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M&A The Right Way.

Valuation & Deal Insights®

First Quarter 2008

Industry Coverage—IT Services, BPO and IT Supply Chain Services

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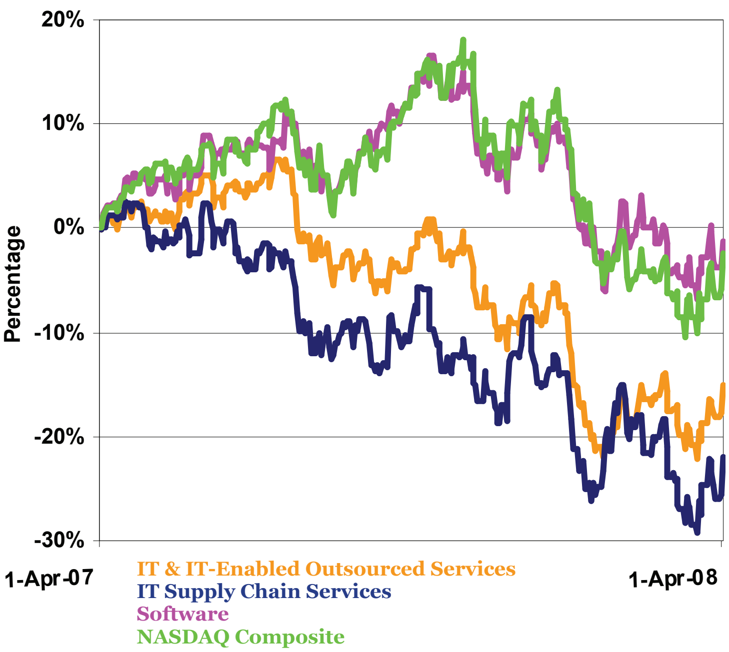


Transaction Highlights

IT Services

- **02/11/08** Dell Inc. (NasdaqNM: DELL) announced its acquisition of MessageOne, Inc for $155 million.
- **01/23/08** Rolta India Ltd. (BSE 500366) acquired Oracle ERP consultancy TUSC for $45 million (0.94x 2007 Annual Revenue). **Martin Wolf Securities advised the buyer in this transaction.**
- **01/18/08** Infogain Corporation acquired Oracle ERP services provider Spider Systems Private Limited for an undisclosed amount.

Business Process Outsourcing

- **02/13/08** MTS Health Investors, LLC acquired a majority stake in HealthHelp, Inc. for an undisclosed amount.
- **01/27/08** Global BPO Services Corporation (AMEX:OOO) announced its acquisition of Stream for a total enterprise value of $241.26 million.
- **01/14/08** TransUnion, LLC acquired a stake of D&B Predictive Sciences and Analytics Private Ltd for an undisclosed amount.

IT Supply Chain Services

- **02/08/08** Arrow Electronics Inc. (NYSE: ARW) announced its acquisition of ACI Electronics, LLC for an undisclosed amount.
- **01/24/08** Insight Enterprises, Inc. (NASDAQ: NSIT) announced its acquisition of Cisco VAR Calence, LLC for $160 million (0.49x 2007 annual revenue).
- **01/02/08** Three weeks after its acquisition of SoftwarePlus, Softchoice Corporation (TSX: SO) acquired Optimus Solutions LLC from OHC, LLC for $47.1 million (0.34x 2007 annual revenue). **Martin Wolf Securities advised the buyer in both transactions.**

Viewpoint

Marty Wolf — President

I just returned from Mumbai and met with some very forward thinking and acquisitive IT conglomerates. While the India stock market is off more than 25%, it reinforced our firm's belief that we are now entering the third inning of a nine inning game. We are long on Indian firms, who today, combine leading management teams, strategies and as importantly, market valuations. At the end of the day, in M&A, you are only as valuable as the market leader's then current valuation.

Although not in IT, the Tata motors announcement that they were buying Jaguar cars and Land Rover, creates even more initiative for larger and more complicated acquisitions. Our pipeline is full of cross border activity and we suggest all that are looking for capital, partnership or an exit should explore there early.

Over the last quarter, we have reached a "general" level of equilibrium, where a market can be made between buyers and sellers. Although valuations are off from the second quarter of '07, the precipitous decline in numbers and sizes of deals has, by anecdote, slowed. We expect further deal activity in the small and medium space - those with less than $100m in consideration - consisting of most transactions now reported. These deals are frequently announced as closed, with no mention of target size or price.

Larger companies, on the other hand, are finding a new and increasingly risky operating environment, that they have been immune to for a long time. That is the hostile takeover. Microsoft and Yahoo; EA and Take-Two quickly followed the strategy reintroduced by Oracle with Peoplesoft and most recently, BEA. This has been, and will be an effective M&A strategy for larger deals over the next three to four quarters since the market has marked certain companies down too low vis-à-vis their value to another strategic buyer. Forget PE buyers in this environment (they can't get a commitment from a lender they can rely on) and keep thinking strategics. When you can offer a 50% premium and the seller says no, that speaks volumes. That fact the offers then get raised, speaks more.

Where does this all leave M&A in the IT space? De-leveraging of balance sheets limits debt capital. The US market for IPO's is closed except for SPACS or very niche, larger players and the option to list in India has been slammed closed for smaller operators, London too. The PE market is closed for most large deals, but does hold promise for smaller operations that have systems, management teams and customer solutions that can scale with accelerated growth.

Those who choose to explore the M&A market with a real growth story and stable to growing margins, can do very well in both current and historical terms by locking in today's valuation and earning out the balance, over time. Combined with the potential increase in capital gains tax rate next year, the market will stay busy, not flashy, for the next few quarters. We will do our best to add to the commotion.

Happy selling.

IT Services and BPO M&A Trends

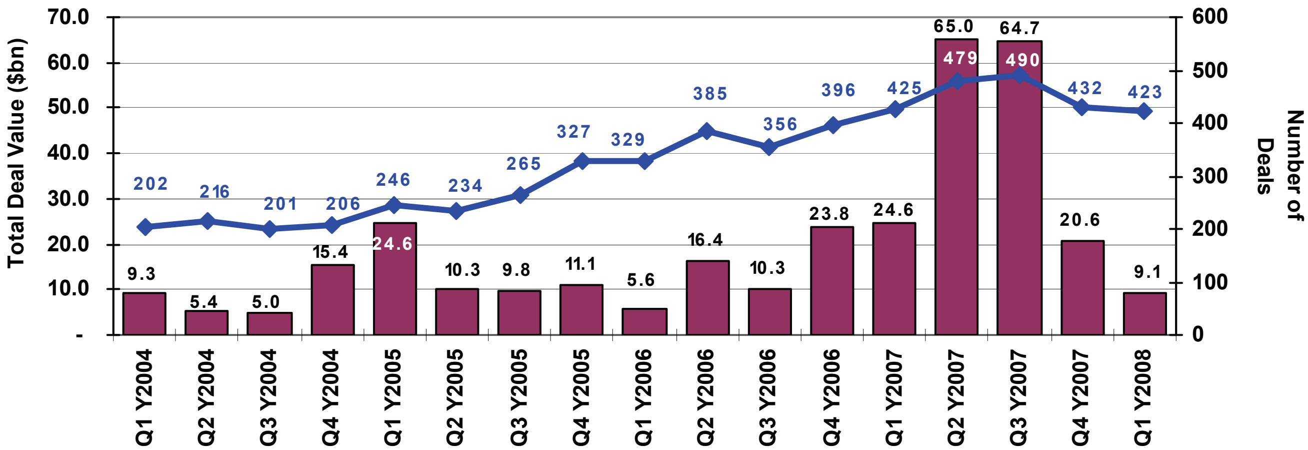
M&A activity in 2007 peaked in Q2 and Q3. However, the pace slowed down drastically in Q4 2007, as the number of deals declined by over 10%. The general appetite for M&A activity dipped further in Q1 2008. The total deal value in Q1 2008 reduced from $24.6B in the same period last year to only $9.1B this year. Clearly, top-end private equity deals have reduced significantly because of the credit crisis impact on large leveraged buyouts.

However, cash-rich strategic buyers are still brokering significant deals, especially in the mid market category, as they are untroubled by wider credit volatility. We believe that the debt crisis will not cause a major downturn in deal making in the mid market. Lower valuation expectations from sellers may even boost activity in this segment. We also believe that private equity firms will increasingly invest growth capital as a minority shareholder or using other structures involving less debt in the mid market space. Additionally, emerging markets, where most of the deals fall in the mid market segment, will gain further traction.

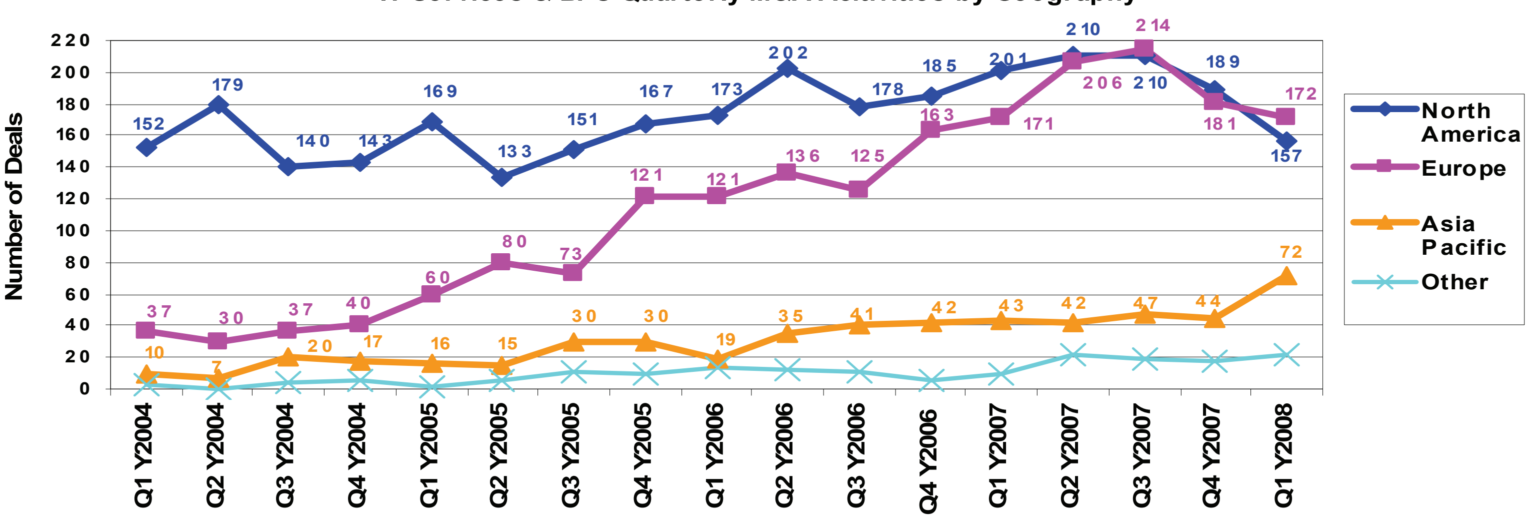
Increasingly, it is to be expected that overseas buyers from Asia, especially from India based providers, will exert a growing influence on the North American and European mid market space. In fact, the number of deals in Q1 of 2008 has increased to 72 as opposed to 43 in the same period last year. In the increasingly competitive IT services market, we anticipate M&A activity to be fairly strong in the middle market segment and will increasingly involve cross border deals with India based providers, North America and European companies (Please refer to 3 such deals on next page).

We believe the challenge in the M&A marketplace will be finding the right targets as a multitude of buyers are chasing few quality assets.

IT Services & BPO Quarterly M&A Activities vs. Total Deal Value



IT Services & BPO Quarterly M&A Acitivities by Geography



Selected Transactions

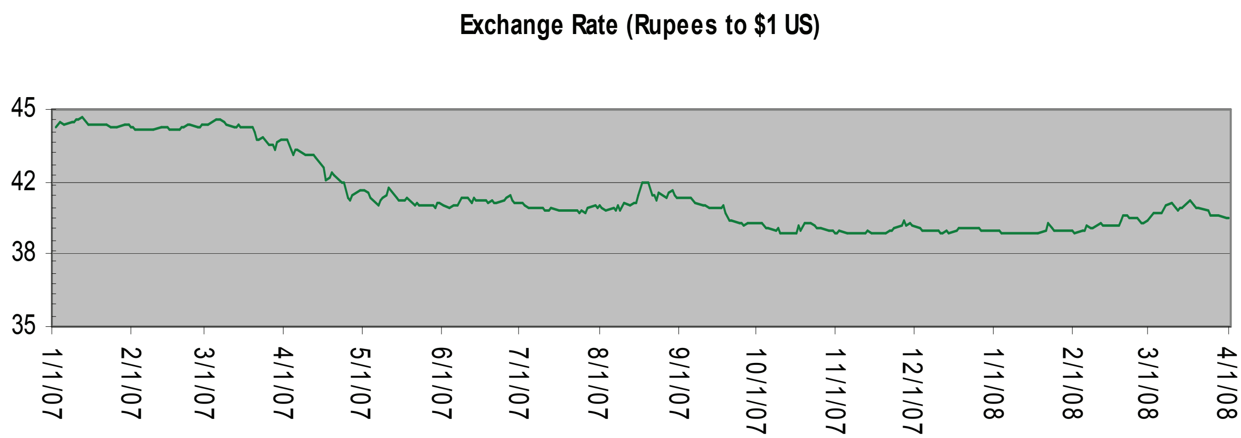
	01/23/08 Rolta India Limited Acquired TUSC
Target	TUSC (An Illinois firm which provides integrated Oracle ERP application services)
Buyer	Rolta India Limited (BSE: 500366)
Total Transaction Value	$45 million
Transaction Value/Revenue	0.94x 2007 revenue
Synopsis	Rolta India Ltd. (BSE 500366) acquired TUSC for $45 million in cash on January 23, 2008. The deal value of $45 million includes payment for escrows and earn outs. The three founders of TUSC, Rich Niemiec, Joe Trezzo and Brad Brown, will continue to lead TUSC as a wholly owned subsidiary of Rolta. **Martin Wolf Securities LLC acted as financial advisor to Rolta.**
Transaction Highlights	As a part of its systematic and aggressive growth plans, Rolta has adopted a clear acquisition strategy of taking over companies that provide a synergetic mix of technology and intellectual property rights. By leveraging Rolta's offshore infrastructure and domain expertise, it expects TUSC's businesses to achieve better margins, higher scalability, and provide greater value to customers worldwide.
	02/14/08 ACS acquired Sds Business Services GmbH
Target	Sds Business Services GmbH (A German company focused on SAP consulting and hosting)
Buyer	Affiliated Computer Services, Inc. (NYSE:ACS)
Total Transaction Value	$67 million
Transaction Value/Revenue	1.68x 2007 revenue
Synopsis	Affiliated Computer Services, Inc. (NYSE:ACS) acquired Sds Business Services GmbH for approximately $67 million including the assumption of liabilities on February 14, 2008. ACS will integrate its full suite of ITO service offerings into the Sds portfolio for delivery to its global clientele. Sds will continue to be managed by its executive team.
Transaction Highlights	This acquisition demonstrates ACS' commitment to growing its ITO business in continental Europe while improving its ability to compete. With facilities and infrastructure in place in Mulheim an der Ruhr and a reputable list of clients, Sds strengthens its global delivery model and multi-scope IT services.
	03/08/08 Mastek Acquired Systems Task Group International Ltd.
Target	Systems Task Group International Ltd. (A New York firm which provides product-based solutions and services to the property and casualty insurance industry)
Buyer	Majesco Software Inc. (A subsidiary of Mastek Ltd. (BSE:523704))
Total Transaction Value	$29 million
Transaction Value/Revenue	1.71x
Transaction Value/EBITDA	16.76x
Synopsis	Majesco Software Inc. acquired Systems Task Group International Ltd. (STG) for $29 million in cash on March 8, 2008. Following the transaction, STG will operate as STGMastek. Management, including founder Praful Nikam, will continue to be actively involved in its operations and support William McCareter, the new President of STGMastek.
Transaction Highlights	This acquisition is another important step in furthering Mastek's strategy to expand in both the life and non-life segments of the high opportunity US insurance market. With STG's established strengths in the P&C segment complementing its competencies in the life & annuity segment, its status as a leading IP-based enterprise-wide solutions provider in the insurance vertical will be reinforced with this initiative.

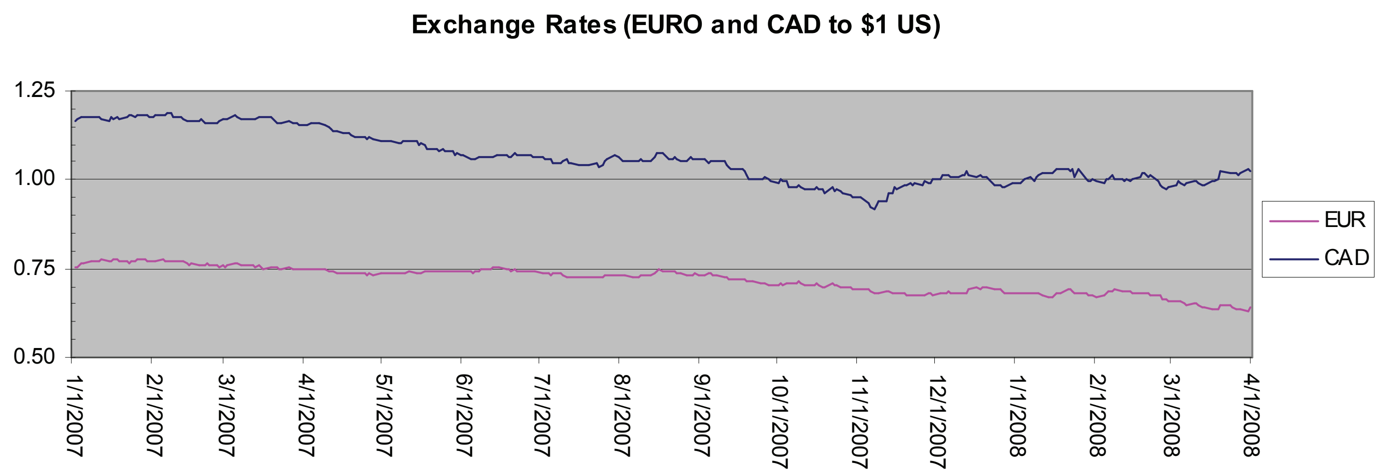
The Declining Dollar and Increasing Opportunity

The declining value of the US dollar against foreign currencies has created an excellent opportunity for foreign companies to acquire US IT firms. The US Dollar's decline provides a significant value and cost savings for the acquiring company.

An excellent example of this value and the impact of the currency devaluation on the cost of an acquisition is Softchoice's recent M&A activity. Softchoice, a Canadian based publicly traded (TSX:SO) direct marketer of software and hardware technology products to businesses and organizations, acquired two United States based IT providers, Software Plus and Optimus, in December 2007 and January 2008. While business strategy was the primary driver of Softchoice's acquisitions, the declining value of the US Dollar compared to the Canadian Dollar enhanced the value proposition for Softchoice. In January 2007 the exchange rate of the Canadian Dollar to the US Dollar was $1.165 Canadian to $1.0 US Dollar. On December 31, 2007 the exchange rate was $0.98 Canadian to $1.0 US Dollar, a difference of 18% in favor of the Canadian Dollar. These two transactions were approximately $45 million and $47 million respectively in consideration. The difference in value of the Canadian Dollar to the US Dollar from the beginning of 2007 to December 2007 equated to a savings of $16 million for Softchoice, had the US Dollar held its January 2007 value against the Canadian Dollar. The table below further illustrates the deflation of the dollar versus the Rupee, Euro and Canadian Dollar.

We believe that foreign acquirers will continue to play a large role in mergers and acquisition in the US IT industry over the coming year. Our firm has participated in over 20 cross border transactions since our inception, working on both the buy and sell side. US IT Companies that are seeking to sell should include foreign buyers on their prospect list to maximize their sale potential.





M&A Tips—"KNOW YOUR BUYER"

It is one of the fundamentals of any negotiation that you should know as much as possible about your opponent. If you are a seller about to engage in negotiations with a potential buyer of your company, you want to know what is driving the decision to buy your company – is it simply growth, expansion into an adjacent vertical, greater geographic coverage? You also want to know what kind of consideration may be offered – cash, a note, stock of the buyer, warrants, options…will there, or can there be an earnout? The list goes on and on.

In the current climate of an increasing number of cross border transactions, you need to add at least one more consideration – differing accounting rules. We have represented several foreign based entities seeking acquisitions in the US, and, frankly, with the significant devaluation of the dollar over the past year, we expect that trend to accelerate. Recently, during one of those typical discussions between the buyer and the seller, in which the seller was convinced the future value of his company would be higher, and the parties almost inevitably began discussing the use of an earnout to bridge the gap between their expectations, it became clear that the an earnout was not attractive to the buyer. In fact, it soon became apparent that the parties had very differing views of the value of an earnout.

Why was the discussion so difficult? After digging into each party's thinking, it became apparent. The seller considered the potential earnout an adjustment to the purchase price, and accordingly assumed he would be entitled to capital gains treatment of any such consideration. If the buyer had been US based, the treatment of the earnout would have been similar – the additional payment would be considered an adjustment to the purchase price.

In this case, however, the foreign based buyer had accounting rules that required that the future earnout be considered an expense – not an adjustment to the purchase price – and therefore was appropriately much more concerned about the impact of any such earnout might have on future earnings. Accordingly, and notwithstanding continuing disagreement on the future value of the seller, the buyer was much more willing to consider an increase to the purchase price than moving a significant portion of the purchase price to a proposed earnout. Fortunately a compromise was reached in this instance, and a lesson was also learned: knowing your buyer includes knowing significant business combination accounting rule differences that could impact your negotiations.

[One additional note: The difference in accounting treatment between the US and certain foreign companies may be of lesser importance in future years. FASB is attempting to "converge internationally the accounting for business combinations," and recently adopted FAS 141(R) – WHICH WILL APPLY TO TRANSACTIONS WHICH CLOSE AFTER DECEMBER 15, 2008 – and which clearly will impact accounting for earnouts. Under current FAS 141, earnouts are estimated if they are determinable (and it is our experience that they generally are not), and they are recorded when they are in fact made. The future earnout is added to the buyer's goodwill, and earnings are adjusted up or down accordingly, depending on whether the addition of the earnout paid too much or got it at a bargain price. Under the new FAS 141(R), buyers will be required to estimate the fair value of the earnout on the day of sale, and record it as part of the purchase price. Any difference between the estimate and actual earnout payments will be recorded as an expense or gain.]

MWS Scoreboard

	Revenue Growth%	GM%	EBITDA%	Debt / Asset %	P/S	P/E	EV/Revenue	EV/EBITDA
IT Conglomerates	14.0%	44.7%	15.9%	14.6%	1.33	18.0	1.41	9.0
IT & IT-ENABLED OUTSOURCED SERVICES								
Financial IT Services	14.7%	46.9%	23.3%	12.6%	2.41	20.7	2.71	10.2
Offshore Outsourcing	31.7%	36.1%	18.1%	2.7%	1.49	14.6	1.58	10.4
IT Outsourcing	8.7%	31.6%	15.1%	15.2%	1.13	18.0	1.38	10.8
Business Process Outsourcing - Non-voice	13.5%	45.7%	20.6%	34.2%	1.34	19.7	1.30	8.5
Governmental IT Professional Services	16.0%	24.4%	8.8%	13.9%	0.87	20.9	0.96	10.6
Business Process Outsourcing - Voice	8.3%	31.8%	10.6%	7.0%	0.72	11.5	0.70	5.9
European IT & Business Services	11.6%	27.8%	9.8%	17.2%	0.53	14.3	0.66	6.7
Commercial IT Professional Services	13.7%	28.4%	6.5%	1.3%	0.67	15.7	0.62	7.1
IT Staff Augmentation	3.3%	24.2%	3.5%	6.2%	0.23	13.9	0.24	6.4
IT SUPPLY CHAIN SERVICES								
IT Retailers	3.4%	29.0%	5.2%	6.4%	0.20	10.5	0.36	6.8
European IT Supply Chain	2.2%	10.2%	2.3%	1.2%	0.28	18.7	0.25	11.3
IT Resellers	8.5%	18.5%	0.4%	21.2%	0.11	14.4	0.24	9.4
IT Products Distributors	12.7%	10.5%	2.0%	18.4%	0.14	10.4	0.23	7.2
IT Direct Marketers	17.8%	13.8%	3.4%	10.8%	0.17	11.7	0.17	6.1
Asian IT Supply Chain	15.5%	7.3%	1.5%	18.1%	0.14	12.0	0.13	7.3
SOFTWARE								
IT Management Software	12.4%	79.3%	20.1%	0.0%	2.76	22.2	2.59	13.1
Middleware, Tools and Integration	13.2%	72.1%	19.7%	0.1%	2.30	24.6	2.05	10.9
Business Software	13.7%	69.2%	20.7%	1.2%	2.39	23.7	1.85	8.7
Enterprise Applications	12.6%	66.9%	15.1%	2.1%	1.82	23.4	1.72	11.8

Key Definitions:

1. Data Source: Capital IQ
2. The defined industry categories are based on Martin Wolf Securities' in-house research
3. The MWS Index® is market-value-weighted. It starts on January 1, 2005 with a value of 1000. It includes 84 IT and IT-Enabled Outsourced Services, 27 IT Supply Chain Services, and 42 Software companies listed in US stock market. It is based on the closing price as of April 1, 2008.
4. Enterprise value = Market Cap + Minority Interests + Preferred Stock + Outstanding Debt - Cash and Cash equivalents
5. LTM means Last Twelve Months based on last reported period
6. MWS Scoreboard is based on the closing price as of April 1, 2008
7. Revenue Growth is growth in LTM revenue compared with previous period
8. Gross Margin = LTM Gross Profit * 100 / Revenue
9. EBITDA % = LTM EBITDA * 100 / Revenue
10. Net Income % = LTM Net Income *100 / Revenue
11. Debt/Asset = LTM Total Debt / Total Assets
12. P/S = Market Cap / LTM Revenue
13. P/E = Market Cap /LTM Net Income
14. EV/Revenue = Enterprise Value / LTM Revenue
15. EV/EBITDA = Enterprise Value / LTM EBITDA

If you have any questions, or want to subscribe to our periodic intelligence information, or be removed from the distribution list, please contact Geoff Rhizor at (925) 355-0110 or email him at grhizor@martinwolf.com.

Martin Wolf Securities—Selected Transactions

ROLTA
has acquired
TUSC — The Oracle Experts
$45 million
January 2008

softchoice
has acquired
OPTIMUS SOLUTIONS — A Softchoice Company
$47.1 million
January 2008

softchoice
has acquired
Software Plus — Solutions that add up to success
$45.1 million
December 2007

PC WHOLESALE — Your Partner in Distribution
has been acquired by
SYNNEX CORPORATION
$30 million
February 2007

Insight
has acquired
Software Spectrum
$320.3 million
September 2006

DIRECT ALLIANCE
has been acquired by
TeleTech — The Science of Customer Management
$107.5 million
June 2006

DIRECT ALLIANCE
has been acquired by
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$107.5 million
June 2006

HTMT — Inspiring Integration
has acquired
AFFINA — The Customer Relationship Company
October 2006

Insight
has acquired
Software Spectrum
$320.3 million
September 2006

Exclusively focused on mid-market M&A in the IT Services, BPO & IT Supply Chain Services segments.