd quarter due to the tragedy. The NASDAQ finished the quarter at 1,499, down approximately 30% from the beginning of the quarter and at levels seen in late 1997. In the 3rd quarter, M&A activity remained active with many smaller private companies being acquired (detailed M&A activity for the last quarter is highlighted in each sector report).

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 and stock prices are from September 30, 2001.

DecisionPoint International is a boutique Investment Bank providing merger and acquisition services to technology companies in the IT Services, Communications and Software sectors. DecisionPoint offers clients a complete range of M&A services, including buy-side and sell-side assignments.

For further information regarding the contents of this document or any other questions, please call Don Holbrook at DecisionPoint International.

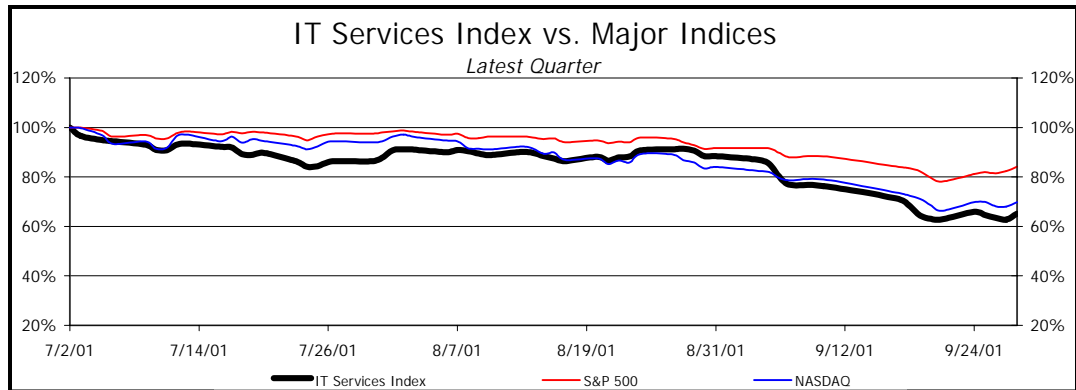
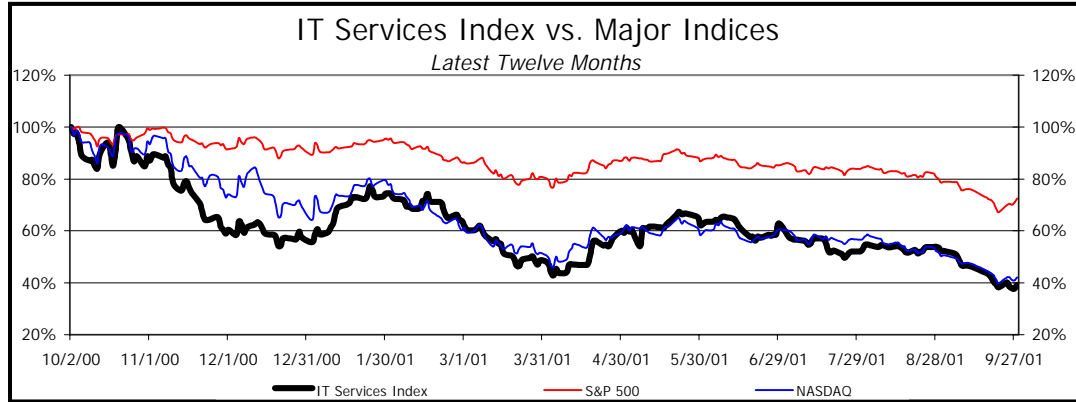
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IT Services Sector

Stock Performance and Recent M&A Activity

Highlights

- The IT Services Index was down 60% for the LTM, 35% for the quarter.
- Product companies are continuing to acquire service firms to control the value chain, augment revenue growth and combat thinning product margins.
- Larger firms are lowering price points which is creating severe cost pressure on regional firms.
- Smaller, regional firms continue struggling to maintain pipeline visibility and are now taking on staffing projects to fill the void.
- Large outsourcing projects with long-term durations are one of the few bright spots in the industry.
- Profitability (EBITDA) continues to be a major criterion in buyers' acquisition profiles.
- Public market consolidation continues and numerous private, venture-backed buyers are active in the private market.



Note: The DPI IT Services Index includes: AMSY, ANSR, AXO.LSE, GIB, DTPI, DTAS, KEA, KCIN, LOG.LSE and SAPE.

September 30, 2001

Metrics

Ticker	Enterprise Value (\$ in M)	LTM Revenue Multiple
AMSY	\$539.5	0.4x
ANSR	\$169.9	0.6x
AXO.LSE	\$125.2	1.8x
GIB	\$1,694.7	1.9x
DTPI	\$179.6	0.7x
DTAS	\$106.9	0.4x
KEA	\$768.8	0.9x
KCIN	\$1,671.2	0.6x
LOG.LSE	\$4,106.0	3.0x
SAPE	\$206.2	0.4x

Representative IT Services Transactions

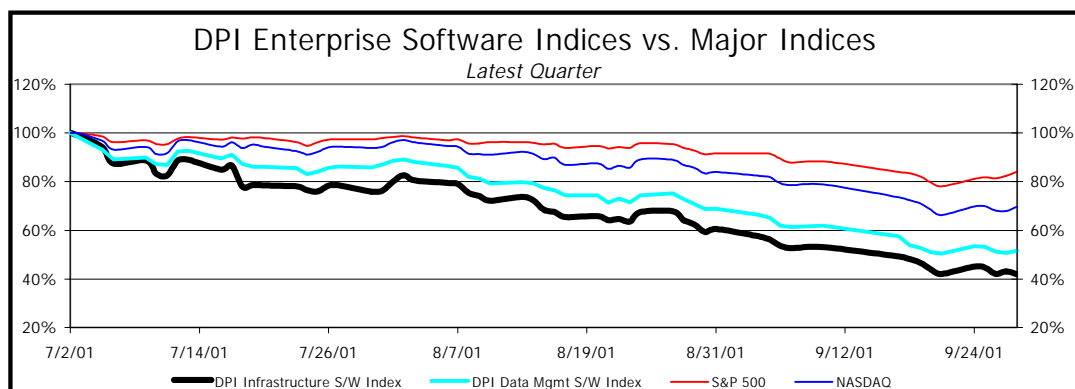
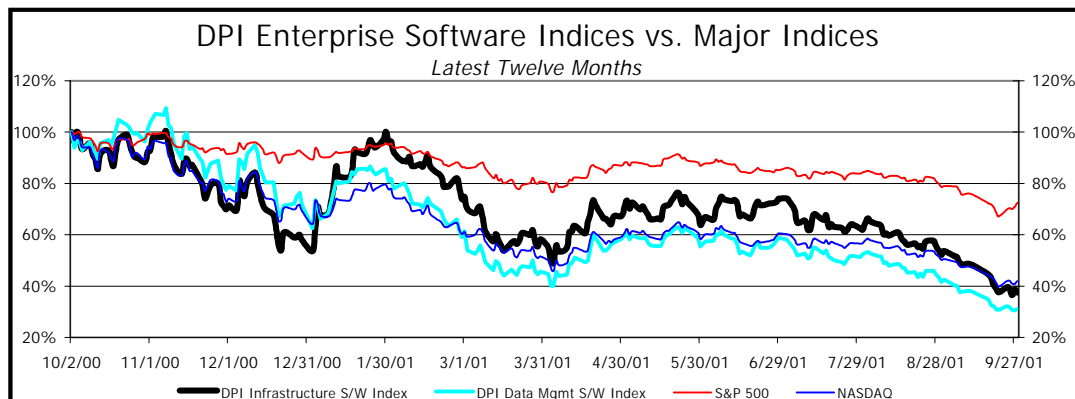
Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
09/21/01	Pomeroy Computer	Ballantyne Consulting Group	NA
09/21/01	Pomeroy Computer	System 5 Technologies	NA
09/20/01	Titan	BTG	\$173.9
09/18/01	Seneca Investments	Organic	\$17.2
09/10/01	COGNICASE	Unified Technologies	NA
09/10/01	CIBER	Metamor Industry Solutions	NA
09/06/01	divine	marchFIRST GmbH (certain assets)	\$4.8
09/04/01	CIBER	Century Computer Consultants	NA
08/31/01	Steria	Integris (IT Services unit)	\$225.2
08/28/01	Answerthink	Condor Technology Solutions (SAP Group)	\$2.6
08/16/01	COGNICASE	Uberoi International	NA
08/13/01	CACI International	Digital Systems International	NA
08/07/01	Vector ESP	RYNO Technology	NA
08/07/01	CGI Group	LoyalTech	NA
07/31/01	Scient	iXL Enterprises	\$200.0
07/19/01	eSynergies	Worldwide Xceed Group	NA
07/16/01	Hewlett-Packard	Comdisco (services unit)	\$610.0
07/09/01	Experio Solutions	WaveBend Solutions	NA
07/04/01	Ecsoft Group	Framfab (Swedish offices)	\$0.2
07/02/01	UBICS	DSF Internet Services	\$1.2

Enterprise Software Sector

Stock Performance and Recent M&A Activity

Highlights

- Within the Enterprise Software sector, Infrastructure and Data Management were down 62% and 69%, respectively, for the LTM. For the quarter, Infrastructure was down 58% while Data Management was down 48%.
- Many analysts are lowering estimates on the enterprise software companies based upon the current economic environment.
- Many software vendors are beginning to examine cost structures and expense controls.
- Infrastructure software companies are suffering as enterprises are reducing IT budgets and delaying purchasing decisions.
- Enterprise Software M&A activity remains strong.



September 30, 2001

Metrics

Ticker	Enterprise Value (\$ in M)	LTM Revenue Multiple
Data Management		
ITWO	\$1,012.4	0.8x
BEAS	\$3,422.1	3.4x
BVSN	\$71.8	0.2x
BOBJ	\$998.1	2.5x
COGN	\$1,032.9	2.1x
MSFT	\$244,718.0	9.7x
ORCL	\$64,701.0	6.0x
PSFT	\$4,251.3	2.2x
SAP	\$31,616.9	5.0x
SEBL	\$4,794.1	2.2x
SSSW	(\$68.9)	NM
SY	\$635.6	0.7x
Infrastructure		
AKAM	\$368.9	2.5x
BMC	\$2,847.7	1.9x
CTXS	\$3,781.6	7.3x
CA	\$18,343.6	4.9x
INKT	\$264.3	1.1x
LGTO	\$319.7	1.4x
NETM	(\$19.8)	NM
STOR	\$199.6	2.1x
SUNW	\$26,643.8	1.5x
VRTS	\$6,600.5	4.5x

Note: The DPI Data Management Software Index includes: ITWO, BEAS, BVSN, BOBJ, COGN, MSFT, ORCL, PSFT, SAP, SEBL, SSSW and SY.

The DPI Infrastructure Software Index includes: AKAM, BMC, CTXS, CA, INKT, LGTO, NETM, STOR, SUNW and VRTS.

Representative Enterprise Software Transactions

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
09/26/01	Viewlocity	Electron Economy	NA
09/25/01	Kinzan	Portal Wave	NA
09/25/01	Sun Microsystems	Critical Path (mainframe rehosting unit)	NA
09/20/01	EMC Corporation	Luminate Software	\$50.0
09/18/01	Insightful Corporation	Predict AG	\$2.2
09/18/01	divine	Eprise Corporation	\$43.0
08/16/01	Freeborder	Karat Software	NA
08/16/01	dotLogix	Riveon	NA
08/15/01	J.D. Edwards	YOUcentric	\$86.0
08/15/01	SGroup Holdings USA	Gemstone Systems	NA
08/15/01	HNC Software	Blaze Advisor (div. of Brokat Tech.)	\$20.0
08/08/01	Quantum Corporation	Connex (div. of Western Digital)	NA
08/07/01	Corel Corporation	SoftQuad Software	\$36.1
07/26/01	NEON Systems	Scalable Software	\$15.7
07/26/01	OTG Software	UniTree Software	\$20.0
07/16/01	Ventro Corporation	NexPrise	\$27.0
07/11/01	Legato Systems	SCH Technologies	\$12.5
07/09/01	divine	eshare communications	\$71.1

VIEWPOINT
Enterprise Software

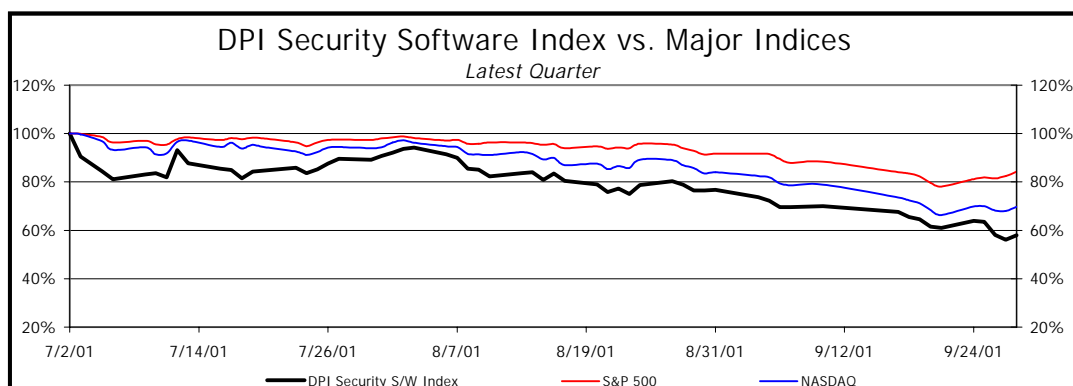
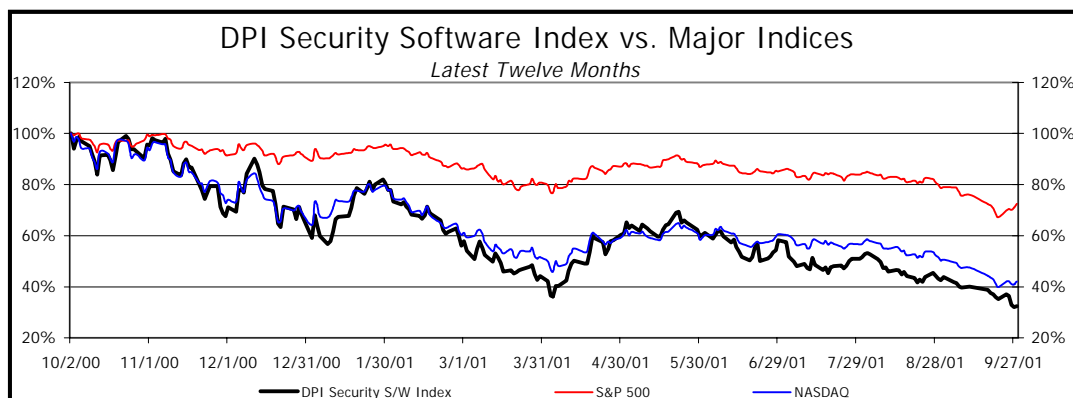
Please call DecisionPoint for further details on listed transactions.

Security Software Sector

Stock Performance and Recent M&A Activity

Highlights

- The Security Software sector's performance is in line with other tech sectors, down 68% for the LTM and 42% for the quarter.
- Despite the recent economic downfall and stock performance, the security industry is predicted to hold up reasonably well over the next few quarters compared to other tech sectors.
- Reduced IT budgets are forcing security planners to justify their expenses, but quantifying the loss or opportunity costs from security breaches remains difficult.
- M&A activity remained fairly strong in 3Q with public companies extending product offerings through acquisitions and strategic alliances.
- Increased occurrences of computer viruses toward the end of the third quarter will likely prompt increased growth for related security solutions.
- VC investment in the infosecurity (especially Managed services) market continues to be strong when compared to other sectors.



Note: The DPI Security Software Index includes: BALT, CHKP, ENTU, ISSX, NETA, SNWL, SYMC, VRSN, WGRD and RSAS.

September 30, 2001

Metrics

Ticker	Enterprise Value (\$ in M)	LTM Revenue Multiple
BALT	\$32.7	0.3x
CHKP	\$4,205.2	7.7x
ENTU	\$11.3	0.1x
ISSX	\$290.1	1.3x
NETA	\$1,744.8	2.6x
SNWL	\$545.6	6.0x
SYMC	\$1,918.6	2.2x
VRSN	\$7,703.3	9.5x
WGRD	\$92.7	1.3x
RSAS	\$543.4	1.8x

Representative Security Software Transactions

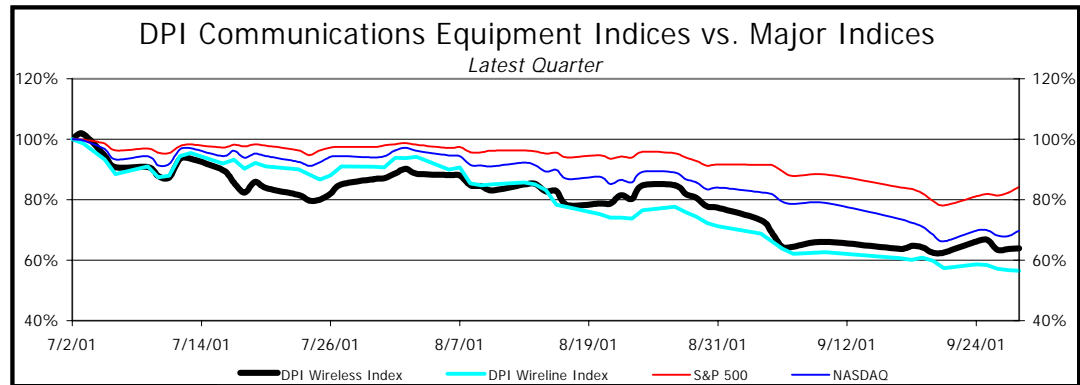
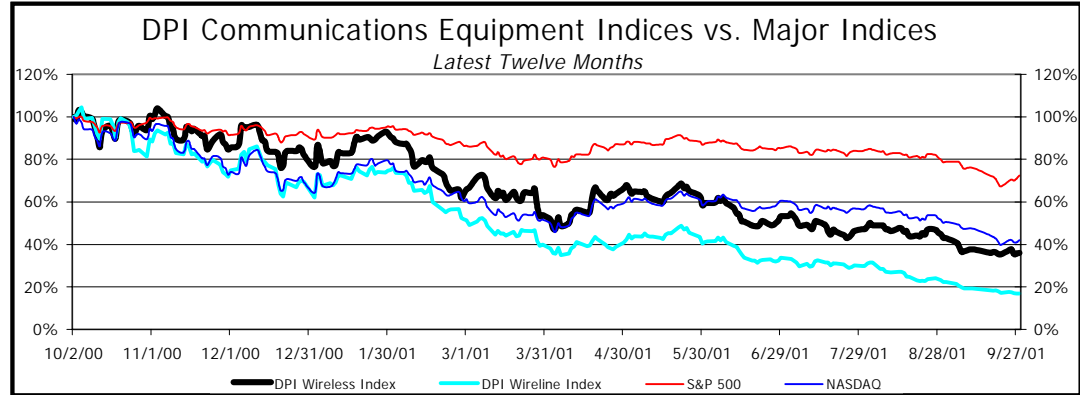
Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
09/25/01	GeoTrust	Equifax (encryption unit)	NA
09/10/01	NFR Security	Anzen Computing (intrusion technology)	NA
08/29/01	euro909.com A/S	WISEhouse Denmark A/S	\$3.0
08/21/01	800America.com	UPSPayment.com	NA
08/15/01	InterTrust Technologies	Zero Gravity Technologies	\$1.1
08/03/01	PTS	Hanbo	NA
08/02/01	Xin Net Corp.	ProtectServe Pacific Ltd.	\$1.6
07/31/01	RSA Security	Securant Technologies	\$136.5
07/30/01	Freestar Technologies	EPayLatina, S.A.	NA
07/28/01	Cisco Systems	Allegro Systems	\$181.0
07/10/01	Cyota	Auripay	NA
07/10/01	RedSiren Technologies	Secure360	NA
07/10/01	Authoriszor	Logsys Solutions	NA

Communications Equipment Sector

Stock Performance and Recent M&A Activity

Highlights

- The Communications Equipment sector has performed very poorly for the LTM, down 64% and 83% for Wireless and Wireline, respectively. A similar scenario was recorded for the quarter, down 36% and 44% for Wireless and Wireline, respectively.
- Telecom equipment vendors continue to be impacted by reductions in capital spending by carriers.
- Rollout of 3G services in the US will continue to be delayed by cost technology barriers and different network standards.
- Recent events will spur the investment in wireless services and networks as it is a needed redundant solution for wireline communications.



Note: The DPI Wireless Index includes: ERICY, XTND, MOT, NOK, QCOM, SWIR and SBL.
The DPI Wireline Index includes: COMS, ADCT, ALA, ETS, CIEN, CSCO, LU, NT and TLAB.

September 30, 2001

Metrics

Ticker	Enterprise Value (\$ in M)	LTM Revenue Multiple
Wireless		
ERICY	\$28,022.6	1.0x
XTND	\$19.8	0.6x
MOT	\$40,363.0	1.2x
NOK	\$71,024.3	2.4x
QCOM	\$34,237.8	12.8x
SWIR	\$115.6	1.5x
SBL	\$2,705.2	1.7x
Wireline		
COMS	(\$334.1)	NM
ADCT	\$2,487.0	0.8x
ALA	\$20,391.8	0.7x
ETS	\$587.6	0.5x
CIEN	\$1,968.5	1.3x
CSCO	\$82,250.6	3.7x
LU	\$23,464.3	0.9x
NT	\$20,394.9	0.8x
TLAB	\$3,017.3	0.9x

Representative Communications Equipment Transactions

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
09/20/01	Lantronix	Synergetic Micro Systems	NA
09/13/01	Acterna	Celogic S.A.	NA
09/11/01	Advanced Electronic Support Prod.	Leteng AS	NA
09/05/01	International Datacasting	Satellite Express (div. of BroadLogic)	NA
08/20/01	Proxim	Card Access	\$4.0
08/16/01	Cable Design Technologies	A.W. Industries	NA
08/10/01	Quantum Communications Group	CityMainStreet Technologies Group	NA
08/06/01	General Dynamics Corp.	IIS Group (div. of Motorola)	\$825.1
08/02/01	Platinum Equity, LLC	Access Products Div. and Broadband Wireless Group of ADC Telecomm.	NA
08/02/01	Andrew Corporation	Micro Pulse	NA
07/30/01	Motorola	RiverDelta Networks	\$300.0
07/30/01	Applied Innovation	Badger Technology	\$5.3
07/27/01	GE Industrial Systems	Lentronics (div. of Nortel Networks)	NA
07/26/01	Nokia Corporation	Amber Networks	\$421.0
07/24/01	Furukawa Electric and Corning	Lucent (Optical Fiber Solutions business)	\$2,750.0
07/16/01	ViaSat	LMGT (div. of Lockheed Martin)	NA
07/11/01	Cisco Systems	AuroraNetics	\$150.0
07/06/01	Centerpoint Broadband Tech.	Zaffire	NA

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Communications Equipment

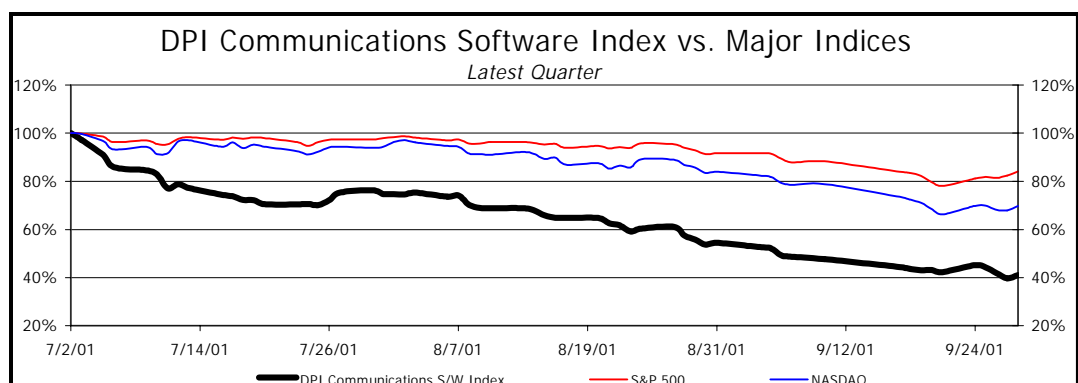
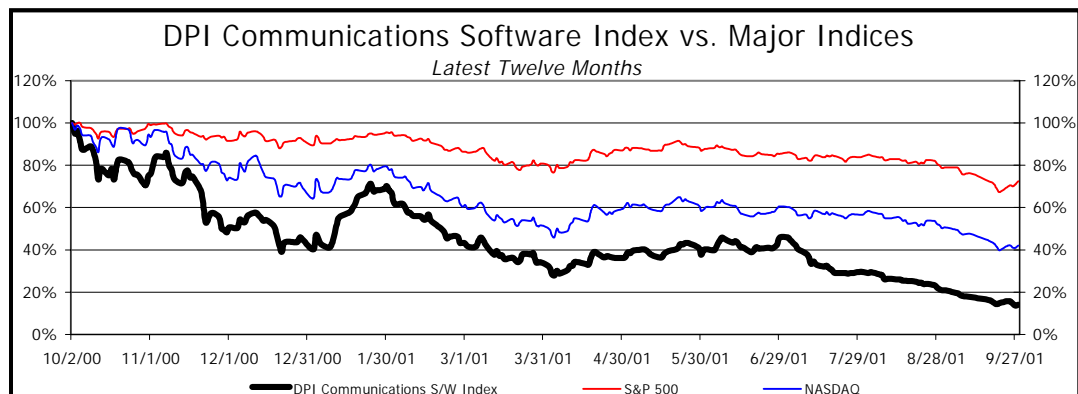
Please call DecisionPoint for further details on listed transactions.

Communications Software Sector

Stock Performance and Recent M&A Activity

Highlights

- The Communications Software sector has performed well below market indices, down a brutal 86% for the LTM and 59% for the quarter.
- Service providers continue to increase the percentage of capital expenditures on software and infrastructure to improve operating efficiencies and boost margins.
- Software expenditures are mainly focused around traditional OSS products, network management and other value-added services.
- In the M&A market, the majority of deals involve small companies being acquired.
- Further sector growth and M&A activity is forecasted to increase as the predicted 2.5G (GPRS) buildout becomes reality.



Note: The DPI Communications Software Index includes: SVNX, AETH, CMVT, EVOL, MSLV, OPWV, PUMA, TSYS, ULCM and VNWK.

September 30, 2001

Metrics

Ticker	Enterprise Value (\$ in M)	LTM Revenue Multiple
SVNX	\$12.8	0.3x
AETH	(\$65.4)	NM
CMVT	\$2,628.2	1.9x
EVOL	\$0.9	0.0x
MSLV	\$68.5	0.5x
OPWV	\$1,808.8	3.9x
PUMA	\$11.6	0.3x
TSYS	(\$17.8)	NM
ULCM	\$119.5	1.9x
VNWK	\$60.9	0.9x

Representative Communications Software Transactions

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$M)
09/24/01	Webraska SA	AirFlash	\$18.3
09/24/01	Verisign	Illuminet Holdings	\$1,200.0
09/24/01	ViaFone	IdeaCon Software	NA
09/20/01	NEC America	Active Voice	NA
09/19/01	AXCESS	Ivex	NA
08/24/01	eONE Global	Brokat Technologies (mobile unit)	\$38.5
08/21/01	AI-Asia	V2 Technology	NA
08/21/01	Envoy Technologies	Level 8 Systems (messaging unit)	NA
08/09/01	Hewlett-Packard	Trinagy	NA
08/08/01	Media and Entertainment.com	Nexcode (certain assets)	NA
08/07/01	Ectel Ltd.	NetEye (subsidi. of Telrad Networks)	\$11.0
08/02/01	Versatile Mobile Systems	evolutionB Corporation	\$9.3
08/01/01	MindArrow Systems	Radical Communication	\$3.0
07/31/01	NEC America	Micro Computer Systems	NA
07/30/01	Oberthur Card Systems	Rapsodia Software (remaining 50%)	\$3.3
07/27/01	Xdrive Technologies	Yopa	NA
07/25/01	800America	Fileshooter (remaining 49%)	NA
07/17/01	CreekPath Systems	Datavail Systems	NA
07/13/01	clickNsettle.com	E-View	NA

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Communications Software

Please call DecisionPoint for further details on listed transactions.