Discount Investment Corporation, Ltd.
3, Azrieli Center
The Triangle Building, 43rd Floor
Tel Aviv, 67023, Israel

Attention: Mr. Lenny Recanati

Invoice #3011

May 30,2001

Project: #283-1

INVOICE

Project: Due Diligence Study of HPS portion of Level 8 Systems

Advance Payment per agreement dated May 30, 2001: $10,000.00

Payment is due upon signing of agreement,
payable in U.S. Currency drawn on a U.S. bank

CONSULTANTS ON SOFTWARE

SIDNEY J. DUNAYER, INC.
418 Tenth Street
Brooklyn, New York 11215-4009

(718) 768-9089

8 June 2001

Mr. Burton Grad
Burton Grad Associates, Inc.
5 St. John Place
Westport, Connecticut 06880

Dear Burt:

For services rendered:

DIC / Level8 - Advance Payment.............. $3,000.00
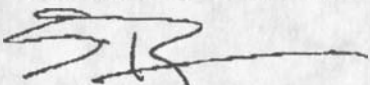
Total Due $3,000.00

Payment is expected within 10 days from the date of this invoice.

Our tax I.D. number is 11-2666620.

If you have any questions about this invoice, please feel free
to call me.

Sincerely Yours,

Sidney J. Dunayer
President

ah 6/9/01
BG 6/9/01
Pd 6/11/01
ck #1115

Subj:	**invoice no. 3011 to dic dated may 30, 2001**
Date:	06/13/2001 7:49:17 AM Eastern Daylight Time
From:	*Nava.Sagiv@dic.co.il (Nava Sagiv)*
To:	*burtgrad@aol.com*

1.   Please change the name of the company from "DIC Finance &
Management" to "Discount Investment Corporation Ltd.".
2.   DIC has recently moved to its new premises. Please update our
new address:
  Discount Investment Corporation Ltd.
  3, Azrieli Center
  The Triangle Building, 43rd Floor
  Tel Aviv 67023, Israel
3.   Please send me the amended invoice by fax (+972 3 607 5866) and
by mail.
4.   Please advise the details of your bank account, to where DIC
should transfer the sum of $10K.
Sincerely,
Batya Levi
Bookkeeper
Discount Investment Corporation Ltd.
Email: Batya.Levi@dic.co.il

---------------------- Headers ----------------------------------
Return-Path: <Nava.Sagiv@dic.co.il>
Received: from rly-xc03.mx.aol.com (rly-xc03.mail.aol.com [172.20.105.136]) by air-xc03.mail.aol.com
(v78_r3.8) with ESMTP; Wed, 13 Jun 2001 07:49:17 -0400
Received: from mail.idb-hq.co.il ([194.90.191.210]) by rly-xc03.mx.aol.com (v78_r3.8) with ESMTP; Wed, 13
Jun 2001 07:48:57 -0400
Received: from taex1.idb-hq (unverified) by mail.idb-hq.co.il
(Content Technologies SMTPRS 4.2.1) with ESMTP id <T541ea7a089c25abfd20d1@mail.idb-hq.co.il> for
<burtgrad@aol.com>;
Wed, 13 Jun 2001 14:45:54 +0200
content-class: urn:content-classes:message
Subject: invoice no. 3011 to dic dated may 30, 2001
MIME-Version: 1.0
Content-Type: text/plain;
   charset="windows-1255"
Content-Transfer-Encoding: quoted-printable
Date: Wed, 13 Jun 2001 14:46:47 +0300
X-MimeOLE: Produced By Microsoft Exchange V6.0.4418.65
Message-ID: <C0ED3A5A1941E042911B5B8CD425318C0E60B2@taex1.idb-hq>
X-MS-Has-Attach:
X-MS-TNEF-Correlator:
Thread-Topic: invoice no. 3011 to dic dated may 30, 2001
Thread-Index: AcD0Br4Eqe9Dkl/VEdWHmgBQ2saDbA==
From: "Nava Sagiv" <Nava.Sagiv@dic.co.il>
To: <burtgrad@aol.com>
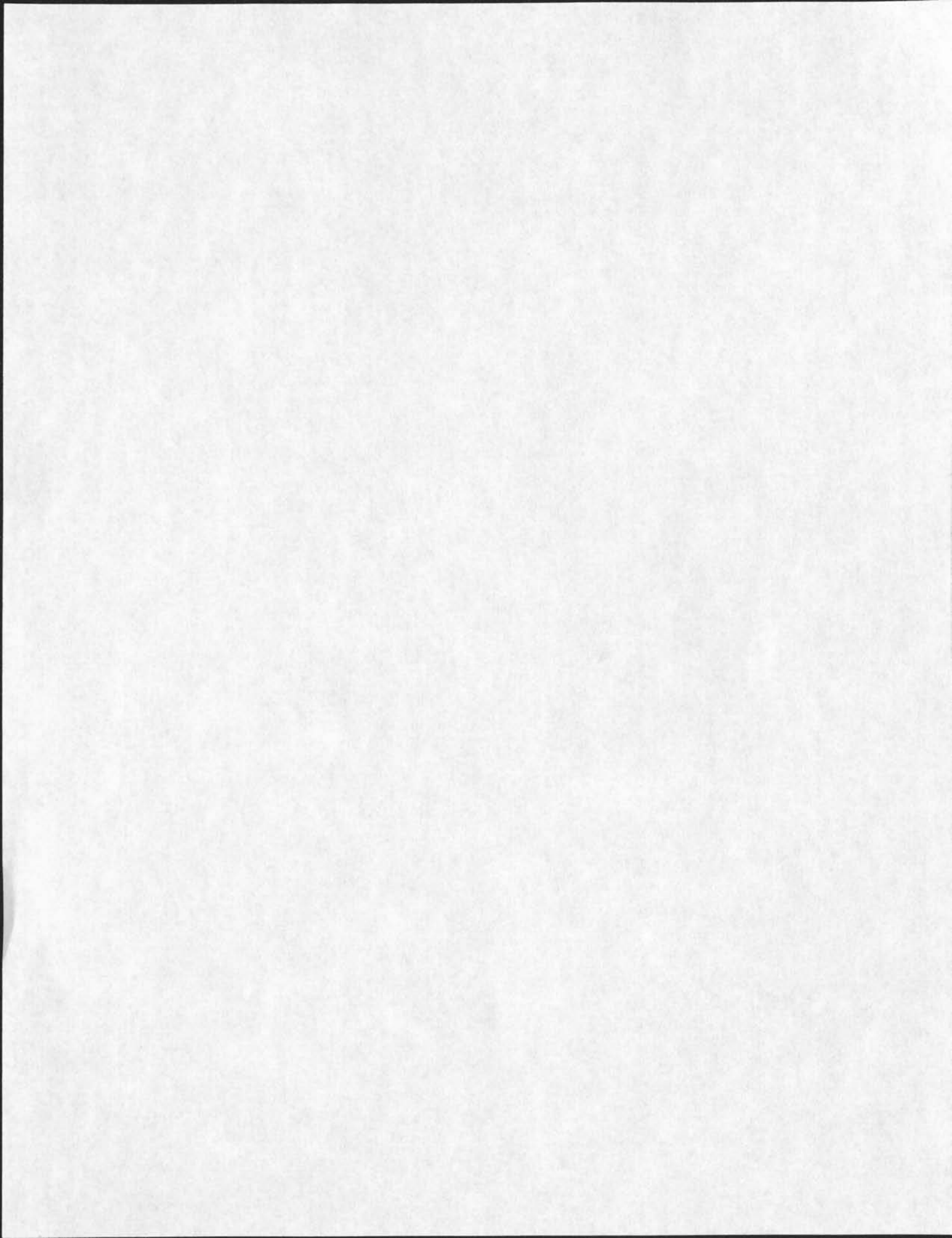
Subj: **R&D recommendations**
Date: 07/12/2001 11:37:59 AM Eastern Daylight Time
From: Burtgrad
To: Talmor.Margalit@dic.co.il
To: lenny_r@netvision.net.il
CC: sdunayer@interserv.com

Lenny and Talmor—

As we have indicated in previous correspondence and discussions and confirmed by the customer survey and the statements from Ted Venema and Reinhard Wetzel, the HPS/GAB business situation could deteriorate unless some positive actions are taken soon. Specific announcements and commitments can probably keep many of the current customers from converting their programs and can encourage other customers to actually implement additional applications using GAB.

It's not possible to discuss a technical strategy and a development plan without putting it into a marketing context. The current apllication development system marketplace is quite weak and there appear to be only a few active suppliers. The market is principally in Europe for all vendors and there still is no significant player for client/server or internet-based systems except for Cool:Gen from CAI. Although Ted quotes Gartner Group as expecting a major growth in work flow directed systems, there is as yet no evidence that this is not just another imaginative solution without a real customer base.

Therefore, GAB must first look to keep as many of its current customers as possible and to find ways to encourage customers to actively develop new applications (or extend existing ones) and then look to see if theree any new customers who would benefit either from the application development system or, more likely to ride the coattails of application vendors who can sell applications already built using the GAB product.

To this end, GAB must be able to identify the specific requirements for each customer and tailor its R&D plans to meet these requirements. These R&D plans need to be clearly stated to all of the current customers and to the GAB employees so that everyone can communicate a consistent, positive message.

Based upon our observations during the on-site visits and the input provided from the customer survey, the following R&D actions would seem advisable:

1. Suspend further development efforts on R3 as there are no indications that the proposed direction will address any current customer needs.

2. Provide a migration path and incentives for customers to move from HPS to GAB. Some of the functionality requested by the customers, such as Java and AppServer support, are already incorporated in GAB. Since GAB will be the basis for all future enhancements, it is imperative that the users move to GAB to realize the benefits of current and future enhancements.

3. Correct bugs and support issues with the current GAB product. In addition, implement adequate QA for all future releases. While adequate testing might extend the development cycle, the benefits of reduced problem reports should reduce support cost somewhat and yield higher customer satisfaction.

4. Implement support for Open Cobol. This is clearly a high priority according to the customer survey.

5. Identify and implement support for a third-party repository. The current repository does not contain the necessary functionality to support versioning. Level 8 has indicated that making the necessary changes to the existing repository would be difficult and time consuming. Also, as the repository code represents a significant portion of the code base, the possibility exists that some of the development staff could be used to work on other projects.

6. Design and implement support for non-GAB generated applications. The ability to provide impact analysis for both GAB and non-GAB applications could provide customers further incentive to develop new applications in GAB.

7. Design and implement support to interface with third-party modeling tools, such as Rational Rose. The survey indicates

that some users prefer the option of using non-GAB modeling tools. This would also move GAB from its proprietary philosophy to an open system.

8.   Design and implement support for alternative rules languages, such as Java and VB. While the current GAB rules language is powerful, it is a proprietary approach. As with the ability to use other modeling tools, the ability to use other industry standard languages would make GAB a more open system.

These represent a good starting point for future development efforts and could be realized over the next 12-18 months. That would provide more than enough time to complete a full customer survey and to develop strategic plans for future product direction.

From a marketing point of view the following actions would be supportive to the R&D directions:

1. Migrate as many of the current customers to GAB by making the change as inexpensive and trouble-free as possible. For those who won't migrate at this time try to sell a multi-year maintenance plan which will provide for later upgrade at a reasonable price.

2.Provide the tools and professional services needed to make the migration easy, while obtaining some services revenues for GAB.

3.Layout a specific work plan for each customer in terms of the specific functions and features they want and try to obtain commitments that they will acquire these add-on capabilities when delivered in a timely fashion by GAB.

4. The plan for 3.0 should be abandoned and all efforts focused on a series of releases (2.1,2.2,etc.) to show immediate progress and obtain short-term benefits.

5. A technical planning team consisting of Ted Venema, Ed Gentry and Lance Knowlton would represent excellent knowledge of the current product, but additional strategic planning help might be needed to move them beyond their current positions and to really emphasize what short term changes would be valuable.

6. A new development plan should be put together mapping the current staff against the maintenance and near term requirements and the skills needed to produce the new functions and features. Schedules and costs for each new capability should be established and then schedules put in place with and without any added personnel

Burt Grad and Sid Dunayer 7/12/01

R + D

Sid and I will get back to you in 1-2 days with R&D suggestions. You can call me directly at 413-243-4336. We'll be here in Lee, MA for the next 6 weeks. If you want to Fedex me anything use 575 Leisure Lee Drive, East Lee, MA 01238. For regular mail send it c/o General Delivery Lee, MA 01238.

Where does Level 8 stand on the offer from DIC? When will the Board vote on it? What process will you have to follow to complete the de3al? What is the time frame for completion?

Burt Grad 7/9

Open CoBoL
Open Repository
VB, Java rules prog.
custom interfaces

/ marketing

The entire technical, strategy needs to be ~~re~~ analyzed and restated cleanly to all customers *and employees.* - It needs explicit customer input on what they need and what they're willing to pay for.

In our opinion here's the *business* priorities:

- Retain current customers by migrating them to GAB (no change, *for 1 year* upgrade, no increase in maintenance fees,); if won't migrate try to get 3 year payment for guaranteed maintenance of HPS.
- Sell "fixed price" migration contract for prof services assistance
- Identify specific ~~its~~ *wanted* additional functionality and features ~~needed~~ for each customer, when needed and will they pay. Offer special price for upfront commitment with GAB "guaranty" on ~~price~~ delivery date.
- Determine skills, schedule and cost for each add'l tenet + feature
- Stop all work on ~~3.0~~ GAB 3.0
- w/o release plan for 2.1, 2.2
- w/o pricing plan for GAB; eliminate runtime change, but change for one of HPS/GAB generated programs (?)
- Team to visit each customer (groups of 5, by country?) Wetzel, Verema, ++

Subj: **R & D tasks for HPS/GAB**
Date: 7/9/2001
To: sdunayer@interserv.com

What are the principal projects that Level 8 should pursue right away? What shouldn't they do that they are doing? What staffing changes should b e initiated right away? How should they approach their customers to ensure that they are doing the specific things that are needed?

We're in Lee and can be called directly at 413-243-4336. I also have my home phone and fax forwarded up here. The address for Fedex is 575 Leisure Lee Drive, East Lee, MA 01238. Mail is sent to me at General Delivery, Lee, MA 01238.

How are you doing? Where are you?

Burt 7/9
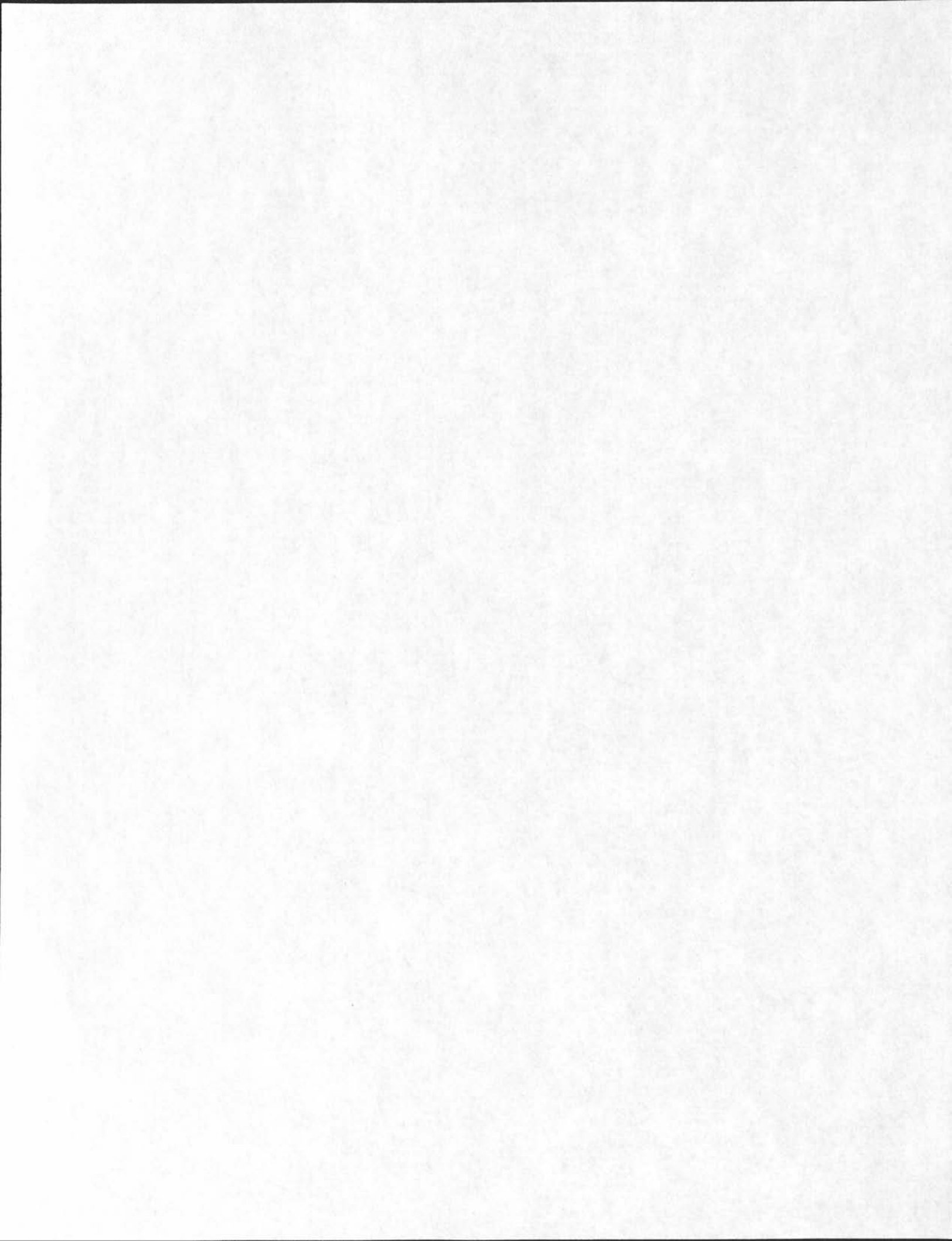
Discount Investment Corporation, Ltd.
3, Azrieli Center
The Triangle Building, 43rd Floor
Tel Aviv, 67023, Israel

Attention: Mr. Lenny Recanati
Mr. Talmor Margalit

Invoice #3014

July 10, 2001

Project: #272-3

INVOICE

Project: Customer Survey of Level 8's HPS/GAB Business

Professional Services from Specifics, Inc.

Client Satisfaction Study - 15 customers	$8,000.00
Two additional interviews	600.00
Summaries and spread sheet	365.00
International long distance	150.00
TOTAL INVOICE	$9,115.00

*Payment is due within 15 days of receipt of invoice,
payable in U.S. Currency drawn on a U.S. bank*

CONSULTANTS ON SOFTWARE

FAX TRANSMISSION

011 972 3 607 5899

Date: 7/5/01

To: Talmor Margalit

From: **Burton Grad** B.

No. Pages including cover page:

1 + 1

Here's The invoice through 6/30/01.
I'll send The survey invoice as
soon as I receive it.

Burt 7/5/01

please give a copy to Lenny.

Discount Investment Corporation, Ltd.
3, Azrieli Center
The Triangle Building, 43rd Floor
Tel Aviv, 67023, Israel

Attention: Mr. Lenny Recanati
            Mr. Talmor Margalit

Invoice #3013

June 30,2001

Project: #272-3

INVOICE

Project: Due Diligence Study of Level 8's HPs/GAB Business

Consulting Services: 6/1 - 6/30

Burton Grad	5.5 days @ $3,000/day	$16,500.00
Sidney J. Dunayer	3.5 days @ $1,750/day	6,125.00
	TOTAL FEES	$22,625.00

Expenses:

Burton Grad, Westport, CT to Cary, NC and return (6/5-6/7)

Airfare	$612.50	
Hotel/meals	193.00	
Ground transportation/parking	176.00	$981.50

Sidney J. Dunayer, Brooklyn, NY to Cary, NC and return (6/6-6/8)

Airfare	$780.00	
Hotel/meals	230.00	
Ground transportation	155.00	1,165.00

TOTAL EXPENSES	2,146.50
TOTAL FEES AND EXPENSES	$24,771.50
LESS ADVANCE PAYMENT	10,000.00
TOTAL DUE	**$14,771.50**

Payment is due within 15 days of receipt,
payable in U.S. Currency drawn on a U.S. bank

CONSULTANTS ON SOFTWARE

PKG

U·S AIRWAYS
BOARDING PASS

ETKT BP 1AN/LGA
NAME OF PASSENGER
GRAD/BURT
DIVIDEND MILES
FROM
NEW YORK LGA

TO
RALEIGH DURHAM

CARRIER
US AIRWAYS
CODE   FLIGHT CLASS DATE   TIME
US1525 K 05JUN400P

GATE	BOARDING TIME	SEAT	SMOKING
15	330P	13D	NO

DIVIDEND MILES NUMBER
DM/US 892J9M4
1 037 2152141519 0

U·S AIRWAYS
BOARDING PASS

ETKT BP SMG/RDU
NAME OF PASSENGER
GRAD/BURT
DIVIDEND MILES
FROM
RALEIGH DURHAM

TO
NEW YORK LGA

CARRIER
US EXP-CHAUTAUQUA
CODE   FLIGHT CLASS DATE   TIME
US4893 K 07JUN515P

GATE	BOARDING TIME	SEAT	SMOKING
A23	445P	14A	NO

DIVIDEND MILES NUMBER
DM/US 892J9M4
2 037 2152141510 1

SIDNEY J. DUNAYER, INC.
418 Tenth Street
Brooklyn, New York 11215-4009

(718) 768-9089

18 June 2001

Mr. Burton Grad
Burton Grad Associates, Inc.
5 St. John Place
Westport, Connecticut 06880

Dear Burt:

For services rendered:

```
  DIC - Technical review of
  Level 8 Systems, Inc. (3.5 days)............ $6,125.00

  Travel Expenses
    Airfare...................................    780.00
    Hotel / Meals.............................    230.00
    Ground Transportation.....................    155.00
                                                ---------
  Total.......................................  7,290.00
  Less Advance............................... (3,000.00)
                                                ---------
  Total Due ................................. $4,290.00
```

Payment is expected within 10 days from the date of this invoice.

Our tax I.D. number is 11-2666620.

If you have any questions about this invoice, please feel free
to call me.

Sincerely Yours,

Sidney J. Dunayer
President

La Quinta
Inns · Inn & Suites

GRAD, BURT
LEVEL 8
5 JOHN PLACE
WESTPORT, CT 06880

Account: 096600054126
Arrival: 6/5/01
Departure: 6/7/01
Rate: $75.00
Room: 319
Returns Club No:

DATE	DESCRIPTION		COMMENT	CHARGE/PAYMENT	BALANCE
6/5/01	ROOM	ROOM	#319 GRAD, BURT	$75.00	$75.00
6/5/01	OCTYTX	CITY OCC TAX	CITY OCC TAX	$4.50	$79.50
6/5/01	OSTAX	STATE OCC TAX	STATE OCC TAX	$4.50	$84.00
6/6/01	ROOM	ROOM	#319 GRAD, BURT	$75.00	$159.00
6/6/01	OCTYTX	CITY OCC TAX	CITY OCC TAX	$4.50	$163.50
6/6/01	OSTAX	STATE OCC TAX	STATE OCC TAX	$4.50	$168.00
6/7/01	AX	AMERICAN EXPRESS PA	AMERICAN EXPRESS PAYME	($168.00)	$0.00

BALANCE DUE: 0.00

Signature: _____

I agree that my liability for this bill is not waived.

SALES PERSON: JB   ITINERARY   DATE: 05 JUN 01
                                              WZWHSZ   PAGE: 01

        TO: BURTON GRAD ASS,INC
            WESTPORT CT 06880

FOR: GRAD/BURT   REF: 1700

05 JUN 01 - TUESDAY
    AIR   US AIRWAYS   FLT:1525   ECONOMY
          LV NEW YORK LGA   400P   EQP: AIRBUS A319
          DEPART: USAIRWAYS LA GUARDIA TERM   01HR 53MIN
          AR RALEIGH DURHAM   553P   NON-STOP
          ARRIVE: TERMINAL A   REF: HGPZKE
          GRAD/BURT   SEAT-13D US-761826273
    HOTEL RALEIGH DURHAM   OUT-07JUN
          LA QUINTA INNS AND SUITES   2 NIGHTS
          RALEIGH CARY INNS AND STES   1 ROOM   STANDARD RATES   KING SOFA
          191 CRESCENT COMMONS   RATE-99.99USD PER NIGHT
          CARY NC 27511   CANCEL BY 06P DAY OF ARRIVAL
          FONE 919-851-2850
          FAX 919-851-0728
          GUARANTEED LATE ARRIVAL
          CONFIRMATION LQ0096676229

07 JUN 01 - THURSDAY
    AIR   US AIRWAYS   FLT:4893   ECONOMY
          OPERATED BY US EXP-CHAUTAUQUA
          LV RALEIGH DURHAM   515P   EQP: EMBRAER 145 JET
          DEPART: TERMINAL A   01HR 45MIN
          AR NEW YORK LGA   700P   NON-STOP
          ARRIVE: USAIRWAYS LA GUARDIA TERM   REF: HGPZKE
          GRAD/BURT   SEAT-14A US-761826273

STS PH 914-941-3200 FAX 914-941-5197
    PLS RECONFIRM FLIGHT TIMES PRIOR TO DEPARTURE
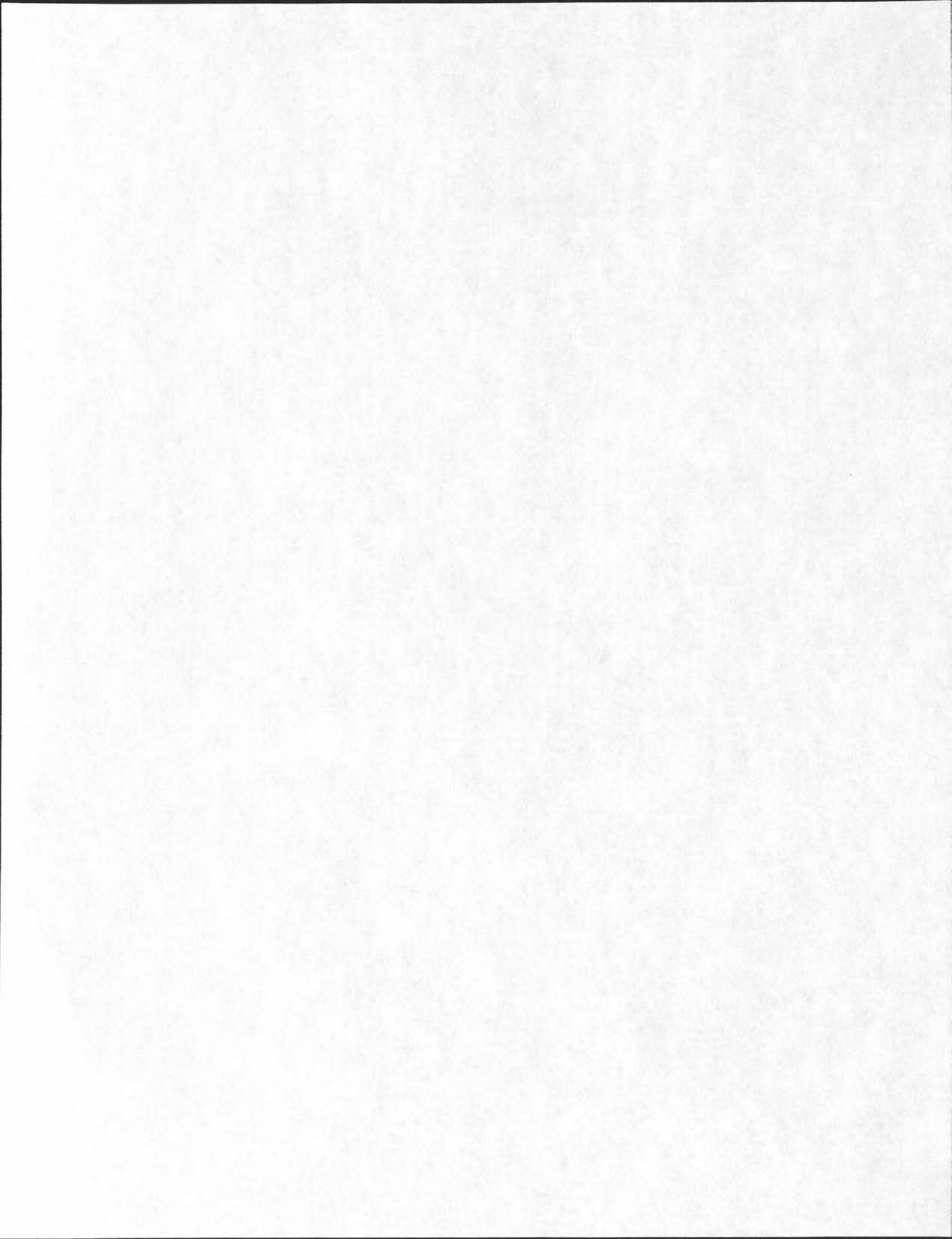
*Financial
Projections*

Subj:	**RE: HPS/GAB acquisition**
Date:	7/4/2001 10:28:49 AM Eastern Daylight Time
From:	*Talmor.Margalit@dic.co.il (Talmor Margalit)*
To:	*Burtgrad@aol.com*
File:	**internalprojections-DICpresentationwithNPV,IRRanalysis.XLS** (158208 bytes) DL Time (32000 bps): < 1 minute

Burt,
I didn't forget you...
Quick updates: The recent addition to the deal is the Messaging stuff
(GMQ, Xipc), at an additional cost of $1M. Access stock is off the
table. Ed Kerson is working on the drafts of the agreements.
Frank Rossman has resigned, and I will probably go with Paul for a road
show, to calm off the guys in Europe.
I attach our forecasts.

GAB LOB
GAB LOB + mess
Cash Flow
Expenses
DIC Investment

Best Regards,

Talmor Margalit
Vice President
Discount Investment Corporation Ltd
Tel.:   +972-3-6075888
Fax   +972-3-6075899
Mobile +972-58-785555
Email   talmorm@dic.co.il
Web site   www.dic.co.il

-----Original Message-----
From: Burtgrad@aol.com [mailto:Burtgrad@aol.com]
Sent: Wednesday, 04 July, 2001 15:03
To: Talmor Margalit; lenny_r@netvision.net.il
Subject: HPS/GAB acquisition

What's been going on regarding the acquisition of the assets from Level
8? I
have not received the projections you were going to have Renee send to
me so
that I might review them for consistency with our analyses. Did you
decide to
pick up any of the miscellaneous products? I'll fax an invoice tomorrow
for
the due diligence work through the end of June, but I have not yet
received
an invoice from Specifics so I'll send that as a separate invoice when I

receive it.

Burt Grad 7/4

Level 8 Systems, Inc.
2001 Operating Plan
GAB - Line of Business

	Q3	Q4	2001 Total Annualized	Q1	Q2	Q3	Q4	2002 Total Annual	Q1	Q2	Q3	Q4	2003 Total Annual	Q1	Q2	Q3	Q4	2004 Total Annual
Revenue:																		
Software	$ 700	$ 800	$ 1,500	$ 500	$ 700	$ 800	$ 1,000	$ 3,000	$ 1,000	$ 1,000	$ 1,500	$ 2,000	$ 5,500	$ 1,500	$ 1,500	$ 1,750	$ 2,250	$ 7,000
Maintenance	2,821	2,593	5,214	2,567	2,543	2,520	2,499	10,129	2,479	2,481	2,481	2,541	9,982	2,400	2,600	2,700	2,900	10,600
Services	1,506	1,750	3,256	1,750	1,796	1,543	1,889	6,978	1,935	1,961	1,681	1,961	7,579	1,981	1,981	1,681	1,981	7,625
Total Revenue	4,827	5,143	9,970	4,817	5,039	4,863	5,388	20,107	5,414	5,442	5,662	6,522	23,041	5,881	6,081	6,131	7,131	25,225
Cost of Revenue:																		
Cost of Software	50	50	100	5	5	5	5	20	5	5	5	5	20	5	5	5	5	20
Cost of Maintenance	765	765	1,530	803	803	803	803	3,213	843	843	843	843	3,374	886	886	886	886	3,542
Cost of Services	1,369	1,394	2,763	1,368	1,408	1,436	1,484	5,897	1,553	1,553	1,558	1,576	6,240	1,632	1,637	1,637	1,657	6,564
Total Cost of Revenue	2,184	2,209	4,393	2,177	2,217	2,245	2,293	8,930	2,401	2,401	2,406	2,426	9,634	2,523	2,528	2,528	2,548	10,127
Gross Profit	2,643	2,934	5,577	2,641	2,823	2,618	3,095	11,177	3,013	3,041	3,256	4,096	13,407	3,358	3,553	3,603	4,583	15,098
Operating Expenses:																		
Development	860	860	1,720	841	868	888	921	3,518	994	994	999	1,024	4,011	1,029	1,034	1,034	1,054	4,149
Sales	455	515	970	454	334	334	334	1,455	350	350	385	420	1,507	476	511	529	564	2,081
Marketing	150	150	300	63	63	63	63	250	66	66	66	66	263	69	69	69	69	276
G&A	925	925	1,850	475	475	475	475	1,900	499	499	499	499	1,995	524	524	524	524	2,095
Subtotal	2,390	2,450	4,840	1,832	1,739	1,759	1,792	7,123	1,909	1,909	1,949	2,009	7,775	2,098	2,138	2,155	2,210	8,600
Income/(loss) from operations	253	484	737	808	1,084	859	1,303	4,054	1,104	1,132	1,307	2,087	5,631	1,261	1,416	1,448	2,373	6,498
Interest income (expense)	(45)	(43)	(88)	(12)	50	55	61	154	68	74	83	95	320	107	116	127	143	493
Income taxes	42	88	130	159	227	183	273	842	234	241	278	437	1,190	273	306	315	503	1,398
Final Profit	$ 166	$ 353	$ 519	$ 637	$ 907	$ 731	$ 1,091	$ 3,366	$ 938	$ 965	$ 1,112	$ 1,746	$ 4,761	$ 1,094	$ 1,225	$ 1,260	$ 2,013	$ 5,593
Final Margin	3%	7%	5%	13%	18%	15%	20%	17%	17%	18%	20%	27%	21%	19%	20%	21%	28%	22%
Services Margin	9%	20%		22%	22%	7%	21%	18%	20%	22%	7%	20%	18%	18%	17%	3%	16%	14%
Maintenance Margin	71%	70%		69%	68%	68%	68%	68%	66%	66%	66%	67%	66%	63%	66%	67%	69%	67%
Reconciliation of Expense Assumptions:																		
Base Operating Plan	3,165	3,165		3,165	3,165	3,165	3,165		3,165	3,165	3,165	3,165		3,165	3,165	3,165	3,165	
G&A	520	520		475	475	475	475		499	499	499	499		524	524	524	524	
Recruiting	130	185		85	25	25	25											
Marketing	150	150		63	63	63	63		66	66	66	66		69	69	69	69	
Packaging, Dist, Documentation	50	50		5	5	5	5		5	5	5	5		5	5	5	5	
Retention Program	238	238		40	54	43	65		55	57	65	104		63	71	72	119	
Infrastructure and Org Costs	275	275																
Add'l cost of five consultants				35	70	105	140		175	175	175	175		175	175	175	175	
Add'l cost of three salespeople		30		90	90	90	90		90	90	90	90		90	90	90	90	
General cost increase - 5%				158	158	158	158		166	166	166	166		174	174	174	174	
reduction in overall sales cost				(150)	(150)	(150)	(150)											
increase in sales commission											35	70		35	35	53	88	
Total per Reconciliation	4,526	4,613		3,967	3,955	3,979	4,036		4,221	4,223	4,266	4,340		4,300	4,308	4,327	4,408	
Total per Above	4,574	4,659		4,009	3,956	4,004	4,095		4,310	4,310	4,365	4,436		4,620	4,666	4,683	4,760	

	0.25 H2-2001	1.25 2002	2.25 2003	3.25 2004
	519	3,366	4,761	5,593

Equity discount rate	10%
Terminal Value growth	-10%
NPV 2001-2004	11,440
Terminal Value	18,463
Net cash	0
Firm Value	**29,904**

Figure in Quarters		2,001					2,002				2,003				2,004	+Terminal value
(21,000)		166	353	637	907	731	1,091	938	965	1,112	1,746	1,094	1,225	1,260	20,476	
IRR=	15.52%															

(21,000)	2H/01-1H/02	2H/02-1H/03	2H/03-1H/04	2H/04+Terminal value
	2,064	3,725	6,177	21,737
IRR=	14.07%			

Level 8 Systems, Inc.
2001 Operating Plan
GAB - Line of Business

	Q3	Q4	2001 Total Annualized	Q1	Q2	Q3	Q4	2002 Total Annual	Q1	Q2	Q3	Q4	2003 Total Annual	Q1	Q2	Q3	Q4	2004 Total Annual
Revenue:																		
Software	$ 700	$ 800	$ 1,500	$ 500	$ 700	$ 800	$ 1,000	$ 3,000	$ 1,000	$ 1,000	$ 1,500	$ 2,000	$ 5,500	$ 1,500	$ 1,500	$ 1,750	$ 2,250	$ 7,000
Maintenance	2,621	2,593	5,214	2,587	2,543	2,520	2,499	10,129	2,479	2,461	2,481	2,541	9,962	2,400	2,600	2,700	2,900	10,600
Messaging	175	175	350	175	175	175	175	700	175	175	175	175	700	175	175	175	175	700
Services	1,506	1,750	3,256	1,750	1,796	1,543	1,889	6,978	1,935	1,981	1,681	1,981	7,579	1,981	1,981	1,881	1,981	7,825
Total Revenue	5,002	5,318	10,320	4,992	5,214	5,038	5,563	20,807	5,589	5,617	5,837	6,697	23,741	6,056	6,256	6,306	7,306	25,925
Cost of Revenue:																		
Cost of Software	50	50	100	5	5	5	5	20	5	5	5	5	20	5	5	5	5	20
Cost of Maintenance	765	765	1,530	803	803	803	803	3,213	843	843	843	843	3,374	886	886	886	886	3,542
Cost of Messaging	63	63	125	63	63	63	63	250	63	63	63	63	250	63	63	63	63	250
Cost of Services	1,369	1,394	2,763	1,368	1,408	1,436	1,484	5,697	1,553	1,553	1,558	1,578	6,240	1,632	1,637	1,637	1,657	6,564
Total Cost of Revenue	2,247	2,272	4,518	2,239	2,279	2,307	2,355	9,180	2,463	2,463	2,468	2,488	9,884	2,585	2,590	2,590	2,610	10,377
Gross Profit	2,756	3,047	5,802	2,753	2,935	2,731	3,208	11,627	3,126	3,154	3,369	4,209	13,857	3,471	3,666	3,716	4,696	15,548
Operating Expenses:																		
Development	860	860	1,720	841	868	888	921	3,518	994	994	999	1,024	4,011	1,029	1,034	1,034	1,054	4,149
Sales	455	515	970	454	334	334	334	1,455	350	350	385	420	1,507	476	511	529	564	2,081
Marketing	150	150	300	63	63	63	63	250	66	66	66	66	263	69	69	69	69	276
G&A	925	925	1,850	475	475	475	475	1,900	499	499	499	499	1,995	524	524	524	524	2,095
Subtotal	2,390	2,450	4,840	1,832	1,739	1,759	1,792	7,123	1,909	1,909	1,949	2,009	7,775	2,098	2,138	2,155	2,210	8,600
Income/(loss) from operations	366	597	962	921	1,196	971	1,416	4,504	1,217	1,245	1,420	2,200	6,081	1,373	1,528	1,561	2,486	6,948
Interest income (expense)	(45)	(43)	(88)	(12)	50	55	61	154	68	74	83	95	320	107	116	127	143	493
Income taxes	64	111	175	182	249	205	295	932	257	264	300	459	1,280	296	329	338	526	1,488
Final Profit	$ 256	$ 443	$ 699	$ 727	$ 997	$ 821	$ 1,181	$ 3,726	$ 1,028	$ 1,055	$ 1,202	$ 1,836	$ 5,121	$ 1,184	$ 1,315	$ 1,350	$ 2,103	$ 5,953
Final Margin	5%	8%	7%	15%	19%	16%	21%	18%	18%	19%	21%	27%	22%	20%	21%	21%	29%	23%
Services Margin	9%	20%		22%	22%	7%	21%	19%	20%	22%	7%	20%	18%	18%	17%	3%	16%	14%
Maintenance Margin	71%	70%		69%	68%	68%	68%	68%	66%	66%	66%	67%	66%	63%	66%	67%	69%	67%

Reconciliation of Expense Assumptions:

	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Base Operating Plan	3,165	3,165		3,165	3,165	3,165	3,165		3,165	3,165	3,165	3,165		3,165	3,165	3,165	3,165	
G&A	520	520		475	475	475	475		499	499	499	499		524	524	524	524	
Recruiting	130	185		85	25	25	25											
Marketing	150	150		63	63	63	63		66	66	66	66		69	69	69	69	
Packaging, Dist, Documentation	50	50		5	5	5	5		5	5	5	5		5	5	5	5	
Retention Program	238	238		46	60	49	71		61	62	71	110		69	76	78	124	
Infrastructure and Org Costs	275	275																
Add'l cost of five consultants				35	70	105	140		175	175	175	175		175	175	175	175	
Add'l cost of three salespeople		30		90	90	90	90		90	90	90	90		90	90	90	90	
General cost increase - 5%				158	158	158	158		166	166	166	166		174	174	174	174	
reduction in overall sales cost				(150)	(150)	(150)	(150)											
increase in sales commission											35	70		35	35	53	88	
Total per Reconciliation	4,628	4,613		3,972	3,961	3,986	4,042		4,227	4,228	4,272	4,346		4,306	4,314	4,333	4,414	
Total per Above	4,637	4,722		4,071	4,018	4,066	4,147		4,372	4,372	4,417	4,497		4,663	4,729	4,745	4,820	

	0.25 H2-2001	1.25 2002	2.25 2003	3.25 2004
	699	3,726	5,121	5,953

Equity discount rate	10%
Terminal Value growth	-10%
NPV/2001-2004	12,490
Terminal Value	19,652
Net cash	0
Firm Value	**32,142**

Figure in Quarters		2,001				2,002				2,003		2,004	+Terminal value
	(21,000)	256	443	727	997	821	1,181	1,028	1,055	1,202	1,836	1,184	1,315	1,350	21,755
IRR=	18.34%												

		2H/01-1H/02	2H/02-1H/03	2H/03-1H/04	2H/04+Terminal value
	(21,000)	2,424	4,086	6,537	23,106
IRR=	16.73%				

Level 8 Systems, Inc.
Cash Forecast
GAB - Line of Business

	July '01	Aug '01	Sept '01	Oct '01	Nov '01	Dec '01	Jan '02	Feb '02	Mar '02	Totals
Receipts										
Existing A/R	1,600,000	1,200,000	800,000	400,000	300,000	400,000	300,000	-	-	5,000,000
Note receivable from ICT	178,863	178,863	178,863	178,863	178,863	178,863	-	-	-	1,073,178
Software	-	-	-	-	700,000	-	-	800,000	-	1,500,000
Maintenance Renewals	-	-	337,749	265,025	216,278	315,430	2,328,500	3,051,734	700,000	7,214,716
Services - Consulting	-	-	502,000	502,000	502,000	583,000	583,000	583,000	583,000	3,838,000
Client Expense Reimbursements	-	-	44,220	44,220	44,220	44,220	44,220	44,220	44,220	309,540
Total receipts	1,778,863	1,378,863	1,862,832	1,390,108	1,941,361	1,521,513	3,255,720	4,478,954	1,327,220	18,935,434
Expenses										
Personnel Expenses	791,065	791,065	868,565	791,065	791,065	868,565	886,065	886,065	963,565	7,637,085
Travel	98,245	98,245	98,245	98,245	98,245	98,245	98,245	98,245	98,245	884,205
Other Direct	1,875	27,375	1,875	1,875	27,375	1,875	1,875	27,375	1,875	93,375
Indirect - Premises	46,066	46,066	46,066	46,066	46,066	46,066	46,066	46,066	46,066	414,594
Lease - Equipment	70,957	70,957	70,957	70,957	70,957	70,957	70,957	70,957	70,957	638,613
Benefit of prepaid expenses purchased	(133,877)	(18,447)	(18,447)	-	-	-	-	-	-	(170,771)
Communications/Postage & Stationary	42,338	42,338	4,238	42,338	42,338	4,238	42,338	42,338	42,338	304,842
G&A Service Charge	200,000	200,000	200,000	200,000	200,000	200,000	160,000	160,000	160,000	1,680,000
Excess lease costs	91,934	91,934	91,934	91,934	91,934	91,934	91,934	91,934	91,934	827,406
DIC Investments - One time	-	-	-	208,667	408,667	258,667	233,667	509,667	208,667	1,828,002
Taxes	-	-	-	-	42,000	-	-	88,000	-	130,000
Total Expenses	1,208,603	1,349,533	1,363,433	1,551,147	1,818,647	1,640,547	1,631,147	2,020,647	1,683,647	14,267,351
Increase /(Decrease) in Cash	570,260	29,330	499,399	(161,039)	122,714	(119,034)	1,624,573	2,458,307	(356,427)	4,668,083
Cash Balance	570,260	599,590	1,098,989	937,950	1,060,664	941,630	2,566,203	5,024,510	4,668,083	3,308,134

		Balance
Beginning Cash - Q2 '02		4,668
Q2 '02	648	5,316
Q3 '02	356	5,672
Q4 '02	844	6,517
Q1 '03	555	7,072
Q2 '03	731	7,803
Q3 '03	899	8,702
Q4 '03	1,642	10,344
Q1 '04	657	11,002
Q2 '04	1,142	12,144
Q3 '04	1,142	13,286
Q4 '04	2,058	15,344

Level 8 Systems
2001 Operating Plan
GAB LOB

TOTAL	Apr	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	Mar	9 mos Budget	1st Qtr 02	12 mos Budget	Adjustments:
Revenue																
Software	0	0	200,000	0	0	1,000,000	0	0	1,000,000	0	0	1,000,000	2,200,000	1,000,000	3,200,000	
Maintenance	894,110	891,886	891,609	869,381	869,381	881,881	860,209	860,209	872,709	851,579	851,579	864,079	7,891,377	2,567,237	10,458,614	
Services - Consulting	1,194,797	542,551	542,551	542,551	542,551	542,551	542,551	542,551	542,551	542,551	542,551	542,551	5,535,205	1,627,653	7,162,858	
Services - Training	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Allowance for Discounts & Returns	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Revenue	2,088,907	1,434,437	1,634,160	1,411,932	1,411,932	2,424,432	1,402,760	1,402,760	2,415,260	1,394,130	1,394,130	2,406,630	15,626,582	5,194,890	20,821,472	
Operating Expenses																
Personnel Expenses																
Direct Compensation	546,371	504,298	504,298	504,298	504,298	504,298	504,298	504,298	504,298	504,298	504,298	504,298	4,580,754	1,512,894	6,093,648	551,352
Benefits	107,004	101,017	101,017	101,017	101,017	101,017	101,017	101,017	101,017	101,017	101,017	101,017	915,144	303,052	1,218,196	110,270
Formula Based Commission	27,767	27,719	37,719	27,719	27,719	72,719	27,719	27,719	72,719	27,719	27,719	72,719	349,516	128,156	477,672	
Nonformula Based Bonus	14,233	14,233	14,233	14,233	14,233	14,233	14,233	14,233	14,233	14,233	14,233	14,233	128,093	42,698	170,791	
Contractors	75,622	75,622	75,622	75,622	75,622	75,622	75,622	75,622	75,622	75,622	75,622	75,622	680,597	226,866	907,463	(77,463)
Employee Training	8,042	8,042	8,042	8,042	8,042	8,042	8,042	8,042	8,042	8,042	8,042	8,042	72,375	24,125	96,500	
Other Employee Expenses	5,000	5,000	37,500	5,000	5,000	37,500	5,000	5,000	37,500	5,000	5,000	37,500	142,500	47,500	190,000	
Subtotal	784,038	735,930	778,430	735,930	735,930	813,430	735,930	735,930	813,430	735,930	735,930	813,430	6,868,979	2,285,290	9,154,270	584,159
Travel																
Gross Travel	103,245	98,245	98,245	98,245	98,245	98,245	98,245	98,245	98,245	98,245	98,245	98,245	889,205	294,735	1,183,940	
Client Reimbursements	44,220	44,220	44,220	44,220	44,220	44,220	44,220	44,220	44,220	44,220	44,220	44,220	397,980	132,660	530,640	
Subtotal	59,025	54,025	54,025	54,025	54,025	54,025	54,025	54,025	54,025	54,025	54,025	54,025	491,225	162,075	653,300	
Other Direct Expenses																
Third Party Commissions/Finder's Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Outside & Professional Services	301,417	1,375	26,875	1,375	1,375	26,875	1,375	1,375	26,875	1,375	1,375	26,875	388,917	29,625	418,542	(300,000)
Promotional Expenses	500	500	500	500	500	500	500	500	500	500	500	500	4,500	1,500	6,000	
Subtotal	301,917	1,875	27,375	1,875	1,875	27,375	1,875	1,875	27,375	1,875	1,875	27,375	393,417	31,125	424,542	
Total Direct Expenses	1,144,980	791,830	859,830	791,830	791,830	894,830	791,830	791,830	894,830	791,830	791,830	894,830	7,753,621	2,478,490	10,232,112	
Indirect/Overhead Expenses																
Premises	46,537	46,066	46,066	46,066	46,066	46,066	46,066	46,066	46,066	46,066	46,066	46,066	415,067	138,199	553,266	46,734
Communications	37,466	36,833	36,833	36,833	36,833	36,833	36,833	36,833	36,833	36,833	36,833	36,833	332,130	110,499	442,629	
Stationery & Postage	5,605	5,505	5,505	5,505	5,505	5,505	5,505	5,505	5,505	5,505	5,505	5,505	49,644	16,515	66,159	
Machinery & Equipment	98,674	96,796	96,113	96,113	96,113	96,113	96,161	96,197	96,197	95,892	95,572	95,572	868,478	287,037	1,155,515	
Subtotal	188,283	185,200	184,518	184,518	184,518	184,518	184,565	184,601	184,601	184,296	183,976	183,976	1,665,320	552,249	2,217,569	
Total Operating Expenses	1,333,263	977,030	1,044,348	976,348	976,348	1,079,348	976,395	976,431	1,079,431	976,126	975,807	1,078,807	9,418,941	3,030,740	12,449,681	
Interdepartmental Cross-Charge - Rev/(Exp)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Contribution	755,644	457,407	589,812	435,585	435,585	1,345,085	426,385	426,329	1,335,829	418,004	418,323	1,327,823	6,207,641	2,164,151	8,371,791	
Contribution Margin %	36.2%	31.9%	36.1%	30.9%	30.9%	55.5%	30.4%	30.4%	55.3%	30.0%	30.0%	55.2%	39.7%	41.7%	40.2%	
Headcount Detail:																
Full-time Employees	83	82	82	82	82	82	82	82	82	82	82	82	82.1	82.0	82.1	
Part-time Employees	2	2	2	2	2	2	2	2	2	2	2	2	2.0	2.0	2.0	
Total Employees	85.0	84.0	84.0	84.0	84.0	84.0	84.0	84.0	84.0	84.0	84.0	84.0	84.1	84.0	84.1	
Contractors	4.0	4	4	4	4	4	4	4	4	4	4	4	4.0	4.0	4.0	
Total Headcount	89.0	88.0	88.0	88.0	88.0	88.0	88.0	88.0	88.0	88.0	88.0	88.0	4.0	88.0	88.1	
Ave Salary/person	6,428	6,004	6,004	6,004	6,004	6,004	6,004	6,004	6,004	6,004	6,004	6,004	54,461	18,011	72,472	
Benefits as a % of Direct Comp	19.6%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	
Net Travel per person (Headcount)	1,735	1,696	1,696	1,696	1,696	1,696	1,696	1,696	1,696	1,696	1,696	1,696	15,303	5,088	20,391	
Net Travel per person (Total, incl. contractors)	1,657	1,619	1,619	1,619	1,619	1,619	1,619	1,619	1,619	1,619	1,619	1,619	14,608	4,857	19,465	

Revised Budget	Comments:
3,200,000	
10,458,614	
7,162,858	
0	
0	
20,821,472	
6,645,000	Revised to agree to salary schedule provided by HR and add European car allowances.
1,328,467	Increase in benefits due to additional salary.
477,672	Total on-target commissions for personnel total $1.2M; additionally there's a
170,791	$140K retention bonus outstanding; expense will depend on plan designed by DIC; usually try to plan at 75% attainment for budget
830,000	Adjusted to assume 210 billable days at rates provided by HR.
96,500	Discretionary; currently at $1,100 per person; seems low give technical nature of business
190,000	$60K recruiting; remainder is qtrly mgmt meetings; discretionary item - what does DIC want to budget?
	need to plan for some attrition and rehire
9,738,429	
1,183,940	seems consistent with 2000 run rates per person
651,167	Reimbursement rate in 2000 was 53% for groups in costs of services which would have
532,773	included the previous management structure of this area. Used 55% as target for 2001. This
	could be better given the mix between consulting and rest of org. At $20K/person, services
	could be $870K of the total. Most should be reimbursable.
0	
118,542	Deducted cost of Access deferred from Q1. No specific items for remainder. Would be discretionary. Probably lower. Most would be in G&A.
6,000	Discretionary. Any marketing needs? Subscriptions to services, trade shows, etc. CAB?
124,542	
10,395,744	
600,000	Includes only usable premises since full premises liability included in balance sheet.
442,629	Based on L8 historical run rates; should investigate more thoroughly to determine if new programs/technologies can benefit here.
66,159	Based on L8 historical run rates.
1,155,515	
2,264,303	
12,660,047	ESTIMATED QTRLY COST - BASELINE $3,165K / qtr
0	
8,161,425	
39.2%	
89.0	
1.0	
90.0	
11.5	
101.5	
73,833	
20.0%	
20,390	
18,080	
0	
8,161,425	
39.2%	

	Upfront Cost	Annual Cost	
Staff Additions:			
Add 5 Services Staff - one per qtr Q4 '01 through Q4 '02	125,000	700,000	Cost of Se
Add 3 Salespeople - one in Q4 '01 and two in Q1 '02	90,000	360,000	Sales (low
Marketing	300,000	250,000	Marketing
new website, customer event, new corporate			
identity to establish, collateral, Gartner subscription			
Distribution (new product packaging & documentation)	100,000	20,000	Cost of Sc
Employee-related			
Retention bonus plan due to transition	375,000		Developm
Employee events	100,000		Developm
Infrastructure	350,000		G&A
Organization costs	200,000		G&A
G&A recruiting	260,000		G&A
	1,900,000	1,330,000	

Summary:		
Cost of Software	100,000	20,000
Cost of Services	286,500	700,000
Sales	246,750	360,000
Marketing	300,000	250,000
Development	156,750	-
G&A	810,000	-
	1,900,000	1,330,000

G&A estimates	
CEO	350,000
CFO / Controller	130,000
Ten staff @ $75K fully loaded	750,000
Audit fees and tax returns	250,000
Legal fees	100,000
HR consultant	50,000
IT services	100,000
Travel for CEO	100,000
	1,830,000

ervices
er cost used since commissions already built into model)

oftware

ient / Cost of Services / Sales
ient / Cost of Services / Sales

June 19, 2001

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The Triangle Building, 43rd Floor
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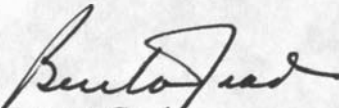RE: Final Report: HPS/GAB Due Diligence

Dear Lenny and Talmor:

The enclosed report provides an analysis and assessment of the Level 8 HPS/GAB business operations. Further work is still needed to complete the BGAI due diligence assignment, including reviewing the report on the customer satisfaction and requirements survey to be prepared by Specifics, Inc.

Based on the review, there are no technical or operational reasons why DIC should not proceed with the acquisition. If DIC believes that the price is reasonable compared to the projected revenues and cash flows and if DIC can eliminate a significant portion of Liraz' guarantee of Level 8 debt then the acquisition would be valuable to DIC.

The final report from the Survey will be completed by June 22. If this affects any of the BGAI conclusions or recommendations, we will prepare a supplemental report.

Please call Sid Dunayer or me if you have any questions or wish clarification on any points

Sincerely,

Burton Grad

cc: Sidney J. Dunayer
5439.RPT

Due Diligence Report on

the HPS/GAB Operations of

Level 8 Systems, Inc.

as of May 31, 2001

Prepared for:
Discount Investment Corporation
3, Azrieli Center
The Triangle Building, 43rd Floor
Tel Aviv, 67023, Israel

Prepared by:
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5 Saint John Place
Westport, Connecticut 06880

Burton Grad
Sidney J. Dunayer

Date:
June 19, 2001

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EXECUTIVE SUMMARY

The Discount Investment Corporation (DIC) is a principal investor in Liraz Systems which is in turn a principal investor in Level 8 Systems. DIC is concerned about protecting its exposure to Level 8's continuing losses. Level 8 is attempting to raise cash to be used in its further development, marketing and support of CICERO. In this context, DIC is considering the acquisition of that portion of the Level 8 business referred to as Geneva AppBuilder (GAB) or sometimes HPS (the old Seer product name). This business is currently headquartered in Cary, NC although it has sales and services activities in a number of international locations. Cary also has responsibility for maintaining certain other Level 8 products including XIPC, GMQ, GIB and CTRC.

DIC has given Level 8 a terms sheet proposing to buy the HPS/GAB operations subject to a due diligence review with the final price to be set at the conclusion of the due diligence. During the due diligence, Level 8 is free to seek other potential buyers. One key term is that a substantial portion of the DIC purchase price would have to be used by Level 8 to reduce a part of the bank debt which Liraz has guaranteed.

Burton Grad Associates, Inc. (BGAI) had responsibility for both the business and technical due diligence study excluding the financial and legal due diligence. In performing this study, BGAI has reviewed various materials provided by Level 8 and interviewed a number of Level 8 executives and managers. The interviews have taken place both on-site in Cary, NC and by telephone.

The AppBuilder business operations have been a little difficult to sort out since they are intertwined with other Level 8 operations, particularly in Europe, where sales and professional services for GEI/BPA were integrated with GAB. In the United States, the Cary operations not only provide administrative and financial services for the whole company, but a number of secondary products have been assigned to Cary maintenance. The assessment made by BGAI viewed GAB as a standalone business, with no further ties to the rest of the Level 8 operations.

Another significant factor in the BGAI analysis is that Level 8 appears to be in a somewhat precarious financial situation with only around $7.5M in cash as of 6/1/01 and a net burn rate of $2.5M per month at current revenue and staffing levels. Without major decisions by Level 8 to withdraw from certain areas (or reduce its level of operations) or to find a way to increase its revenue in the short-term, the timing of the DIC acquisition would make it a close call for Level 8 in terms of cash flow.

Therefore, DIC must be concerned not only with the long-term value of the GAB business, but also the short-term viability of the Level 8 business, which could put the Liraz bank guaranty in jeopardy and risk further damaging the GAB business, because of further personnel reductions and further lowering of customer confidence.

In principle, the GAB operations are straightforward, should produce a profitable maintenance revenue stream and have a sufficient installed base and technical foundation to provide an opportunity for some additional product license revenues (from existing and possibly some new customers) as well as substantial professional services revenues.

The product and market have been ignored, the sales force and professional services teams decimated and recent management changes combined with ongoing neglect (over more than 3 years) have left the GAB organization somewhat bewildered and at a low morale point.

Nevertheless, this can't be viewed as a fire sale business. While the market for procedure-oriented application development systems is limited, the installed base for GAB is substantial and the costs to convert from HPS is so great that this decision is not made lightly and takes 3-5 years to implement. With reasonable encouragement from GAB and some responsive technical and marketing actions, most of the current customers would stay with HPS, migrate to GAB and even acquire licenses for additional features and functional capabilities.

The operating profit margins on this standalone business, particularly as a private company, should be excellent and should continue for at least 5 years, giving GAB time to produce a realistic strategic plan and implement it in a timely fashion. The cost of the needed new development, slightly augmented sales force and independent administrative, accounting and facilities operating staff should be relatively small.

The most serious problem to be addressed would be to select a quality CEO who would manage the resources, stay the course in a consistent fashion and provide the visible leadership needed to construct a sensible build-on strategy and convince customers of GAB's long-term interest and viability. The second key concern would be to select a European-based sales and professional services executive who could convince current customers and future prospects of the value of the GAB offerings and help establish the add-on requirements for the GAB product line. This executive must also be able to build key alliances with oem's and possibly with certain computer manufacturers and consulting firms.

Given the above analysis and since the customer survey bears out these comments regarding customer direction and concerns, there are no technical or business reasons why DIC should not proceed with the acquisition of the GAB operations from Level 8, subject to the price being fair compared to realistic GAB revenue and profit projections.

BGAI has prepared its own revenue projections and has provided information on the operating staff it believes is needed. Based on this information plus the financial analysis due diligence being performed, DIC should be able to determine whether the cash flow and future value realization opportunities justify the risks cited and the future investment needed.

SECTION I. Objectives and Due Diligence Plans

A. Objectives

DIC is considering a transaction to acquire certain assets from Level 8. Burton Grad Associates, Inc. (BGAI) has been asked by DIC to conduct a technical and business due diligence study of certain of Level 8's application development products: HPS and GAB. The DIC offer would include acquiring responsibility for specific employees, customers, facilities, contracts and selected other assets and liabilities from Level 8.

DIC requested BGAI to perform this independent technical and business due diligence study prior to DIC determining whether it wishes to acquire the HPS/GAB business from Level 8 Systems (Level 8). This study was intended to ensure that the technical and business representations made by Level 8 to DIC were accurate and complete and to be sure that there were no serious development, technical, operational or business issues which would significantly affect DIC's estimates of current value or projections of future profits from HPS/GAB. DIC has had the legal and financial due diligence work performed separately.

BGAI, an independent consulting firm with extensive experience in computer software and services company due diligence and valuation studies, has performed this technical and business due diligence study so that DIC can proceed with its potential acquisition decision.

B. Due Diligence Process

1. BGAI requested a wide range of development, technical, operational, marketing, sales, customer service, professional service and other business information from Level 8 for the HPS/GAB products. The original information request list is attached as Appendix B-1. After discussions with DIC and Level 8, BGAI requested and received the materials listed in Appendix B-2.

2. BGAI conducted both on-site and phone interviews with the principal technical and business executives and certain other technical managers of the HPS/GAB operations and reviewed all relevant materials in the assigned due diligence areas including a review of technical and user documentation.

3. BGAI analyzed the materials received and the interview notes to identify any items of concern and any potential problems in the assigned due diligence areas.

4. As requested by DIC, BGAI arranged for a customer satisfaction and requirements survey to be conducted and a detailed report submitted to DIC.

5. BGAI has prepared a due diligence report for DIC on its findings and recommendations about Level 8's HPS/GAB business without disclosing any Level 8-identified source code or related confidential program materials.

Staffing

The project was managed by Burton Grad, president of BGAI, with BGAI Associate Sidney J. Dunayer as the principal technical consultant.

Professional profiles for the BGAI participants are enclosed as Appendices A-1 and A-2.

Discussion of DIC Terms and Level 8 Situation

A significant element in the proposed transaction is that Level 8 would be required to use a substantial portion of the purchase price to pay down a part of the bank debt which Liraz has guaranteed. Liraz believes that its Level 8 guaranty is at risk, and DIC as a principal owner of Liraz is interested in reducing this risk to Liraz.

Another feature of the current term sheet from DIC is that it does not contain a "no-shopping" clause. Therefore, Level 8 and its investment bankers are free to pursue a better deal while the due diligence is in process. In this situation, DIC should insist immediately that a clause be inserted to assure DIC that a substantial portion (or all) of the Liraz guaranteed bank debt must be retired if Level 8 sells all or part of these assets to any third party.

Furthermore, since Liraz is a principal stockholder of Level 8 and has 3 members on its 11 person board, it is vital that the price paid by DIC is clearly a fair market value and is agreed to by the other directors and possibly by the preferred stock holders and maybe the other common stock holders. This may require a quite formal process and may take up to 3 months.

Therefore, in conducting its due diligence, BGAI did not just look at the accuracy and completeness of Level 8's representations and assess this part of the company on a going concern basis. BGAI also examined the current situation at Level 8 and potential opportunities in terms of the relative risk to DIC of doing nothing and facing Liraz's bank guaranty exposure versus acquiring these HPS/GAB assets and reducing the Liraz guaranty. DIC could then run the new company (call it GAB) so as to increase its short term and long term profitability and make it a beneficial investment for DIC at a fair net cost to DIC (purchase price less reduction in Liraz guaranty).

Specific Questions to be Answered

1. Does the proposed HPS business have significant downside risks in terms of reduction in maintenance revenues, weak future software sales, limited professional services projects, costly customer commitments or significant technical problems with current or planned products? The financial and legal due diligence studies will focus on whether there are serious financial exposures on employees or facilities, whether the AR is realistic and collectible, tax implications, revenue recognition rules and use of appropriate accounting procedures for costs.

2. Are the market opportunities for the current and potential HPS products substantial and continuing, given the changes in applications and platforms that are taking place in North America and Europe? Will the current and prospective competition prevent GAB from retaining its customer base and obtaining significant new customers?

3. What is the size and timing of the technical investments needed to produce a more competitive product to realize the market opportunities? Does GAB have the skills needed to carry out these projects or can the additional skills be readily obtained?

4. What are the expected revenue projections from the business?

5. What are the expected operating costs to manage the business in a competent manner including providing sales, professional services, customer support and administrative services?

6. What is the expected cash flow from the GAB operations, given an effective management structure and a consistent conservative strategy?

7. Is the present management capable of planning and executing the actions needed to prevent the downside risks and capitalize on the upside opportunities while producing a strong cash flow? If not, what changes would be needed?

SECTION II. Description of HPS/GAB Business

Level 8 provided a wide range of materials as listed in Appendix B-2. BGAI also interviewed a number of GAB executives and managers as listed in Appendix B-3. Appendix B-1 provides the framework used by BGAI in examining materials and conducting interviews.

A. Current Business Description

The Geneva Application Builder business consists of the installed HPS product base plus the new GAB version 2.0. This product line was acquired by Level 8 from Seer Technologies in 1999 and has had only limited product improvements or enhancements since then. Although it has been the principal revenue producer and the primary cash generating part of the Level 8 business over the past 3 years, it has been neglected each year in favor of one or more new products built or acquired by Level 8: GIB in 1999, GEI/BPA in 2000 and now CICERO in 2001. In spite of this, the AppBuilder product line produced $33.9M in revenue in 2000. .

B. Current Products and Services

The Geneva AppBuilder product provides an integrated, essentially proprietary application development system which can run on multiple platforms. Appendix D provides a brief description of the product. GAB also provides professional services to develop applications for its customers or to assist them in doing so.

C. Markets, Customer Base and Competition

The market potential includes any large mainframe user who is prepared to accept a structured, proprietary application development environment. However, the reality is that relatively few companies have been willing to establish and maintain the discipline needed to use these structured application development systems. Many software companies have entered this market and one by one each has failed to grow beyond a certain level or even to retain its installed base. Every few years a new development model is introduced, many analysts jump on this new bandwagon and a number of user companies start to adopt the new model. But in almost every case, the use doesn't go beyond the initial applications or the initial development team.

For example, over the past 5 years the following companies have essentially disappeared: Sapiens, Synon, Cadre and Knowledgeware. The principal current competitor is Cool:Gen (developed by Texas Instruments, acquired by Sterling Software and then sold to Computer Associates) which probably has the largest installed customer base and revenues at this time. Rational Rose is a very significant niche player. Others provide partial solutions to the specification, modeling, design, code generation and testing process, but few effectively cover the full development cycle for mainframe, midrange and pc applications.

Another peculiarity is that these structured development systems have had far greater acceptance in Europe than in the United States. This is extremely so with HPS/GAB where at least 80% of the installed base is in Europe.

One other factor relevant to HPS/GAB was the former partnership with IBM which heavily promoted the use of HPS, particularly in Europe and particularly for banks and financial services institutions. This may have been IBM's way to reduce the influence of Oracle, Sybase and Informix which have their own development systems built around their db systems. But these IBM relationships have withered away and there is currently no active joint marketing program with IBM or any other manufacturer. GAB is involved with a few oems who are attempting to remarket customer-developed HPS-based applications.

D. Current Organization and Management

Appendix C-1 shows the current organization for the GAB business. The G&A organization was not included on these charts but currently covers all of Level 8. GAB has not been set up on a business unit basis and is integrated with various other products in development, support, sales and professional services. Appendix C-2 lists all current GAB employees.

E. Product Development and Release Plans

Level 8 has just released GAB 2.0 and is planning to deliver 2.0.2 by November 2001. The key advances in 2.0 were the addition of Java generation along with browser capability, improved client and server facilities and the clean up of a number of HPS problems. GAB 2.0.2 is scheduled to include MQ services to substitute for NetE, remote preparation and SOAP/XML support.

F. Business Strategy and Plans

The principal current strategy is to specify and design GAB R3 which is targeted for delivery in late 2002. It is to provide work flow integration, use of non-GAB developed applications, a third party repository, object support and a meta language (possibly Java or Visual Basic) to substitute for GAB's proprietary rules description language. Specific consideration is just now being given to producing an open COBOL capability although with some misgivings that this may weaken GAB's proprietary hold on its current customers.

G. Financial Results and Projections

The financial results for CY2000 are shown in Appendix E-1 and for 1Q01 are shown in Appendix E-2. The 1Q01 results for GAB were far weaker than the previous year results and the CY2001 projections show a much reduced product license stream and a somewhat lower professional services forecast (Appendix E-2). Even these lower product and services forecasts may not be realistic according to the current pipelines (see Appendices I and K). The maintenance revenue for 2001 seems to be supported by the maintenance pipeline (see Appendix J-1). This is about the same level as 2000.

SECTION III. Technical and Development Analysis

Based on Sid Dunayer's technical and development report (Appendix G) and other interviews, the development and maintenance operations appear to be well run and capable of maintaining the current products and producing some new features and functions. Nevertheless this is a sharply reduced organization and QA, documentation and training have been cut back and some of the product releases have not been properly tested and were difficult to install and use.

There are a number of specific features which could lead to additional product license fees from existing customers and might help attract a few new customers. These include: Open COBOL, use of a 3rd party repository, completion of double byte capability and possibly a Rational Rose interface.

The present development organization is somewhat awkward and could be reorganized to better reflect the separation between new development and maintenance activities.

In some ways the principal strengths of HPS/GAB are its Achilles heels: by being proprietary, all of the pieces fit together, but customers feel trapped and cannot effectively integrate with non-HPS/GAB applications. Net Essential has some good characteristics, but customers want to use publicly available networking systems. The same is true of the proprietary rules writing language.

GAB has not yet found a way to plot a path to the future which will encompass the needed modeling, business planning and work flow management tools or to be able to integrate non-HPS/GAB applications.

SECTION IV. Customer Survey Report

SECTION V. Findings and Conclusions about the HPS/GAB Business

Findings

As a result of its examination of the GAB operations, BGAI has the following findings:

1. The current GAB operation is running at a seriously lower level than in 2000 and will fall far short of the revenues achieved in 2000 of $33.9M. Given the current staffing and current plans it is unlikely that GAB would even reach $20.0M in revenue in 2001. The shortfall is primarily caused by major reductions in sales and professional services personnel during 2000 and 2001 as well as a continuing lack of effective executive attention to the GAB products or market.

2. The current GAB operation will generate a substantial cash flow if the assigned corporate overhead and services performed for the corporation are eliminated. In other words, on a standalone basis, with reasonable executive, administrative, accounting and facilities costs, GAB should yield at least 25% on revenues in 2001. There is no easy way to create a 2000 pro forma for GAB, but it appears that GAB was the only real cash generator for Level 8 during 2000.

3. The GAB customers continue to be very anxious about GAB's future in terms of its commitment to developing new functions and capabilities and modernizing the products to reflect changing market requirements. Promises made over the past three years have not been fulfilled and customers feel that the product has been stagnant. One result of this customer attitude has been that most customers are not willing to use HPS to build new applications and the new GAB has not been able to attract any new customers or even much upgrading by existing HPS customers (lack of sales effort has also been a factor).

4. In spite of this customer concern, there have been relatively few discontinuances or even any serious reduction in maintenance revenues from existing customers. HPS customers are locked into the use of HPS for many of their primary business applications and since they kept these applications going during the "Y2K crisis," they're not apt to discard them now without a compelling reason. Since customers don't have HPS or GAB source code, they are not able to take the risk that they would need to make application system changes using an unmaintained version of HPS or GAB.

5. Therefore, the maintenance/support revenue stream seems to be quite secure. Even if customers decide today to reprogram their major applications so as to eliminate the use of HPS or GAB, it would take about 3-5 years before they would be able to drop maintenance all together. As of May, 2001 there were 11 customers out of 60 who have stated that they were actively replacing their HPS or GAB applications. However, there are at least 17 additional customers who have stated that they are actively considering this alternative.

    From a maintenance revenue standpoint, Level 8 states that it believes that the 2001 revenues from "secure" accounts is $6.5M, from "at-risk" accounts is $3.6M and from "lost" accounts is $.8M. This adds up to a total of $10.9M in maintenance revenue in 2001.

6. GAB's professional services revenues have been allowed to decline from almost $9.1M during 2000 to a projection of $7.1M for 2001 (Appendix E-2). With only 33 on staff as of 6/1/01, and a daily rate of about $1,000 and based on the experience that GAB has realized around 180 billable days/year per consultant, the expected annual revenue per consultant is $180,000. The total cost per consultant varies with the country, but analysis shows that salary and benefits run about $80,000 per year. Even considering reasonable sales and overhead costs, this should be a very profitable business generating pretax margins of at least 20%. The use of GAB's professional services staff is related to customers' desire to use 3rd parties to maintain or extend existing HPS applications and more importantly to migrate to GAB 2.0 and build new applications. Therefore, until customers commit to ongoing active new uses of GAB, this professional services business will have only limited potential. The current operating level of $5.5M per year seems quite supportable and a reasonable amount of growth could be obtained if customers' attitudes were improved and if GAB were encouraged to sell the use of additional consultants, particularly for migration from HPS to GAB. Reaching $7.1M is a stretch and probably is not achievable in 2001.

7. Unfortunately, additional product licenses, the engine which drives both maintenance and professional services, are essentially non-existent. While there were substantial additional product license revenues during 2000, these were principally for special situations. With the dismantling of the GAB sales force in 2000 and 2001, even product sales to existing customers have dried up (aggravated by the customers' wait and see attitude and the downturn in the business economy in Europe and the United States). This is a far more difficult revenue stream to forecast or to jump start. While the Gartner Group and IDC don't identify any competitive application development systems that are selling well to new customers, there is some view by customers that none of the development methodologies are worth the proprietary restrictions or the cost of acquiring and learning to use them effectively. Level 8 is projecting about $2.6M in additional product licenses during 2001, based on the availability of GAB 2.0.

Some current HPS and GAB customers have said that there are specific features, functions and add-on capabilities for which they would pay and that this would enable them to either extend current applications or even build new ones. But it is not clear what it would take to be able to attract new customers. One cannot expect any substantial new license revenue over the next year and a half without a carefully crafted marketing and sales strategy and timely production of a substantially enhanced GAB product. Open COBOL may be one specific feature which could generate near term revenue from current customers and revenues can be obtained from the recent Java deliverable.

8. What has been said about direct usage customers is also valid for applications oems. The current oem concept is to use already built HPS/GAB applications from an existing GAB customer and remarket them to other companies in the same industry. These 3rd party customers will become GAB customers either for run-time or full GAB systems. These oem's may be a means by which GAB can reach new customers. The oem's can also provide valuable requirements input.

9. The principal products (HPS and GAB) are both quite stable and the maintenance staff may be able to be reduced after the next release has been fully tested and deployed to a sufficient number of customers. The development team will need to be augmented in order to produce

selected separately priced features (Open COBOL, 3rd party repository, etc.). The dependence on Russian programmers doesn't appear to be high risk, but this should be limited, not extended, in order not to leave GAB vulnerable to changing political or economic factors. If new capabilities are added, then additional QA, documentation and training personnel will be needed. The present development and maintenance management and staff seem very competent and are thoroughly knowledgeable of HPS and GAB.

10. The balance of the GAB organization is in disarray with the European staff facing further organizational changes and no one directly in charge of GAB sales and professional services. The two regional managers are the senior people, but they do not have any sales plan or commission plan for 2001 and their marketing directions are at best confusing and at worst inconsistent or non-existent. This lack of direction and goals is certainly communicated to the employees and to the customers.

11. A relatively small administrative and accounting staff would be needed to manage the support operations for GAB as a private company. Based on discussions with John Broderick, BGAI believes that no more than 13 employees are needed for accounting (6), human resources (2), IT (2), facilities (1) and administration (2). In addition, outside resources could be used for operational legal services and whatever limited corporate legal services are needed.

12. The newest strategic plans for AppBuilder R3 are probably not a sound basis for a standalone GAB company strategy. The Gartner Group-suggested market direction for a process driven application environment is a very early stage concept and may well suffer the same fate as object-oriented development and component-based development. GAB needs to focus on its strengths and not again be led into pursuing high risk futurist models. Careful discussions with customers and oems should lead to step by step enhancements to GAB to solidify the customer base and GAB can wait to create or acquire any needed major new application building architectures and tools.

Conclusions

The following are the responses to the questions posed in Section I of this report:

1. Does the proposed HPS business have significant downside risks in terms of reduction in maintenance revenues, weak future software sales, limited professional services projects, costly customer commitments or significant technical problems with current or planned products?

   There are few downside risks for the maintenance revenue over the next 3 years, but there could be serious erosion after that. Without an improved, step-by-step strategy, product license revenues will remain weak and, without targeted sales efforts, first for current customers and then for new customers, this could be a serious revenue problem. Weak product license sales would also impact professional services revenues.

2. Are the market opportunities for the current and potential HPS products substantial and continuing, given the changes in applications and platforms that are taking place in North

America and Europe? Will the current and prospective competition prevent GAB from retaining its customer base and obtaining significant new customers?

The market opportunities are probably limited both in the short-term and also in the longer-term for procedures-oriented application development systems. This weakness is most profound in the U.S., but is also a problem to a lesser degree in Europe. At this point, Asia is still an unknown situation. Competition from other products doesn't seem to be a major problem, but the ability to interface with niche development products and to convert from other installed application development systems may be vital to future growth.

3. What is the size and timing of the technical investments needed to produce a more competitive product to realize the market opportunities? Does GAB have the skills needed to carry out these projects or can the additional skills be readily obtained?

The total additional technical investment needed during the balance of 2001 and 2002 to produce a significantly better GAB product line is probably less than $1M (about 8-10 people). This includes the people needed to restore QA, documentation and training. GAB either has the skills or could reasonably acquire the skills needed for the new development work in the current technical recruiting marketplace.

4. What are the expected revenue projections from the business?

With prompt actions in development announcements and a visible and directed sales presence in Europe, GAB can probably achieve $20.0M in revenue in 2001 and increase its revenue to $24.0M in 2002. The level of $20-24M should be maintainable through 2004. Further growth would be dependent on significant inroads into new accounts, primarily by converting customers currently using Cool:Gen or other non-supported development systems. Further growth will likely also require substantial technical investment or technology acquisitions.

5. What are the expected operating costs to manage the business in a competent manner including providing sales, professional services, customer support and administrative services?

The staff size will need to increase somewhat in development (partially balanced by some reduction in maintenance and support costs in 2002 as QA kicks in and the migration to GAB 2.0 is absorbed). The sales staff must grow in Europe, particularly with pre-sales personnel. It's probably not worthwhile to have any significant sales staff in the U.S. except to migrate competitive accounts. Professional services should grow to meet demand and a G&A staff of 13 people should be sufficient.

6. What is the expected cash flow from the GAB operations, given an effective management structure and a consistent conservative strategy?

The operating cash flow should be at least 25% of revenues. This would be $5M in 2001 and $6M in 2002. It could be somewhat higher if new product licenses can be increased since these can generate attractive future maintenance revenues which tend

to have high profit margins. Better pricing models, even within current contract limitations should improve profit margins.

7. Is the present management capable of planning and executing the actions needed to prevent the downside risks and capitalize on the upside opportunities while producing a strong cash flow? If not, what changes would be needed?

    The current executive management is not capable of creating or executing the needed actions. A strong CEO to plan and direct the business (preferably someone with a technical background) is crucial. Also, a top flight sales executive, based in Europe, is needed for both sales to users and relationships with oems and potentially with consulting firms and manufacturers (particularly IBM).

SECTION VI. BGAI Financial Projections

After performing a limited analysis of the current installed base and Level 8's pipeline assessments and assuming a more short-term oriented product development plan with competent executive management and adequate sales, development and professional services staffing, BGAI has constructed a conservative revenue forecast for the HPS/GAB business (see Appendix L).

Revenues

Maintenance

Maintenance is certainly the most reliable and "forecastable" part of the HPS/GAB business. The GAB maintenance revenues for 2000 were identified as $11.484M (Appendix E-1) and for the 1Q01 as $2.362M (Appendix E-2). Using Appendix J-1, Level 8 shows projected 2001 maintenance revenues of $6.490M for customers "not at risk" plus $3.552 M for those at "future risk" and $.845M for those phasing out of using HPS. This is a projected total of $10.925M for 2001. There is no increment for any new product licenses.

In BGAI's judgment, there should be some increases in maintenance fees (even within current contract limitations) and some increases in maintenance revenue because of migration to GAB 2.0 which would compensate for some erosion on number of seats and users. Therefore, we believe that a forecast of $11.0M for maintenance revenue in 2001 is quite secure and, if anything, conservative.

As to 2002, Level 8 is forecasting only $10.129M in maintenance revenues. This assumes virtual elimination of all of those accounts who are converting from HPS, but little change in any other accounts. The expected product license forecast from Level 8 is very low (only $2.4M in 2001) so this will have little impact on maintenance revenues in 2002. Even if product sales pick up in 2002, there will be little impact on maintenance in that year. Even assuming that some significant percent of the "at risk" accounts decide to migrate off of HPS, this would have little effect in 2002.

It is our projection that with the proper attention to the current customers, appropriate product announcements and delivery and reasonable sales effort, many of the installed customers will migrate to GAB 2.x during the remainder of 2001 and 2002. This will in turn generate some increase in maintenance revenues in 2002 and will limit the losses from "at risk" customers. BGAI believes that 2002 maintenance can be held at $11.0M

Projections beyond 2002 are very conjectural, but BGAI feels that maintenance should hold at least at $11M through 2003 and then drop at 10% per year unles GAB has been able to announce and deliver significant new capabilities.

Product Licenses

The current pipeline is shown in Appendix I. Product license revenue should be able to be increased to $3.0M during 2001 with some timely announcements and delivery of GAB 2.0.2 in 4Q01. With the delivery of Open COBOL in 1H02 and other announcements, a $5.0M product

licenses forecast for 2002 would be realistic. Beyond 2002, license revenues will depend on the success of the current oems or the ability to set up relations with consultants or computer manufacturers. While these revenues could climb dramatically, a conservative estimate would show license revenues dropping by 15% per year for 2003-2005.

Professional Services

The professional services pipeline is shown in Appendix K. Professional services is a tag-along business. For 2001 a target of $6.0M is reasonable. For 2002 a target of $8.0M should be achievable. After that the professional services revenues should erode at about 10% per year.

Staff

The recommendations below are summarized in Appendix L.

Executive Management

Two major new executives are needed: a CEO in the U.S. and a VP-Sales, Marketing and Professional Services in Europe.

Sales and Marketing

Sales needs to have at least 3 people added, 2 in Europe and 1 in the U.S. These people would need to focus on pre-sales work initially.

Professional Services

Professional Services should increase by 3 people in 2001 and then by 10 more in 2002 if the projects are there for them.

Development

Based on our current analysis we believe that the development staff should be increased by 4 people to provide accelerated announcement and delivery of Open COBOL, third party repository, etc. Four other people should be added to augment QA, documentation and training.

Maintenance and Support

For now the maintenance and support staff should not be decreased, but by mid-2002 reductions can be made reflecting the improved product quality and fuller documentation and training.

Administration and Accounting

The G&A functions require a total of 13 people plus outsourcing for legal support.

SECTION VII. <u>Recommendations</u>

1. DIC should proceed with the acquisition of the GAB assets within the terms sheet price range.

2. DIC should insist on certain near term actions by Level 8 including establishing a business unit structure for GAB, setting up sales goals and a commission plan and prioritizing certain near-term development projects.

3. DIC should close the deal as soon as possible within legal and financial guidelines

4. Level 8 should announce the deal as soon as possible with DIC appointing a spokesperson to articulate DIC's objectives and plans for GAB.

5. DIC should bring in a CEO in the U.S. to manage the world-wide business and start recruiting a VP-Sales, Marketing and Professional Services to be located in Europe.

6. Organizational changes should be made in Cary to separate the HPS/GAB functions from the other Level 8 activities.

7. The GAB R3 strategy should be dropped and a multiple step GAB 2.x enhancement strategy agreed upon and implemented.
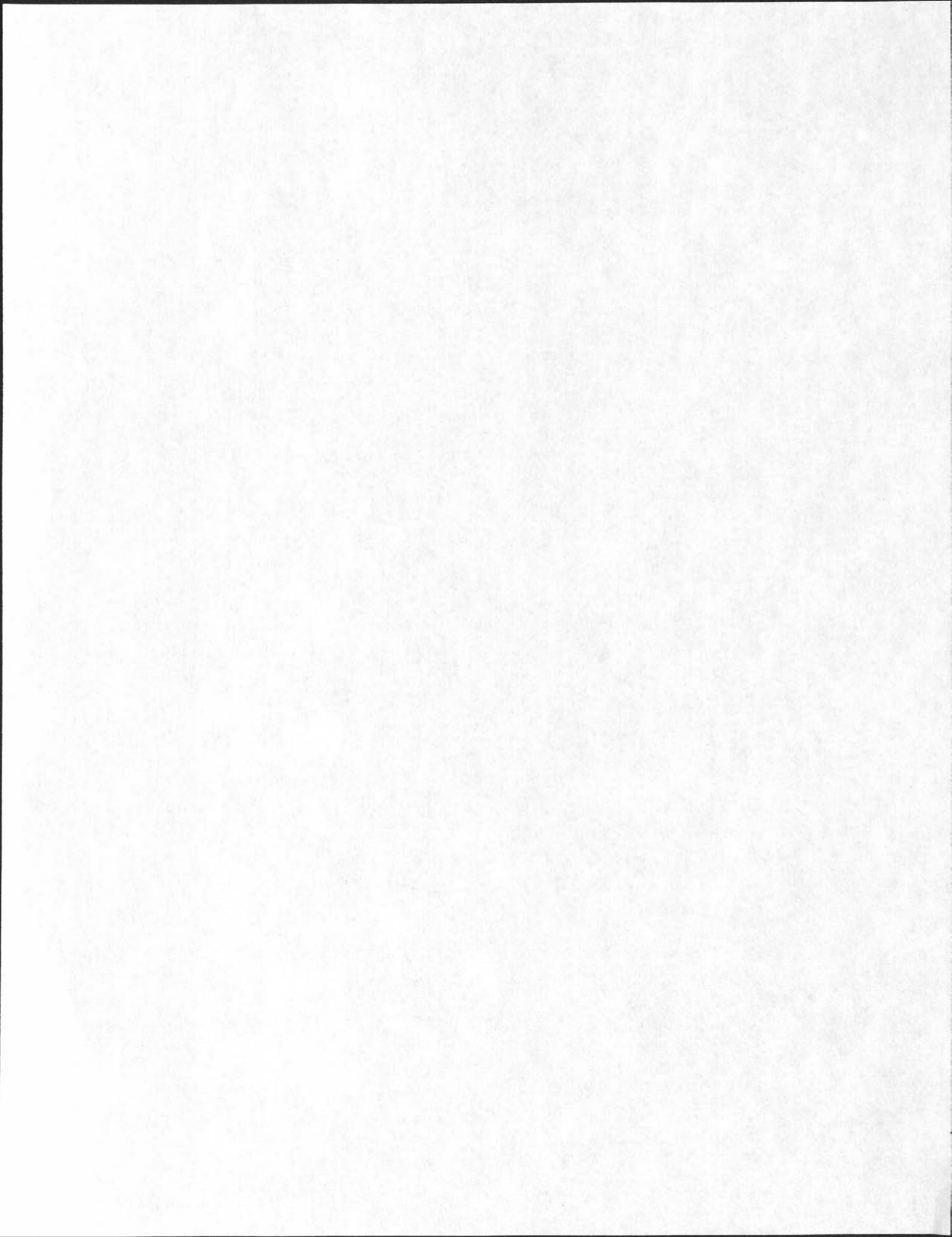
Burton Grad

Professional Summary

Burton Grad, President of Burton Grad Associates, Inc. (BGAI), has a long record of significant contributions to the computer software and services industry. He has experience both as a user and developer of application and systems products and as consultant, innovator, businessman and leader in the computer software and services industry.

Since 1978 he has been a consultant to companies providing software products, software professional services, processing services and other computer software and services offerings:

❖ Strategic planning, management and organizational consulting, and product analysis, evaluation and review

❖ Company and product acquisition studies including due diligence and valuation for financial capitalization and write-off purposes

❖ Planning, assessment and analysis of business operations including quality and productivity measurements

Work is performed personally or with the assistance of experienced specialists in market analysis, customer services, systems programs and industry applications on mainframe and departmental computers as well as on client/server and personal computer systems.

This is a partial list from the more than 175 BGAI clients:

Broadview Associates	i2 Technologies, Inc
Budgeting Technology, Inc.	Infosafe
CIBER, Inc.	Keane, Inc.
DA Consulting Group	Mediware, Inc.
Decision Consultants, Inc.	Platinum Technology
Discount Investment Corporation	SPSS, Inc.
Elron Software, Inc.	Sterling Commerce, Inc.
Geocapital Partners	Sterling Software, Inc.
Grace Consulting and Technologies	TSI International

Work Achievements

Burton Grad Associates, Inc. (1978 - Present)

* Strategic planning, management and organizational consulting, and product analysis, assessment and review

* Company, product and technology valuation studies for financial, tax, capitalization and acquisition purposes

* Due diligence studies on acquisitions of computer software/services companies

* Business assessment studies and implementation projects for product strategy, development, quality management and customer service

Customer Care, Inc. (1992 - 1996)

* Published *CustomerCare Newsletter* and *CustomerCare Survey* directed at software companies' customer services activities: support, documentation, training and product-related consulting

* Provided consulting on customer service processes, and training for customer service personnel

Heights Information Technology Service (1979 - 1983)

* Performed professional services for applications and systems development
* Used professionals on a remote, work at home basis with effective project management

International Business Machines Corporation (1960 - 1978)

* Definition, design and implementation of application development systems strategy resulting in release of IBM's development management systems
* Development of application programs for every major industry

* Establishment of joint planning and programming development with European operations
* Announcement, development and initial support of CICS
* Management of application development for small business and process control systems

* Responsibility for the production, release and maintenance of almost 200 programs
* Conception of approach to and programs for text processing and office automation systems
* Development and expansion of computer based training systems

* Development of management science and scientific programs
* Participation in the structuring and unbundling of IBM program products
* Creation of the Study Organization Plan for specifying and designing application systems

General Electric Company (1949 - 1960)

* Programming of the first commercial computer (Univac I in Louisville)
* Development of discrete simulation techniques for manufacturing planning and control
* Invention of decision tables

* Study of automated factory design and implementation
* Initiation and use of advanced techniques for production, inventory and quality control

Other Professional Activities

1972-1996   **ITAA**

* Computer Software and Services Trade Association

* President, Treasurer and Board member of American Software Association Division of ITAA

* Member of ITAA Board

* Chair and member of various committees (Industry Relations, Software Capitalization, Software Openness, Technology Information Services, Quality Management)

* Executive Committee of Information Technology Foundation (Project Office)

1968 and 1979   Principal author of *Management Systems*, published by Holt, Rinehart and Winston. Used for colleges and businesses for computer application system methodology and design.

1950-Present   Speaker and chair at conferences and workshops and contributor to professional journals on various information technology subjects including decision tables, quality control, systems engineering and software capitalization

Professional Profile - Sid Dunayer
Communications and Network Related Projects

Major International Chemical Manufacturer

Requirements analysis and design of the global network connecting the various product design centers worldwide. The network is currently implemented using Token-Ring and Ethernet local area networks connected via private TI/T3 service, Fiber links, Asynchronous and Synchronous dial connections, X.25 packet connections and SAA connections to the mainframes. Through this network, the chemists worldwide can share data and work together on new creations. The actual mechanism used to route any given "transaction" is dependent on the required response time for that transaction. Those that are "urgent" or require a timely response are routed via an appropriate network connection. The lower priority data replication messages are batched and sent using a cheaper network route.

Software Products Company

As part of a strategic planning study, analyzed various current and proposed message/document interchange models to establish requirements for an integrated messaging system, including analysis of transport mechanisms and use of available communications software packages.

Major Software Products and Services Company

As part of a study to determine whether to centralize company development and processing services, prepared requirements statement for installing an integrated communications network to cover development, processing services and corporate administration as well as telephone and fax services.

Network Services Provider

As part of a technical due diligence for an acquisition, performed an analysis to determine possible methods for connecting the newly acquired customers to the client's VAN. Analysis included the possibility of connecting the VAN to the packet network used by these customers. In this way, the packet service could reroute the customer transactions to the VAN. As customers were migrated from the packet network to the VAN, service on the packet network would decrease and eventually would cease, at which time the connection to the packet network would no longer be required.

Major Financial Institution

Designed and implemented a corporate-wide customer service network including the use of small computers (replacing mainframes), leased lines, dial-in backup units and other interconnect facilities for regional processing centers.

Information Request List

A. General

1. Organization chart and staffing levels
2. Business strategy and operation plans
3. Profiles of senior managers

B. Sales

1. Revenue and unit history by product line, geographic territory and types of revenue
2. Mix of new sales, maintenance, add-ons, upgrades and services
3. Backlog and current pipeline
4. Pricing and discount plans
5. Win/loss records and analyses

C. Marketing

1. Major customer analysis with revenues for 2000 and 1Q2001
2. Resellers, alliances and partnerships
3. Product and service descriptions
4. Principal competitors

D. Customer Service and Support

1. Outstanding customer problems
2. Past year history of problems and time to resolve
3. Statistics and reports on product reliability and support requirements
4. Any customer satisfaction surveys or data
5. Customer base with historic growth and erosion

E. Professional Services

1. Customer requirements for professional services
2. Past year history of professional services activity (customers, activities, revenues, direct costs).
3. Pipeline for professional services

F.   Development: Current Products; New Products

1. Organization and training of development people
2. Development methodology
3. Scheduled enhancements/customer commitments
4. Current maintenance activities
5. Current development projects
6. Testing and quality assurance procedures
7. Effort and cost records for development
8. Product release and update procedures
9. Installation procedures and customer training materials
10. Availability and procedures for international usability and service
11. Use of third party developers
12. Detailed review of schedule and progress for new product releases

G.   Technical Review: Current Products; New Products

1. Supported platforms and systems for each product
2. Major features of the products -
   - functions performed
   - ease of installation and use
   - maintainability
   - audits and controls
   - security
3. Development languages and special tools used
4. Number of programs per product and lines of code
5. Provenance of all program modules (where did code come from)
6. Inclusion of proprietary notices in source and object modules, both current and previous releases
7. Method of change control
8. Volume and magnitude of change history
9. Architecture of the programs
10. Internal system documentation level and updates
11. Documentation of specifications and design
12. Prerequisites for running the products
13. Examination of source code
14. Access to usage/demo of operational code
15. Unit and system test cases

Materials Received from Level 8

1. Geneva AppBuilder - marketing description
2. Geneva AppBuilder - Concepts and Facilities Guide
3. National Bank of Greece - Functional Description
4. Sample customer contracts: Woolwich, Bank of Montreal, Access
5. Customer list (as of early 2000)
6. Current maintenance list
7. Organization charts and employee list
8. Facilities and equipment
9. Geneva AppBuilder financial projections and assumptions
10. 2000 revenue analysis by product, region and type of revenue
11. Pricing schedule for GAB
12. Maintenance cancellations in 2000 and up to 3/31/2001
13. 10K - Year 2000
14. 10K/A - 12/31/00
15. 10Q - 1Q01
16. Planned questions for internal Level 8 Customer Satisfaction Survey for HPS, GAB and other Cary-supported products
17. Analysis of incoming problems and resolution time - 12/99-4/01
18. Open enhancement requests
19. Maintenance Forecast (Finance)
20. 1999 Summary Income Statement
21. 2000 Summary Income Statement
22. Product Maintenance Organization
23. Customer Services Handbook
24. Client Problem Reporting Activity
25. Product Support and Maintenance Development Presentation
26. Cary Development Lab Practices, including sample Project Management Report (1/01)
27. AppBuilder 2.0 Test Methodology
28. Effort Summary by Project for 2001 for GAB
29. Technology used for Cary Lab products
30. Use of 3rd party products for GAB 2.0
31. Cary Lab Product Summaries
32. Development Process for Incidents
33. Problem Analysis by functional components
34. Available and supported GAB/HPS products
35. Incident Report by week for 2001
36. Web Services - Engineering Analysis Document
37. Pipeline on product sales
38. Open Problem Analysis Summary 2000 to 5/31/01
39. Customer Advisory Board members
40. 1Q01 GAB Revenue by Customer
41. 4/01 Actuals - Revenue and Expenses
42. Pipeline/Forecast for Professional Services -2001
43. Projections for 2001-2004 (GAB)

Interviews Conducted On-Site and by Phone

John Broderick

Gheorghe Dumitrescu

Ed Gentry

Lance Knowlton

Frank Rossman

Ted Venema

Reinhart Wetzel

Fred Wood

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                         ┌─────────────────────────────────────────┐
                         │            Ted Venema                    │
                         │ VP, AppBuilder Professional Svcs & Prod. │
                         │              Mgmnt                        │
                         │            Cary, NC                      │
                         └─────────────────────────────────────────┘
```

Christine Barstad	Enrique Pulido	Teresa Rios
CTRC Account Executive	Project Manager	Product Manager - Messaging Products
Berkeley, CA	Cary, NC	Texas

Gary Bhattacharjee	Phil DiStefano	Juan Humes	Martyn Jones
Project Leader	JPMorgan Contractor	Project Specialist	Project Manager
New York, NY		California	New York, NY

Marco Lai-Yuen	Sameh Lawandi	Brian Mai	Nabeel Sami
Product Specialist	System Designer	System Designer	Product Specialist
Dallas, TX	New York, NY	New York, NY	New York, NY

Mark Tagtmeyer
System Architect
South Carolina

Professional Services = 13 Employees
12 Full Time Employees
1 Consultants

AppBuilder/ CTRC/ Messaging Product Development/Support

Lance Knowlton — VP, Development — Cary, NC

Gheorghe Dumitrescu — Director, Development — Cary, NC

Michael McMullin — QA Manager — Cary, NC

Fred Wood — Director, CustomerSupport — Cary, NC

Erik Funderburk — Development Support Manager — Cary, NC

Ed Gentry — Sr. Architect — Cary, NC

Peter Ferrera — Development Manager — Cary, NC

- **Robert Smith** — Software Engineer — Cary, NC
- **Paul Stackhouse** — Sr. Quality Assurance Analyst — Cary, NC
- **Ray Litvin** — Software Developer — Dulles, VA

Vladimir Khovostov — Sr. Software Engineer — Cary, NC

- **Srinivas Bandi** — Sr. Software Engineer — Cary, NC
- **Smitha Mathew** — Software Engineer — Cary, NC

Jayakumar Thiruvengadam — Development Project Leader — Cary, NC

- **Yuliya Lavrova** — Sr. Software Engineer — Cary, NC
- **Bipin Reghunathan** — Software Engineer — Cary, NC
- **Igor Shitarev** — Sr. Software Engineer — Cary, NC

Sergey Galkin — Sr. Software Engineer - 50% — Cary, NC

Jennifer Austin - PT — Sr. QA Analyst — Cary, NC

Wade Johnson — QA Analyst — Cary, NC

Saomi Okamoto — Product Support Analyst — Cary, NC

Barry Andrews — QA Analyst — Cary, NC

Jeff De Montbrun — Manager Host Support — Cary, NC

- **Kamal Hottinger** — Sr. Software Developer — New York, NY
- **Rich Radic** — Project Leader — Cary, NC
- **David Staudacher** — Sr. Software Developer — Cary, NC
- **Steve Mowles** — Sr. Support Systems Programer — Berkeley, CA
- **Laura Gannon** — Systems Programmer — Cary, NC
- **Roy Mitchell** — Sr. Systems Programmer — Cary, NC

Lori Funderburk — Maintenance Manager — Cary, NC

Wanda Murphy — Service Line Processor — Cary, NC

Tom O'Connell — Development Manager — Cary, NC

Candice Poor — Team Lead Product Support — Cary, NC

- **Dean Olah** — Assoc. Product Support Analyst — Cary, NC
- **Lauren Engle** — Assoc. Product Support Analyst — Cary, NC
- **Asif Ahmed** — Product Support Analyst — Cary, NC

Andy Hamblett — Team Lead GIB Support — Uxbridge

- **Sergey Galkin** — Sr. Software Developer - 50% — Cary, NC
- **Rick Hodgson** — Sr. Software Developer — Cary, NC
- **Ari Jay Coin** — Development Project Leader — Dulles, VA

Brian Newborn — Team Lead HPS Support — Cary, NC

- **Steve Bergene** — Senior Software Developer — Cary, NC
- **Wes Laxton** — Software Developer — Cary, NC
- **Masako Ko** — Software Developer — Cary, NC

Robert Davies — Service Manager — Uxbridge

- **Bill Austin** — Product Support Analyst — Uxbridge
- **Brian Vesco** — Product Support Analyst — Uxbridge
- **Greg Nichols** — Sr. Software Engineer — Florida

reports to F Wood

Carissa Samara — Assoc Software Developer — Cary, NC

Jim Allen — QA Analyst — Cary, NC

Terri Fitzmaurice — Sr. Tech Writer — California

Bill Albing — Sr Tech Writer — Cary, NC

Jerry Parker — Sr Tech Writer — Cary, NC

Development = 52 Employees
Americas = 47 Full Time Employees
1 Part Time Employee
EMEA = 4 Employees
(Sergey is only counted once on this - he's split 50/50 in Cary so he's shown twice on the Org Chart)

AppBuilder EMEA Organization
Professional Services & Sales

Paul Rampel*
President

Reinhard Wetzel
Regional Director
Germany

Frank Rossman
General Manager
Copenhagen, Denmark

Zakia Boulehia
Administrative Assistant
Germany

Necla Gultekin
Administrative Assistant
Germany

Mette Schwaerter
Admin Support
Copenhagen, Denmark

Jussi Vuorikoski
Consultant/ Acc't Manager
Finland

Freddi Dreier
Account Manager
Denmark

Steve Garry
Account Manager
UK

Jens Albrecht
Consultant
Germany

Mario Zerini
Acting Regional Manager
Milan, Italy

Wolfgang Wagner
Consultant
Germany

Sven Andersen
Consultant
Denmark

Per Jensen
Consultant
Denmark

James Bartlett
GAB Specialist
UK

Arvind Dholani
GAB Specialist
UK

Emilio Del Vecchio
Account Executive
Milan, Italy

Peter Dekkers
Consultant
Netherlands

Gareth Eley
Consultant
Norway

Kenneth Jorgensen
Consultant
Denmark

Tony Franco
GAB Specialist
UK

Spencer Clarkson
GAB Specialist
UK

Monica Spriano
Account Executive
Milan, Italy

Paul Klarenbeek
Consultant
Netherlands

Lino Gallina
Consultant
Sweden

Rob Warner
Consultant
Norway

Mike Davies
GAB Specialist
UK

Mike Watts
GAB Specialist
UK

Fabio Grassani *(.33)
Technical Manager
Milan, Italy

Henk Van Der Knoop
Consultant/ Acc't Manager
Netherlands

John Regan
Consultant
UK

Ryan Harris
Consultant
UK

Terry Brace
Consultant
Italy

Gianfranco Cattaneo
Consultant
Italy

AppBuilder Organization = 32.33

APPENDIX C-2
(4 PAGES)

LOB	Status		Name
Corporate			
GAB	Employee		Kilman,Arie
GAB	Employee		Venema,Ted
Consulting - Int			
GAB	Employee		Clarkson,Spencer
GAB	Employee		Davies,Michael
GAB	Employee		Watts,Michael
GAB	Employee		Regan,John
GAB	Employee		Dholani,Arvind
GAB	Employee		Bartlett,James
GAB	Employee		Franco,Antonio
GAB	Contractor		Harris, Ryan
GAB	Employee		Warner,Robert
GAB	Contractor		Gallina, Lino
GAB	Contractor		Brace,Terry
GAB	Contractor		Eley, Gareth
GAB	Employee		Van Der Knoop,Hendrik
GAB	Employee		Dekkers,Peter
GAB	Employee		Klarenbeek,Paul
GAB	Employee		Vuorikoski,Jussi
GAB	Employee		Dreier,Freddi
GAB	Employee		Andersen,Sven
GAB	Employee		Jorgensen,Kenneth
GAB	Employee		Jensen,Per
GAB	Employee		Cattaneo,Gianfranco
GAB	Employee		Albrecht,Jens
GAB	Employee		Wagner,Wolfgang
Consulting - US			
GAB	Employee		Jones,Martyn J.
GAB	Employee		Pulido,Enrique

GAB	Employee		Bhattacharjee,Gary
GAB	Employee		Tagtmeyer,Mark
GAB	Employee		Lawandi,Sameh H.
GAB	Employee		Humes,Juan L
GAB	Employee		Sami,C. M. Nabeel
GAB	Employee		Mai,Brian P.
GAB	Employee		Lai-Yuen,Marco A.
GMQ	Contractor		DiStefano, Phil
Development- AppBuilder			
GAB	Employee	DSC_ZZ	De Montbrun,Jeffrey M
GAB	Employee	DSC_ZZ	Radic,Richard
GAB	Employee	DSC_ZZ	Wood,Fred A
GAB	Employee	DSC_ZZ	Hottinger,Kamal
GAB	Employee	DSC_ZZ	O'Connell,Thomas J
GAB	Employee	DSC_ZZ	Gannon,Laura Ann
GAB	Employee	DSC_ZZ	Newborn,James B.
GAB	Employee	DSC_ZZ	Bergene,Steven T.
GAB	Employee	DSC_ZZ	Galkin,Sergey A
GAB	Employee	DSC_ZZ	Staudacher,David L.
GAB	Employee	DSC_ZZ	Laxton,Wesley T.
GAB	Employee	DSC_ZZ	Allen,James T.
GAB	Employee	DSC_ZZ	Funderburk,Erik R.
GAB	Employee	DSC_ZZ	Ko,Masako Y.
GAB	Employee	DSC_ZZ	Poor,Candice E.
GAB	Employee	DSC_ZZ	Engle,Lauren
GAB	Employee	DSC_ZZ	Funderburk,Lori S.
GAB	Employee	DSC_ZZ	Johnson,Thomas W.
GAB	Employee	DSC_ZZ	Olah,Dean Anthony
GAB	Employee	DSC_ZZ	Murphy,Wanda Ann
GAB	Employee	DSC_EZ	Austin,William
GAB	Employee	DSC_EZ	Davies,Robert
GAB	Employee	DSC_EZ	Vesco,Brian
GAB	Employee	DDC_ZZ	Knowlton,Lance M
GAB	Employee	DDC_ZZ	Thiruvengadam,Jay
GAB	Employee	DDC_ZZ	Dumitrescu,Gheorghe G
GAB	Employee	DDC_ZZ	Litvin,Raymond
GAB	Employee	DDC_ZZ	Gentry,Edward James
GAB	Employee	DDC_ZZ	Mitchell,James R.
GAB	Employee	DDC_ZZ	Ferrera,Peter
GAB	Employee	DDC_ZZ	Khvostov,Vladimir I.
GAB	Employee	DDC_ZZ	Stackhouse,Paul

GAB	Employee	DDC_ZZ	McMullin,Michael W.
GAB	Employee	DDC_ZZ	Albing,Bill W.
GAB	Employee	DDC_ZZ	Fitzmaurice,Theresa
GAB	Employee	DDC_ZZ	Lavrova,Yuliya K.
GAB	Employee	DDC_ZZ	Mathew,Smitha M
GAB	Employee	DDC_ZZ	Reghunathan,Bipin
GAB	Employee	DDC_ZZ	Shitarev,Igor V.
GAB	Employee	DDC_ZZ	Bandi,Srinivas
GAB	Employee	DDC_ZZ	Smith,Robert C.
GAB	Employee	DDC_ZZ	Okamoto,Saomi
GAB	Employee	DDC_ZZ	Parker,Jerry D
GAB	Employee	DDC_ZZ	Samara,Carissa
Part Time			
GAB	Intern	DDC_ZZ	Andrews,Barry
GAB	Employee	DDC_ZZ	Austin,Jennifer A.
Development - Messaging			
XIPC	Employee		Shrivastava,Sanjay
CTRC	Employee		Mowles,Steven
GMQ	Employee		Nicholls,Gregory
GIB	Employee		Hodgson,Rick W.
GIB	Employee		Ahamed,Asif
GIB	Employee		Hamblett,Andrew
Sales - NA			
	Employee		Rios,Teresa
Sales - Int			
GAB	Employee		Garry,Stephen
GAB	Employee		Wetzel,Reinhard
GAB	Employee		Gultekin,Necla
GAB	Employee		Rossman,Frank
G & A & IT			
	Employee		Open
	Employee		Open
	Employee		Open
	Employee		Open
	Employee		Open
Summary			
Corporate		2	

Sales			
NA Sales		1	
EMEA Sales		4	
Total Sales		5	
Consulting			
NA Consulting		10	
EMEA Consulting		23	
Total Consulting		33	
R & D & Support			
AppBuilder		46	Not included Russian Contr
Other		6	
Total R & D & Support		52	
G&A&IT		5	
Total Headcount		97	
Reconciliation to Sent Spreadsheet			
Starting number		99	
Add			
Colelli,Melody		1	Need admin in Cary, Melod
G&A&IT		5	
		105	
Subtract			
Jacks,Laura		1	Teresa will handle pre-sale
Barnes,Robert		1	Not needed for CTRC, poss
Cai,Jay		1	Not needed for CTRC, poss
Schwaerter,Mette		1	No need for admin in Denr
Boulehia,Zakia		1	One admin in Germany is
Saputo,James		1	I had not included anything
Grassini,Fabio		1	No idea on this, he is not or
		7	
Final Number		98	

Geneva AppBuilder

LEVEL 8™

Geneva AppBuilder™ provides a complete integrated application development environment for creating, deploying and maintaining large-scale e-business applications while using readily available development skills. Geneva AppBuilder enables Java, HTML servlet, EJB, C and OS/390 COBOL capability for true enterprise-scale e-business application development and deployment that combines Internet technologies with existing systems and technology infrastructures to provide multi-tier Java and COBOL applications across Web, application server and mainframe environments.

Abstract Technology-Independent Specification

Geneva AppBuilder provides an integrated toolset to specify applications that are independent of the environment in which they execute. Developers focus their expertise on the business aspects of application development rather than technical constraints of infrastructure. The versatile toolset enables developers to create, configure and maintain applications over generations of execution technology.

Large-Scale Development Functionality

To simplify management of large application development and maintenance tasks that may involve hundreds of developers working simultaneously, Geneva AppBuilder uses a specification repository. The repository simplifies management tasks by retaining both the structure of components and their relationship of interactions. As a result, activities such as impact analysis may be performed quickly and accurately.

Multiple Platform Deployment

Geneva AppBuilder uses generation technology to convert environment-independent business objects and business process definitions into technology-dependent, high-performing applications. These generators convert the environment-independent specifications into open code specifically tuned for the chosen deployment platform, distribution architecture and Internet architecture.

Geneva AppBuilder leverages the strengths of legacy functionality with the requirements of Web commerce. In addition to deploying to C-based UNIX and NT environments or OS/390 CICS/COBOL, applications can also be deployed to J2EE-compliant application servers as HTML/Servlets and Enterprise Java Beans – all from the same specification. To complete the suite of Java-enabled capabilities, Geneva AppBuilder also packages the newly-generated applications, making them easily deployable on any J2EE-compliant application server.

Features

- Rapid multi-architecture deployment
- J2EE and client/server compliance
- Easy to learn
- Performance architecture
- Collaborative environment

Key Benefits

- Immunity from technology changes because specification model is independent of architecture
- More accurate specification of application with range of business-process specification tools
- Reuse possible with less effort using repository managed object-based components
- More rapid development and quicker time to market with integrated toolset
- More flexible development with choice of C, Java, and EJB functionality
- Cost savings with efficient, cross-platform code generation engine
- Low maintenance cost

Geneva AppBuilder

Environment Support

- Java standard edition 1.2.2 (with J2EE Reference Implementation)
- IBM WebSphere 3.5 (with FP2) application server
- BEA WebLogic 5.1 (with SP6) application server
- Apache with Tomcat Web server
- Any HTML editor and Internet Explorer 5.01 or higher browser
- PCs operating Windows
- Servers operating AIX, HP-UX or OS/400
- Mainframes running CICS/MVS

System Requirements

- CPU: Intel Pentium 450 MHz or greater
- Memory: 256 MB or greater
- Hard Drive: 500 MB minimum, 1 GB recommended
  1 GB for Workgroup Repository
  500 MB for Workgroup Server
  500 MB for E-business Server
  250 MB for Gateway Server
- Communications: Ethernet or Token Ring
- Display: SVGA or above
- Any CD-ROM, keyboard and mouse

Corporate Headquarters

Level 8 Systems, Inc.
8000 Regency Parkway
Cary, NC 27511
United States
800.499.7337
919.380.5000
919.469.1910 fax
www.level8.com

European Headquarters

Level 8 Systems, Inc.
Harman House
Ground Floor
George Street
Uxbridge, Middlesex
UB8 1QQ
United Kingdom
+44 (0) 1895.206.700
+44 (0) 1895.206.740 fax

Development

Repository

Code Generation

Execution

Client
- Windows NT, 2000,98
- Java
- HTML (Java Servlet)
- 3270

Server
- Windows NT, 2000
- AIX, HPUX, AS/400
- Enterprise Java Beans

Host
- CICS/IMS
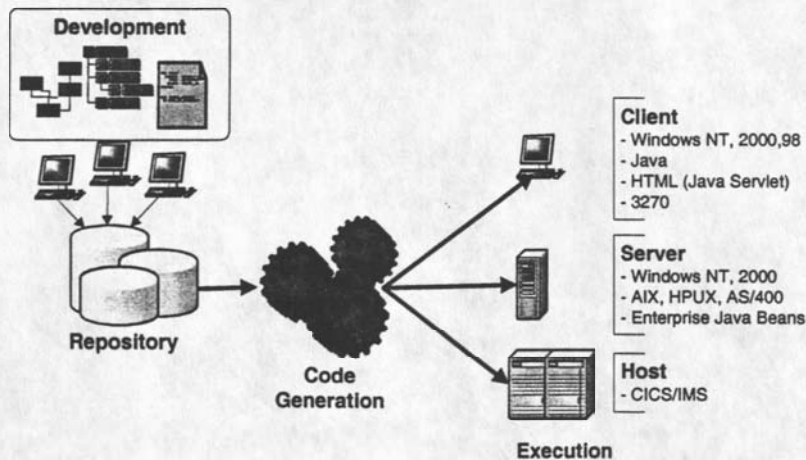
Network Protocols Supported

- TCP/IP
- LU2
- LU6.2
- Named Pipes

(⊖) LEVEL 8™

Level 8 Systems, Inc.
YTD 2000 Revenue Analysis

YTD Total Revenue by Region

Revenue	Software	Maintenance	Services	Total	% of Rev
Americas	23,953,726	5,330,822	12,515,229	41,799,777	51%
EMEA	19,779,628	9,612,405	7,535,400	36,927,433	45%
A/P	18,674	1,023,395	597,072	1,639,141	2%
Corp	2,246,072	-	(22,000)	2,224,072	3%
	45,998,100	15,966,622	20,625,701	82,590,423	100%

YTD Software Revenue by Region and Type

	Geneva Integration Broker	GMQ/Geneva XIPC	Geneva AppBuilder	Geneva Enterprise Integrator/Business Process Automator	OTHER	CICERO	StarSQ+	TOTAL
Americas	646,819	1,704,351	2,547,717	15,503,749	208,590	2,800,000	542,500	23,953,726
EMEA	419,477	90,029	10,736,827	8,128,685	404,610	-	-	19,779,628
A/P	16,174	2,500	-	-	-	-	-	18,674
Corp	-	2,220,000	22,747	-	3,325	-	-	2,246,072
	1,082,470	4,016,880	13,307,291	23,632,434	616,525			45,998,100

YTD Software Revenue by Percentage

	Geneva Integration Broker	GMQ/Geneva XIPC	Geneva AppBuilder	Geneva Enterprise Integrator/Business Process Automator	OTHER	CICERO	StarSQ+	TOTAL
Americas	3%	7%	11%	65%	1%	12%	2%	100%
EMEA	2%	0%	54%	41%	2%	0%	0%	100%
A/P	87%	13%	0%	0%	0%	0%	0%	100%
Corp	0%	99%	1%	0%	0%	0%	0%	100%
	2%	9%	29%	51%	1%	0%	0%	100%

YTD Maintenance Revenue by Region and Type

	Geneva Integration Broker	GMQ/Geneva XIPC	Geneva AppBuilder	Geneva Enterprise Integrator/Business Process Automator	OTHER	CICERO	StarSQ+	TOTAL
Americas	201,387	1,169,168	2,178,444	1,650,021	48,060	26,333	57,409	5,330,822
EMEA	84,449	184,143	8,342,721	934,444	62,799	-	3,849	9,612,405
A/P	(1,152)	31,870	963,325	29,041	-	-	311	1,023,395
Corp	-	-	-	-	-	-	-	-
	284,684	1,385,181	11,484,490	2,613,506	110,859			15,966,622

YTD Maintenance Revenue by Percentage

	Geneva Integration Broker	GMQ/Geneva XIPC	Geneva AppBuilder	Geneva Enterprise Integrator/Business Process Automator	OTHER	CICERO	StarSQ+	TOTAL
Americas	4%	22%	41%	31%	1%	0%	1%	100%
EMEA	1%	2%	87%	10%	1%	0%	0%	100%
A/P	0%	3%	94%	3%	0%	0%	0%	100%
Corp	0%	0%	0%	0%	0%	0%	0%	0%
	2%	9%	72%	16%	1%	0%	0%	100%

YTD Services Revenue by Region and Type

	Geneva Integration Broker	GMQ/Geneva XIPC	Geneva AppBuilder	Geneva Enterprise Integrator/Business Process Automator	Government	CICERO	StarSQ+	TOTAL
Americas	1,402,773	710,880	2,441,216	4,374,190	3,586,170	-	-	12,515,229
EMEA	243,252	5,981	6,107,496	1,168,160	10,511	-	-	7,535,400
A/P	31,329	25,858	539,885	-	-	-	-	597,072
Corp	-	-	-	-	(22,000)	-	-	(22,000)
	1,677,354	742,719	9,088,597	5,542,350	3,574,681			20,625,701

YTD Services Revenue by Percentage

	Geneva Integration Broker	GMQ/Geneva XIPC	Geneva AppBuilder	Geneva Enterprise Integrator/Business Process Automator	OTHER	CICERO	StarSQ+	TOTAL
Americas	11%	6%	20%	35%	29%	0%	0%	100%
EMEA	3%	0%	81%	16%	0%	0%	0%	100%
A/P	5%	4%	90%	0%	0%	0%	0%	100%
Corp	0%	0%	0%	0%	0%	0%	0%	0%
Total to Rev	8%	4%	44%	27%	17%	0%	0%	100%

Level 8 Systems, Inc.
2001 Operating Plan
GAB - Line of Business

	Actual Q1	Q2	Q3	Q4	2001 Total Annual	Q1	Q2	Q3	Q4	2002 Total Annual	Q1	Q2	Q3	2003 Q4	2003 Total Annual	Q1	Q2	Q3	2004 Q4	Total Annual
Revenue:																				
Software	$151	$ 200	1,000	1,000	2,351	1,000	1,000	1,000	1,000	4,000	1,000	1,000	2000	3,000	7,000	4,000	5,000	6,000	7,000	22,000
Maintenance	2,382	2,678	2,621	2,593	10,253	2,567	2543	2520	2499	10,129	2,479	2,481	2,481	2,541	9,962	2,639	2,776	2,952	3,166	11,533
Services	1,572	2,280	1,628	1,628	7,107	1,628	1628	1628	2500	7,383	2500	3000	3500	4000	13,000	4,500	5,000	6,000	7,000	22,500
Total Revenue	4,085	5,158	5,248	5,221	19,712	5,195	5,171	5,148	5,999	21,512	5,979	6,461	7,981	9,541	29,962	11,139	12,776	14,952	17,166	56,033
Cost of Revenue:																				
Cost of Software	0				-															
Cost of Maintenance	875	736	736	736	3,082	736	780	780	780	3,075	780	826	826	826	3,259	750	750	750	775	3025
Cost of Services	1,478	1,508	1,205	1,205	5,394	1,205	1,205	1,205	1,851	5,467	1,851	2,221	2,592	2,962	9,628	3,332	3,702	4,443	5,183	16661
Total Cost of Revenue	2,353	2,241	1,941	1,941	8,476	1,941	1,985	1,985	2,631	8,542	2,631	3,048	3,418	3,788	12,885	4,082	4,452	5,193	5,958	19,686
Gross Profit	1,732	2,916	3,307	3,280	11,236	3,254	3,186	3,163	3,368	12,971	3,348	3,413	4,563	5,752	17,077	7,057	8,324	9,759	11,208	36,347
Operating Expenses:																				
Development	700	752	750	750	2,953	749	824	824	824	3,221	824	906	906	906	3,543	906	997	997	997	3897
Sales	750	361	341	341	1,793	341	425	425	500	1,691	500	500	1,000	1,500	3,500	2500	3000	3500	4000	13000
Marketing	120				120						200	500	500	500	1,700	1000	1000	1000	1000	4000
G&A - Corp Services Charge	700	775	600	580	2,655	580	580	580	580	2,320	609	609	609	609	2,436	668	767	897	1,030	3362
Subtotal	2,270	1,888	1,691	1,671	7,521	1,670	1,829	1,829	1,904	7,232	2,133	2,515	3,015	3,515	11,179	5,075	5,763	6,394	7,027	24,259
Income/(loss) from operations	(538)	1,028	1,616	1,609	3,715	1,584	1,357	1,334	1,464	5,739	1,215	898	1,548	2,237	5,898	1,982	2,560	3,365	4,181	12,088
Final Profit	(538)	1,028	1,616	1,609	3,715	1,584	1,357	1,334	1,464	5,739	1,215	898	1,548	2,237	5,898	1,982	2,560	3,365	4,181	12,088
Final Margin	-13.2%	19.9%	30.8%	30.8%	18.8%	30.5%	26.2%	25.9%	24.4%	26.7%	20.3%	13.9%	19.4%	23.4%		17.8%	20.0%	22.5%	24.4%	21.6%
Services Margin	6.0%	34.0%	26.0%	26.0%		26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%		26.0%	26.0%	26.0%	26.0%	26.0%
Maintenance Margin	63.0%	72.5%	71.9%	71.6%		71.3%	69.3%	69.1%	68.8%	69.6%	68.5%	66.4%	66.7%	67.5%		71.6%	73.0%	74.6%	75.5%	73.8%

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APPENDIX E-2
(4 PAGES)

Level 8 Systems
2001 Operating Plan
GAB LOB

TOTAL	Apr	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	Mar	9 mos Budget	1st Qtr 02	12 mos Budget
Revenue															
Software	0	0	200,000	0	0	1,000,000	0	0	1,000,000	0	0	1,000,000	2,200,000	1,000,000	3,200,000
Maintenance	894,110	891,886	891,609	869,381	869,381	881,881	860,209	860,209	872,709	851,579	851,579	864,079	7,891,377	2,567,237	10,458,614
Services - Consulting	1,194,797	542,551	542,551	542,551	542,551	542,551	542,551	542,551	542,551	542,551	542,551	542,551	5,535,205	1,627,653	7,162,858
Services - Training	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Allowance for Discounts & Returns	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenue	2,088,907	1,434,437	1,634,160	1,411,932	1,411,932	2,424,432	1,402,760	1,402,760	2,415,260	1,394,130	1,394,130	2,406,630	15,626,582	5,194,890	20,821,472
Operating Expenses															
Personnel Expenses															
Direct Compensation	546,371	504,298	504,298	504,298	504,298	504,298	504,298	504,298	504,298	504,298	504,298	504,298	4,580,754	1,512,894	6,093,648
Benefits	107,004	101,017	101,017	101,017	101,017	101,017	101,017	101,017	101,017	101,017	101,017	101,017	915,144	303,052	1,218,196
Formula Based Commission	27,767	27,719	37,719	27,719	27,719	72,719	27,719	27,719	72,719	27,719	27,719	72,719	349,516	128,156	477,672
Nonformula Based Bonus	14,233	14,233	14,233	14,233	14,233	14,233	14,233	14,233	14,233	14,233	14,233	14,233	128,093	42,698	170,791
Contractors	75,622	75,622	75,622	75,622	75,622	75,622	75,622	75,622	75,622	75,622	75,622	75,622	680,597	226,866	907,463
Employee Training	8,042	8,042	8,042	8,042	8,042	8,042	8,042	8,042	8,042	8,042	8,042	8,042	72,375	24,125	96,500
Other Employee Expenses	5,000	5,000	37,500	5,000	5,000	37,500	5,000	5,000	37,500	5,000	5,000	37,500	142,500	47,500	190,000
Subtotal	784,038	735,930	778,430	735,930	735,930	813,430	735,930	735,930	813,430	735,930	735,930	813,430	6,868,979	2,285,290	9,154,270
Travel															
Gross Travel	103,245	98,245	98,245	98,245	98,245	98,245	98,245	98,245	98,245	98,245	98,245	98,245	889,205	294,735	1,183,940
Client Reimbursements	44,220	44,220	44,220	44,220	44,220	44,220	44,220	44,220	44,220	44,220	44,220	44,220	397,980	132,660	530,640
Subtotal	59,025	54,025	54,025	54,025	54,025	54,025	54,025	54,025	54,025	54,025	54,025	54,025	491,225	162,075	653,300
Other Direct Expenses															
Third Party Commissions/Finder's Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Outside & Professional Services	301,417	1,375	26,875	1,375	1,375	26,875	1,375	1,375	26,875	1,375	1,375	26,875	388,917	29,625	418,542
Promotional Expenses	500	500	500	500	500	500	500	500	500	500	500	500	4,500	1,500	6,000
Subtotal	301,917	1,875	27,375	1,875	1,875	27,375	1,875	1,875	27,375	1,875	1,875	27,375	393,417	31,125	424,542
Total Direct Expenses	1,144,980	791,830	859,830	791,830	791,830	894,830	791,830	791,830	894,830	791,830	791,830	894,830	7,753,621	2,478,490	10,232,112
Indirect/Overhead Expenses															
Premises	46,537	46,066	46,066	46,066	46,066	46,066	46,066	46,066	46,066	46,066	46,066	46,066	415,067	138,199	553,266
Communications	37,466	36,833	36,833	36,833	36,833	36,833	36,833	36,833	36,833	36,833	36,833	36,833	332,130	110,499	442,629
Stationery & Postage	5,605	5,505	5,505	5,505	5,505	5,505	5,505	5,505	5,505	5,505	5,505	5,505	49,644	16,515	66,159
Machinery & Equipment	98,674	96,796	96,113	96,113	96,113	96,113	96,161	96,197	96,197	95,892	95,572	95,572	868,478	287,037	1,155,515
Subtotal	188,283	185,200	184,518	184,518	184,518	184,518	184,565	184,601	184,601	184,296	183,976	183,976	1,665,320	552,249	2,217,569
Total Operating Expenses	1,333,263	977,030	1,044,348	976,348	976,348	1,079,348	976,395	976,431	1,079,431	976,126	975,807	1,078,807	9,418,941	3,030,740	12,449,681
Interdepartmental Cross-Charge - Rev/(Exp)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contribution	755,644	457,407	589,812	435,585	435,585	1,345,085	426,365	426,329	1,335,828	418,004	418,323	1,327,823	6,207,641	2,164,151	8,371,791
Contribution Margin %	36.2%	31.9%	36.1%	30.9%	30.9%	55.5%	30.4%	30.4%	55.3%	30.0%	30.0%	55.2%	39.7%	41.7%	40.2%
Headcount Detail:															
Full-time Employees	83	82	82	82	82	82	82	82	82	82	82	82	82.1	82.0	82.1
Part-time Employees	2	2	2	2	2	2	2	2	2	2	2	2	2.0	2.0	2.0
Total Employees	85.0	84.0	84.0	84.0	84.0	84.0	84.0	84.0	84.0	84.0	84.0	84.0	84.1	84.0	84.1
Contractors	4.0	4	4	4	4	4	4	4	4	4	4	4	4.0	4.0	4.0
Total Headcount	89.0	88.0	88.0	88.0	88.0	88.0	88.0	88.0	88.0	88.0	88.0	88.0	4.0	88.0	88.1
Ave Salary/person	6,428	6,004	6,004	6,004	6,004	6,004	6,004	6,004	6,004	6,004	6,004	6,004	54,461	18,011	72,472
Benefits as a % of Direct Comp	19.6%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Net Travel per person (Headcount)	1,735	1,696	1,696	1,696	1,696	1,696	1,696	1,696	1,696	1,696	1,696	1,696	15,303	5,088	20,391
Net Travel per person (Total, incl. contractors)	1,657	1,619	1,619	1,619	1,619	1,619	1,619	1,619	1,619	1,619	1,619	1,619	14,608	4,857	19,465

Cash Flow

TOTAL	Apr	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Budget	02	Budget
Revenue															
Software			0	0	200,000	0	0	1,000,000	0	0	1,000,000	0	1,200,000	1,000,000	2,200,000
Maint Renewals - AppBuilder	0	15,171	182,052	1,814,600	482,106	337,749	265,025	216,278	815,430	2,328,500	3,051,734	700,000	4,128,411	6,080,234	10,208,645
Existing A/R	773,313	1,980,161	340,520	374,105	111,656	148,750	168,343	4,500	0	0	0	0	3,901,348	0	3,901,348
Services - Consulting			544,797	542,551	542,551	542,551	542,551	542,551	542,551	542,551	542,551	542,551	3,800,103	1,627,653	5,427,756
Client Expense Reimbursements			44,220	44,220	44,220	44,220	44,220	44,220	44,220	44,220	44,220	44,220	309,540	132,660	442,200
TOTAL INFLOW	773,313	1,995,332	1,111,589	2,775,476	1,380,533	1,073,270	1,020,139	1,807,549	1,402,201	2,915,271	4,638,505	1,286,771	13,339,402	8,840,547	22,179,949
Expenses															
Personnel Expenses	784,038	735,930	778,430	735,930	735,930	813,430	735,930	735,930	813,430	735,930	735,930	813,430	6,868,979	2,285,290	9,154,270
Travel	51,623	100,745	98,245	98,245	98,245	98,245	98,245	98,245	98,245	98,245	98,245	98,245	840,083	294,735	1,134,818
Other Direct			1,917	1,875	27,375	1,875	1,875	27,375	1,875	1,875	27,375	1,875	64,167	31,125	95,292
Indirect - Premises	46,537	46,066	46,066	46,066	46,066	46,066	46,066	46,066	46,066	46,066	46,066	46,066	415,067	138,199	553,266
Lease - Equipment	71,898	70,957	70,957	70,957	70,957	70,957	70,957	70,957	70,957	70,957	70,957	70,957	639,558	212,872	852,430
Communications/Postage & Stationary		43,071	42,338	42,338	42,338	42,338	42,338	42,338	42,338	42,338	42,338	42,338	339,437	127,014	466,451
G&A Service Charge	258,333	258,333	258,333	200,000	200,000	200,000	193,333	193,333	193,333	193,333	193,333	193,333	1,955,000	580,000	2,535,000
Estimated o/s liabilities not incl. above	854,583	854,583	682,083	682,083	257,083	257,083	257,083	257,083	257,083	257,083	257,083	257,083	4,358,750	771,250	5,130,000
TOTAL OUTFLOW	2,067,013	2,109,687	1,978,370	1,877,495	1,477,995	1,529,995	1,445,828	1,471,328	1,523,328	1,445,828	1,471,328	1,523,328	15,461,040	4,440,485	19,921,526
Increase /(Decrease) in Cash	(1,293,700)	(114,355)	(866,781)	897,981	(97,462)	(456,725)	(425,689)	336,221	(121,127)	1,469,443	3,167,177	(236,557)	(2,141,638)	4,400,062	2,258,424
Running Cash Balance	(1,293,700)	(1,408,055)	(2,274,836)	(1,376,855)	(1,474,317)	(1,931,042)	(2,356,732)	(2,020,511)	(2,141,638)	(672,196)	2,494,981	2,258,424			

Maintenance Renewals are included over the 12 month period based on monthly forecast of renewals for current GAB customers on maintenance. There is a small difference b/w the expected cash inflows for the 12 months presented and revenue forecast provided that in our estimate represents a few year-end renewals that will not necessarily be paid by 3/02.

Existing A/R was forecasted out to expected paid date based on general DSO for LOB and numerous adjustments based on actuals for April and May, and expected arrival dates of large payments....Charles Schwab, Legal & General, etc.

currently using global assumptions for services billings - personnel are not necessarily this utilized currently.

Current Development staff is adequate to cover maintenance and continue development of V2.02 due in November

Dev staff will also begin work on V3.0

Executive is included in sales since his total focus will be sales based

GAB maintenance revenue assumes there is attrition in renewals of the installed base beg. In Q4 of '01

Billing assumption is 70% utilization (70% of 255 days or about 180 billable days) at an average of approx. $1,100/day.

Compensation includes base salary plus 5% commission on license sales plus 15% bonus on consulting

Out year License revenues are based on sim ilar sales metrics (ave transaction about $250K) and a new significantly enhanced product

Account Base Amt (+/-)	TCodes 8
(66,000.00)	**Charles Schwab Total**
18,226.20	**FIDUCIA Total**
(3,060.00)	**Paine Webber Total**
(3,060.00)	**Paine Webber Total**
(30,650.00)	**Wells Fargo Services Company Total**
30,309.30	**Friends Provident Total**
(46,578.57)	**Carige Total**
(50,442.45)	**Woolwich Total**
(151,255.52)	**Grand Total GAB**

Account Base Amt (+/-)	TCodes 8
(2,796.12)	114 Bank Japan Total
(31,672.50)	Achmea Holding Total
(6,701.55)	American International Group Total
(7,787.04)	Arbejdsmarkedsstyrelsen Total
0.03	Army Airforce Exchange Total
(9,953.33)	Australian Assoc Press Telecmm Total
(24,750.00)	Automated Data Processing Total
(35,879.64)	Bank of Montreal Total
(44,650.14)	Banca Carige Total
19,800.00	Ceska sporitelna a.s. Total
(75,252.11)	Charles Schwab Total
(37,909.07)	Cheltenham & Gloucester Total
(7,057.50)	Citicorp North America, Inc. Total
(79,258.45)	Comit GFTP Total
(13,862.49)	Consultec Inc Total
(271,138.26)	Credit Suisse Total
(106,203.78)	CSC Denmark Total
(63,909.99)	Den Danske Bank Total
(24,547.80)	Dept of Immigration Total
(45,000.00)	ELECTRONIC DATA SYSTEMS CORP. Total
(65,977.58)	FIDUCIA Total
(34,971.33)	Friends Provident Total
(5,257.43)	Helaba Landesbank Hessen-Thuri Total
(12,500.00)	IBM Denmark Total
(17,752.32)	IBM Netherlands Total
(24,341.10)	Integrated Core Technologies Total
(45,513.00)	Key Services Corporation Total
(3,963.87)	LBS WURTTEMBERG Total
(212,254.02)	Legal & General Total
(12,811.05)	Maersk Data Total
(87,500.01)	National Bank of Greece Total
(29,400.00)	Paine Webber Total
(42,457.50)	Postgirot/GK Data Total
(65,216.86)	Rabobank Total
(6,753.60)	ROYAL & SUN ALLIANCE Total
(6,467.67)	Royal & Sun Alliance Mgmt Svcs Total
(53,153.22)	RSI Total
(48,840.00)	SAAQ Total
(126,115.32)	SDC-FINANSSYSTEM Total
(34,537.50)	Sikorsky Aircraft Total
(62,605.95)	Standard Life Total
(5,089.50)	State Of Hawaii Judiciary Total
(66,895.39)	Sun Life/NOW AXA SSL Total
(37,982.25)	Suntrust Total
(42,028.53)	Tachibana Securities Japan Total
(81,170.92)	Telenor Total
(51,227.25)	Tieto Group Total
(2,613.45)	TOLD OG SKATTESTYRELSEN Total
(87,551.16)	Union Credit Japan Total
(21,238.50)	Wells Fargo Services Company Total
(40,502.13)	West LB Total
(58,846.07)	Woolwich Total
(2,362,064.22)	Grand Total GAB

Account Base Amt (+/- TCodes 8

     (13,384.00) **Ceska sporitelna a.s. Total**

    (347,200.00) **Citibank Total**

     (25,770.00) **Comit GFTP Total**

     (18,474.24) **Computer Patent Annuities Total**

   (111,300.01) **Credit Suisse Total**

     (13,490.39) **Den Danske Bank Total**

      (2,329.76) **Dept of Immigration Total**

     (23,113.05) **FIDUCIA Total**

     (51,866.01) **Friends Provident Total**

       (972.17) **Helaba Landesbank Hessen-Thuri Total**

     (41,111.35) **IBM Denmark Total**

     (30,336.00) **IBM Greece Total**

     (44,079.64) **LBS Munster Total**

     (41,872.20) **Legal & General Total**

     (53,072.50) **Lloyds Bank Total**

   (140,128.77) **Lloyds Bank Total**

      (5,688.00) **National Bank of Greece Total**

     (83,047.22) **Postgirot/GK Data Total**

     (67,541.21) **Rabobank Total**

     (77,989.42) **SDC Total**

   (182,266.09) **SDC-FINANSSYSTEM Total**

     (53,074.00) **STATE OF NEW MEXICO Total**

   (141,398.77) **Telenor Total**

      (2,689.63) **WM Data Scania AB Total**

 (1,572,194.43) **Grand Total <u>GAB</u>**

<u>Technical Review of Level 8 Systems</u>

Sid Dunayer – 11 June 2001

<u>People Interviewed:</u> Ted Venema, Ed Gentry, Lance Knowlton and Gheorghe Dumitrescu.

<u>Development Review</u>

1 **<u>Organization and training of development people</u>**

New development is organized into four teams with each having responsibility for a specific section of the product. In addition, there is a dedicated, although undersized, QA unit, a documentation and packaging unit, and several maintenance teams. In my 1998 visit, the development team had documented procedures and standards that were, for the most part, followed. While these standards still exist, the development teams bypass them in many instances in order to meet product delivery schedules.

2 **<u>Development methodology</u>**

Level 8 attempts to follow industry standard practices for development. These procedures are well documented, but in many cases they are not followed as noted above.

3 **<u>Scheduled enhancements/customer commitments</u>**

Level 8 provided a fairly detailed set of project plans for current enhancements, maintenance and development activities.

4 **<u>Current maintenance activities</u>**

See #3 above.

5 **<u>Current development activities</u>**

See #3 above.

6 **<u>Testing and quality assurance procedures</u>**

Level 8 has a well-documented testing methodology for AppBuilder. Unfortunately, since the developers themselves performed most testing until recently, the quality of the final product has suffered. Level 8 has started to rebuild the dedicated QA department and this will, hopefully, lead to improved quality in the future.

7 **<u>Effort and cost records for development</u>**

Level 8 provided detailed records showing development and maintenance manpower utilization for the period Jan 1 – May 31, 2001.

8 **<u>Product release and update procedures</u>**

While Level 8 has documented product release and update procedures, it isn't clear that these procedures are always followed.

9   **Installation procedures**

Installation on Windows/NT is performed using InstallShield. MVS and Unix installations are performed without the benefit of any special installation software.

10 **Availability and procedures for international usability and service**

While most of the AppBuilder product includes support for international use and DBCS, one portion of the product still does not contain DBCS support. This has apparently been a problem for several of Level 8's customers.

11 **Use of third party developers**

Development of the code generation portion of AppBuilder is subcontracted to a development team based in Russia. Level 8 is satisfied with the quality and timeliness of the work performed by this team.

12 **Detailed review of schedule and progress for new product releases**

A review of the current project plans shows that the development team is on or close to schedule for the next release of AppBuilder. There are no indications at this time that the expected Nov 30, 2001 release date will slip.

Technical Review

1   **Supported platforms and systems**

AppBuilder runs on Windows/NT, HP-UX, Unix, OS/390 and AS/400 platforms.

2   **Major features of the products**

AppBuilder provides a total development environment for creating new n-tier applications. It contains analysis tools, design and preparation tools, a proprietary repository and construction tools.

3   **Development languages and special tools**

The various components of AppBuilder are written using C++, C, COBOL, REXX, Visual Basic, Assembler, Clist, PL/I, Java and Javascript.

4   **Number of programs and lines of code**

The AppBuilder product contains approximately 10 million lines of code. While we did not ask for or receive a detailed breakdown by component, Level 8 indicates that approximately one-third of this code is for the mainframe repository.

5   **Provenance of all program modules**

Level 8 indicates that all programs, including those created by the third party contractor, are the sole property of Level 8.

6 **Inclusion of proprietary notices in source and object modules**

Previous inspection of source material, in 1998, showed that Level 8 has adequate proprietary notices in their code. They have reportedly continued that practice.

7 **Method of change control**

Change control is done using Endeavor and PVCS.

8 **Volume and magnitude of change history**

Level 8 has fairly complete records showing problem reports and bug fixes for the current release. They do not, however, keep detailed records showing how much code changed between releases or due to problem fixes.

9 **Architecture of the programs**

The AppBuilder product is procedural in nature, with tools to perform all steps of the development cycle integrated into a common workbench.

10 **Internal system documentation level**

Level 8 has some internal system documentation, but it is far from complete, not well maintained and the quality varies.

11 **Documentation of specifications and design**

Level 8 has detailed design notes for all current and recent development. This is consistent with what was available during my 1998 visit.

12 **Prerequisites for running the products**

Level 8 provided a detailed product support matrix showing the various operating systems and third party products that they support and interface with.

13 **Examination of the source code**

As much of the source code has not undergone any significant changes since my last inspection in 1998, a source code review was not performed during this visit.

14 **Demo of operational code**

It is hard to demonstrate the product from end-to-end, as that would require a full application development cycle. I did look at the general look and feel of the development workbench, as well as some generated Java code. Both the workbench and the generated code appeared to be commercial quality.

15 **Unit and system test cases**

Level 8 does not have adequate unit and system test cases. In addition, they no longer have any automated testing procedures. During my visit in 1998, Level 8 did have an automated testing system, but it was not being utilized. While they indicated, at that time, that they would start to use these procedures, they apparently were abandoned, reportedly due to staffing cuts.

Observations

- When comparing the status of AppBuilder on this visit versus the status on my visit of 1998, it becomes apparent that much of the improvements that Level 8 intended to make over the past three years have not materialized. While improvements were made in moving to Java and browser based clients, no progress was made in integrating non-AppBuilder applications into the repository. Furthermore, while they did not score high marks for testing and QA in 1998, they did at least have the tools and test data. Due to staffing cuts over the past three years, testing and QA have gone backwards. Level 8 is now trying to correct this, but much work is still needed.

- Due to the lack of adequate QA and project management, some functionality was unintentionally dropped from the current version of the window painting tools. As a result, some customers were not able to move to the new version, and the previous version will require support for a longer time than intended.

- Level 8 has apparently not paid adequate attention to market demands in setting priorities for enhancements to AppBuilder. Customer requirements should be the driving force as this will lead to continuing maintenance revenues and potential new product sales and professional services revenue.

- The fact that the DBCS modifications remain unfinished gives customers who require this support no incentive to move to newer versions of AppBuilder.

- The continued use of the mainframe runtime for COBOL appears to be a liability. The move to Open COBOL would eliminate the runtime and give the existing customers an "insurance policy" in the event that HPS/GAB were no longer supported. This feature has been requested by both customers and OEMs and should be given high priority.

- The current repository does not contain the necessary support for version control or for the inclusion of meta data for non-AppBuilder applications. The requirement to integrate non-AppBuilder applications for the purpose of impact analysis, at a minimum, was recognized back in 1998, yet it still has not been implemented. The lack of version control requires many customers to manage large numbers of repositories. The move to a third party repository, with adequate functionality and scalability, would help in this area. In addition, it would reduce the code base by close to four million lines. Level 8 has identified a product, ENABLER from SoftLab, that they feel would meet these needs and estimates the development effort to be about nine calendar months in duration, given adequate staffing (probably 2-3 people).

- AppBuilder remains an "all or nothing" product. There is no ability to integrate other modeling tools into the development environment. The ability to use other modeling

such as Rational Rose, would provide a more open environment and would potentially make the product more attractive to new customers.

- Level 8 provides the entire product on CD-ROM and does not utilize any sort of license key mechanism to enforce contract terms. As a result, customers are free to utilize components they did not pay for; however, they would not receive support for the unlicensed components.

- The current design model for AppBuilder supports "procedural" applications. This is the model used by business for over three decades. There are some analysts who believe that future business applications will be designed around a "process oriented" model. Level 8 intends to move to the process model with the development of R3. This may be a risky venture as the process model is still very new and unproven. There are substantial numbers of businesses, particularly in the overseas markets, that continue to develop procedural applications. Many, in fact, are still developing traditional 3270 applications and will not move to browser-based clients for a number of years. As this is the market that AppBuilder currently supports, it should be exploited. If the process model creates a substantial market opportunity in the future, Level 8 need only find ways to integrate future process modeling and workflow tools into their environment.

- Level 8 is aware of efforts by both their own professional services and by customers to use AppBuilder with other third party software, yet they have not taken the time to analyze the details of these efforts. As examples, procedures for importing Rational Rose data into the repository and for converting Cool:Gen applications into AppBuilder have been produced in the field. Unfortunately, Level 8 was unable to provide any details as to how this was done or the technical feasibility of providing these capabilities in some future release.

Customer Satisfaction and Requirements Survey
(Specifics, Inc.)

USA

Section 1 - DEAL DET CLIENT	Partner Engaged	Sale Stage	Probability Percentage	Max Pipeline (000's) Q1	Probable Pipeline Q1	Max Pipeline (000's) Q2	Probable Pipeline Q2	Max Pipeline (000's) Q3	Probable Pipeline Q3	Max Pipeline (000's) Q4	Probable Pipeline Q4
1 ADP		5	75%					100			
2 Schwab		4	50%							132	
3 State of Hawaii		Upside	70%					70	49		
Total AppBuilder USA				0	0	0	0	170	49	132	0

EMEA

Section 1 - DEAL DET CLIENT	Partner Engaged	Sale Stage	Probability Percentage	Max Pipeline (000's) Q1	Probable Pipeline Q1	Max Pipeline (000's) Q2	Probable Pipeline Q2	Max Pipeline (000's) Q3	Probable Pipeline Q3	Max Pipeline (000's) Q4	Probable Pipeline Q4
1 DIMA		3	50%					200	100		0
2 Woolwich		4	50%						0	250	125
3 Scotish		3	30%						0	250	75
4 Rabobank		3	60%			100	60		0		0
5 NBG	IBM	1	50%					100	50		0
6 RSI	ICT	Commit	90%					200	180		0
7 Netherlands Social Security	Acoba/ASE	2	50%					150	75		0
8 LBS Stuttgart/KA	CSC	4	80%						0	50	40
9 LBS Mainz	CSC	1	30%						0	100	30
10 LBS Bremen	CSC	1	50%						0	50	25
11 Achmea		1	30%						0	100	30
12 Dutch Police	Acoba/ASE	1	30%						0	100	30
13 AMS			50%					150	75		0
14 CSC-Denmark			40%						0	75	30
15 Telenor 4tel			30%					75	23		0
16 PostGirot			40%					75	30		0
17 TKP			30%						0	75	23
18 SDC			40%						0	75	30
19 Maersk			40%					50	20		0
24 BMI Vienna	SBS	1	30%						0	200	60
Total AppBuilder EMEA				0	0	100	60	1,000	553	1,325	498

| **Total AppBuilder** | | | | 0 | 0 | 100 | 60 | 1,170 | 602 | 1,457 | 498 |

Max Pipeline 2001 2,727

APPENDIX I (2 PAGES)

Status

	Next Steps	Time Frame
6/11: Beta customer; attempting to follow up	continue to call	4 weeks
6/11: Will buy when needed		2 weeks
6/11: Looking for funding	follow up to see if approved	1 month

Status	Next Steps	Time Frame
6/11: Have conference call w/ them this week	Ted will provide Steve Quote, will follow up	
6/5: Tech Eval expires end of August, will follow up then		
6/11: Evaluating; need NT report writer	visiting first week of july	
6/11: Have proposal; working on budgeting	Meeting this week	
6/11: Trying to get decision to move forward or close		2 weeks
6/5: Contract in place		
6/11: ASE/Acoba working; we will get update from them on monthly		1 month
6/11: Needed for a system for roll out next year; contract proposal in		
6/11: Continuing to discuss with them the overtaking of the LBS system		
6/11: LBS Mainz working on getting LBS Bremen acquired		
6/11: Trying to set up POC in July		
6/11: Meeting Wednesday		

6/11: Trying to get POC in July/August

MAINTENANCE STATUS REPORT
AMERICAS REGION

CUSTOMER	EXP	RENEW	CURRENCY	ANNUAL VALUE	2001 VALUE	2002 VALUE	2003 VALUE	Notes Color	NOTES
Achmea	December 31, 2001	Q4/01	NLG	42,230	42,230	42,230	42,230	Green	Was negative, how looking to hold on, Rienhard working
ADP	October 31, 2001	Q4/01	USD	10,800	10,800	10,800	10,800	Green	AppBuilder 2.0 Beta Customer
ADP	March 31, 2002	Q1/02	USD	88,200	88,200	88,200	88,200	Green	Same Account as line above
AMS	December 31, 2001	Q4/01	DKK	31,148	31,148	31,148	31,148	Green	Developed by CSC, client runtime licenses - Maersk runs server
AMS	December 31, 2001	Q4/01	DKK	20,418	20,418	20,418	20,418	Green	Same Account as line above
Banca Commerciale Italiana	December 31, 2001	Q4/01	ITL	340,862	340,862	340,862	340,862	Green	Nervous, but so big they aren't going anywhere soon, would benefit from better overall story
Bank of Montreal	December 31, 2001	Q4/01	USD	7,020	7,020	7,020	7,020	Green	Need a visit to insure they keep going, but will stay
Bank of Montreal	December 31, 2001	Q4/01	USD	189,059	189,059	189,059	189,059	Green	Same Account as line above
Ceska Sporitelna	December 31, 2001	Q4/01	USD	200,904	200,904	200,904	200,904	Green	New account last year in Czech
Charles Schwab	July 31, 2001	Q3/01	USD	10,890	100,000	200,000	200,000	Green	Same Account as line above
Citibank	July 22, 2001	Q3/01	USD	23,100	23,100	23,100	23,100	Green	Only uses modeling tools, but will continue. Selling 5 more seats. Small sale.
Credit Suisse	June 30, 2001	Q2/01	USD	1,084,553	1,084,553	1,084,553	1,084,553	Green	Biggest Maint Account, interested in Java
CSC Danmark	June 30, 2001		DKK	52,581	52,581	52,581	52,581	Green	Develop applications for other customers,
CSC Danmark	December 30, 2001	Q4/01	DKK	375,479	375,479	160,000	160,000	Green	Same Account as line above
DIMA	August 31, 2001	Q3/01	AUD	157,749	157,749	157,749	157,749	Green	Was nervous, now more stable, looking at Java
Fiducia	December 31, 2001	Q4/01	DEM	261,078	261,078	261,078	261,078	Green	Was interested in Java, bought out looked negative, now positive again
Friends Provident	December 31, 2001	Q4/01	GBP	218,204	218,204	218,204	218,204	Green	Have some of the Java stuff, positive account
Hawaii DOT	September 30, 2001	Q3/01	USD	5,743	5,743	5,743	5,743	Green	Just re-instated maint on shelved system due to Java interest
Hawaii Judiciary	June 21, 2002	Q2/02	USD	20,358	20,358	20,358	20,358	Green	Looking to buy a small $70K upgrade, Java interest
Helaba	June 30, 2002	Q2/02	DEM	26,214	26,214	26,214	26,214	Green	Part of LBS group
IBM Japan	December 1, 2001	Q4/01	USD	584,382	584,382	584,382	584,382	Green	Stable, small accounts long off, too big ones left that will stay. Java interest dependant on DBCS version.
IBM Netherlands	March 31, 2001	Q2/01	NLG	66,160	66,160	66,160	66,160	Green	Series of small accounts
IBM Netherlands (Rabobank)	January 31, 2002	Q1/02	NLG	225,547	225,547	225,547	225,547	Green	Java Prospect, presented at user group
LBS Muenster	September 30, 2000		DEM	15,295	15,295	15,295	15,295	Green	LBS Group, maintenance currently under West/LB but breaking out on own
LBS Wurtemberg	December 31, 2001	Q4/01	DEM	15,858	15,858	15,858	15,858	Green	LBS Group selling banking system to other LBS groups, positive for Java
Legal & General	March 31, 2002	Q2/02	GBP	423,500	423,500	423,500	423,500	Green	Tried to move away, but board rejected cost. Steve G. working this as new possibility.
Maersk Data	December 31, 2001	Q4/01	DKK	51,244	51,244	51,244	51,244	Green	Oursourer running AMS application, bidding on dev environment, could be some extra licenses
Natl. Bank of Greece	December 31, 2001	Q4/01	USD	350,000	350,000	350,000	350,000	Green	New account last year, bought RSI app now handled by ICT, in process of customizing
Royal & Sun Alliance	June 26, 2001	Q2/01	AUD	80,800	80,800	80,800	80,800	Green	Stable, probably Java interest
RSI	December 31, 2001	Q4/01	ESP	200,814	200,814	200,814	200,814	Green	Is the App sold to National Bank of Greece and that ICT is attempting to re-sell
Scottish Equitable	December 31, 2002	Q4/02	GBP	149,410	149,410	149,410	149,410	Green	Looking at Java
Standard Life	June 30, 2001	Q3/01	GBP	175,719	175,719	175,719	175,719	Green	Stable, will have Java interest
State Of New Mexico	April 30, 2002	Q2/02	USD	149,220	149,220	149,220	149,220	Green	Ongoing account, looking for a bit of consulting, expect Java interest
Sun Life(AXA)	March 31, 2001	Q2/01	GBP	267,581	267,581	267,581	267,581	Green	Stable, will have Java interest
Telefonica	September 30, 2001	Q2/01	USD	259,283	259,283	259,283	259,283	Green	Need a vist for encouragement, will be interested in Java
Told Og skatt	December 31, 2001		DKK	10,454	10,454	10,454	10,454	Green	Clients for a CSC Denmark Customer
Woolwich	December 31, 2001	Q4/01	GBP	228,998	228,998	228,998	228,998	Green	Looking at Java
Total Green				6,400,826	6,489,738	6,374,260	6,374,260		
Access International	March 31, 2002	Q1/02	USD	100,000	100,000	100,000	100,000	Black	Venture OEM, risk of moving away without Open COBOL, like Java, have close contact, CAB Member
AIG Data Center	December 31, 2001	Q4/01	USD	141,544	141,544	141,544	141,544	Black	Dependant on what happens with IBM Japan, but will continue for some years at least, paying extended maintenance
Banca Carige	December 31, 2001	Q4/01	ITL	183,836	183,836	183,836	183,836	Black	Nervous fence sitter
Banco San Paulo	December 31, 2001	Q4/01	ITL	222,750	222,750	222,750	222,750	Black	Nervous fence sitter
Charles Schwab	July 31, 2001	Q3/01	USD	294,282	294,282	294,282	294,282	Black	Schwab is 5.2 customer, intends to move away but can't justify cost
Lloyds	December 31, 2001	Q4/01	GBP	507,478	507,478	507,478	507,478	Black	Nervous for some time, but holding, maint for next year quoted at over a million. Open COBOL an interest.
Postgirot	December 31, 2001	Q4/01	SEK	169,830	169,830	169,830	169,830	Black	Nervous
SAAQ	September 30, 2002	Q3/02	USD	195,380	195,380	195,380	195,380	Black	Recently indicted they are moving away, need attention, might be brought back
SDC	June 30, 2003	Q2/03	DKK	504,461	504,461	504,461	504,461	Black	Strong supporter but needs Open COBOL has they are now OEM
Sigma Integra - Hoganas	March 31, 2002	Q1/02	SEK	1,457	1,457	1,457	1,457	Black	Same Account as line above
Sikorsky	December 31, 2001	Q4/01	USD	138,150	138,150	138,150	138,150	Black	Previous CAB member, big A/P system, has been ignored, transportation industry undergoing many changes
Sun Trust	June 30, 2001	Q2/01	USD	151,929	151,929	151,929	151,929	Black	Nervous, have moved some systems off
Telenor - EDB-4TEL A/S	December 31, 2001	Q4/01	NOK	306,137	306,137	306,137	306,137	Black	Have just indicated not strategic, but will take 3 yrs to change. Open COBOL could change
Telenor (OEM Swiss Telecom)	December 1, 2001	Q4/01	NOK	18,000	18,000	18,000	18,000	Black	Telenor Sold site, could lose if Telenor produces another system in 3 years
TKP	June 30, 2001	Q2/01	USD	204,909	204,909	204,909	204,909	Black	Nervous, systems house, Open COBOL of interest
Unibank (NOW KNOWN AS NORDEA)	December 31, 2001	Q4/01	DKK	250,000	250,000	250,000	250,000	Black	Just indicated they may move off, will take couple of years, Open COBOL may change mind
West LB	December 31, 2001	Q4/01	DEM	162,009	162,009	162,009	162,009	Black	Nervous fence sitter
Total Black				3,552,132	3,552,132	3,552,132	3,552,132		

APPENDIX J-1
(2 PAGES)

AAPT	June 7, 2001	Q2/01	AUD	64,329	32,000			Red	Bought out, moving offf
Consultec	June 30, 2002	Q2/02	USD	50,270	50,270	25,000		Red	OEM, will likely move away over time
Den Danska	December 1, 2001	Q4/01	DKK	233,049	233,049			Red	Moving off for some time already
EDS	August 31, 2001	Q3/01	USD	180,000	180,000	90,000		Red	Using standalone NETE, would like to move, actually helps us if they do
IBM Denmark (Corebank)	December 31, 2002	Q4/02	USD	50,000	50,000	50,000		Red	IBM has killed this project
IBM Korea (KEB)	April 1, 2000	Q2/01		31,643				Red	Unknown what they will do, assuming worst
Integrated Core Technologies	June 30, 2001	Q3/01	USD	85,388				Red	OEM looking for VC funding
Key Services (Key Bank)	June 30, 2001	Q2/01	USD	182,052	182,052			Red	Likely gone end of year, maybe six months more, moving off last two years
Paine Webber	July 31, 2001	N/A	USD	29,400	29,400			Red	Likely gone end of year, been moving off for years
Wells Fargo (Formerly Norwest)	December 31, 2001	Q4/01	USD	83,115	83,115			Red	Moving Away, old release level, let go
Wells Fargo Brokerage Services	March 6, 2002	Q1/02	USD	5,517	5,517			Red	Moving Away, old release level, let go
Total Red				994,764	845,403	165,000	0		
Additional Sales @ 15%					37,500	225,000	318,750		Calcualted based on numbers that are 50% of budgeted sales
Total Maintenance				10,947,524	10,924,773	10,316,392	10,245,142		
Code:									
Green - Positive Accounts									
Black - Fence Sitters, not moving but need reinforcing or might move off									
Red - Moving and little can be done									

Off Maintenance Clients

Name	Cancellation	Period cancelled	Annual amount	Product
Auric Web	January 29, 2001	December 1, 1999	$ 7,575.00	HPS
Cheltenham & Gloucester		March 31, 2001	$ 151,636.00	HPS
Federated	January 29, 2001	September 1, 2000	$ 48,780.00	HPS
Sanlam		September 30, 2000	$ 200,000.00	HPS
Zurich Insurance (Eagle)		December 31, 2000	$ 64,360.00	HPS
telecom Italia		December 31, 2000	$ 34,940.00	HPS

Region	Q1/01	Q2/01	Q3/01	Q4/01	FY/01
Svcs Ita+	143,687	140,320	92,984	70,351	447,342
Svcs Ger+	345,130	224,383	227,943	156,743	954,199
Svcs UK	120,423	139,931	114,798	114,798	489,950
Svcs Nor	530,543	340,962	287,589	372,768	1,531,863
~~Svcs USA~~					
Totals	1,139,782	845,596	723,314	714,660	3,423,353
Svcs USA		540,900	575,300	553,937	553,937

BCI

Consultant	daily rate	Jan-01	Feb-01	Mar-01	Q1/01	Apr-01	May-01	Jun-01	Q2/01	Jul-01	Aug-01	Sep-01	Q3/01	Oct-01	Nov-01	Dec-01	Q4/01
Gianfranco Cattaneo	Act.	7,497	7,920	9,261	24,678	6,615			6,615				0				0
FC	441				0		7,940	7,940	15,880	7,499	882	7,499	15,880	7,058	5,734	5,734	18,527
Fabio Grassani	Act.																
FC	441																
SUM Contracted		7,497	7,920	9,261	24,678	6,615	7,940	7,940	22,495	7,499	882	7,499	15,880	7,058	5,734	5,734	18,527

Carige

Consultant	daily rate	Jan-01	Feb-01	Mar-01	Q1/01	Apr-01	May-01	Jun-01	Q2/01	Jul-01	Aug-01	Sep-01	Q3/01	Oct-01	Nov-01	Dec-01	Q4/01
Terry Brace		2,448			2,448				0				0				0
FC	816				0	0	0	0	0	0	0	0	0	0	0	0	0
SUM. Contracted		2,448	0	0	2,448	0	0	0	0	0	0	0	0	0	0	0	0

NBG

Consultant	daily rate	Jan-01	Feb-01	Mar-01	Q1/01	Apr-01	May-01	Jun-01	Q2/01	Jul-01	Aug-01	Sep-01	Q3/01	Oct-01	Nov-01	Dec-01	Q4/01
Tony Franco	Act.	12,640	19,592	22,120	54,352	17,969			17,969				0				0
FC	1264				0		15,168	18,960	34,128	17,696	3,792	16,432	37,920	0	0	0	0
Terry Brace	Act.	17,969	23,384	20,856	62,209	13,904			13,904				0				0
FC	1264				0		18,960	18,960	37,920	17,696	3,792	17,696	39,184	18,960	16,432	16,432	51,824
Mike Watts	Act.				0	6,320			6,320				0				0
FC	1264				0				0				0				0
Mike Davies	Act.				0				0				0				0
FC	1264	0	0	0	0	0	7,584	0	7,584	0	0	0	0	0	0	0	0
SUM Contracted		30,609	42,976	42,976	116,561	38,193	41,712	37,920	117,825	35,392	7,584	34,128	77,104	18,960	16,432	16,432	51,824

RSI

Consultant	daily rate	Jan-01	Feb-01	Mar-01	Q1/01	Apr-01	May-01	Jun-01	Q2/01	Jul-01	Aug-01	Sep-01	Q3/01	Oct-01	Nov-01	Dec-01	Q4/01
NN	Act.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FC		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SUM Contracted		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

| Total | | | | | 143,687 | | | | 140,320 | | | | 92,984 | | | | 70,351 |

Ceska Sporitelna

Consultant		Daily rate	Jan-01	Feb-01	Mar-01	Q1/01	Apr-01	May-01	Jun-01	Q2/01	Jul-01	Aug-01	Sep-01	Q3/01	Oct-01	Nov-01	Dec-01	Q4/01	FY/01
Henk van der Knoop	Act.	1,200	648	24,648	0	25,296	0	0	0	0	0	0	0	0	0	0	0	0	25,296
	FC					0				0				0				0	0
Henk van der Knoop	Act.	2,400	0	6,000	0	6,000	0	0	0	0	0	0	0	0	0	0	0	0	6,000
	FC					0				0				0				0	0
Jens Albrecht	Act.	1,200	0	18,000	0	18,000	0	0	0	0	0	0	0	0	0	0	0	0	18,000
	FC					0				0				0				0	0
Mike Watts	Act.	1,200	0	18,000	0	18,000	0	0	0	0	0	0	0	0	0	0	0	0	18,000
	FC					0			3,600	3,600	3,600	3,600	0	7,200	0	0	0	0	10,800
Wolfgang Wagner	Act.		3,044	3,044	3,044	9,132	3,044	3,044	3,044	9,132	3,044	3,044	3,044	9,132	3,044	3,044	3,044	9,132	36,528
	FC					0				0				0				0	0
SUM. Contracted			3,692	69,692	3,044	76,428	3,044	3,044	6,644	12,732	6,644	6,644	3,044	16,332	3,044	3,044	3,044	9,132	114,624

Credit Suisse

Consultant		daily rate	Jan-01	Feb-01	Mar-01	Q1/01	Apr-01	May-01	Jun-01	Q2/01	Jul-01	Aug-01	Sep-01	Q3/01	Oct-01	Nov-01	Dec-01	Q4/01	FY/01
Wai Chun Cheng	Act.	1,260	25,200	22,680	15,120	63,000	0	0	0	0	0	0	0	0	0	0	0	0	63,000
James Bartlett	Act.	1,365	23,205	21,840	25,935	70,980	23,205	0	0	23,205	0	0	0	0	0	0	0	0	94,185
	FC					0		20,000	15,000	35,000	15,000	20,000	20,000	55,000	20,000	20,000	10,000	50,000	140,000
Jens Albrecht	Act.	1,260	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	FC					0		10,000	20,000	30,000	15,000	15,000	20,000	50,000	20,000	20,000	10,000	50,000	130,000
SUM Contracted			48,405	44,520	41,055	133,980	23,205	30,000	35,000	88,205	30,000	35,000	40,000	105,000	40,000	40,000	20,000	100,000	427,185

Fiducia

Consultant		daily rate	Jan-01	Feb-01	Mar-01	Q1/01	Apr-01	May-01	Jun-01	Q2/01	Jul-01	Aug-01	Sep-01	Q3/01	Oct-01	Nov-01	Dec-01	Q4/01	FY/01
Brian Vesco	Act.	1,100	0	16,500	0	16,500	0	0	0	0	0	0	0	0	0	0	0	0	16,500
	FC					0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mike Watts	Act.	1,100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	FC					0	0	5,500	0	5,500	0	0	0	0	0	0	0	0	5,500
Henk van der Knoop	Act.	1,100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	FC					0	0	0	5,000	5,000	5,000	0	0	5,000	0	0	0	0	10,000
NN	Act.	1,100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	FC					0				0	0	0	0	0	0	0	0	0	0
Wolfgang Wagner	Act.		2,053	2,053	2,053	6,159	2,053	2,053	2,053	6,159	2,053	2,053	2,053	6,159	2,053	2,053	2,053	6,159	24,636
SUM Contracted			2,053	18,553	2,053	22,659	2,053	7,553	7,053	16,659	7,053	2,053	2,053	11,159	2,053	2,053	2,053	6,159	56,636

Helaba

Consultant		Hourly Rate	Jan-01	Feb-01	Mar-01	Q1/01	Apr-01	May-01	Jun-01	Q2/01	Jul-01	Aug-01	Sep-01	Q3/01	Oct-01	Nov-01	Dec-01	Q4/01	FY/01
Wolfgang Wagner	Act.		489	484	484	1,457	484	484	484	1,452	0	0	0	0	0	0	0	0	2,909
	FC					0				0	484	484	484	1,452	484	484	484	1,452	2,904

SUM Contracted			489	484	484	1,457	484	484	484	1,452	484	484	484	1,452	484	484	484	1,452	5,813

LBS Münster

Consultant		dally rate	Jan-01	Feb-01	Mar-01	Q1/01	Apr-01	May-01	Jun-01	Q2/01	Jul-01	Aug-01	Sep-01	Q3/01	Oct-01	Nov-01	Dec-01	Q4/01	FY/01
Peter Dekkers	Act.	850	17,850	13,140	13,564	44,554	15,260	0	0	15,260	0	0	0	0	0	0	0	0	59,814
	FC					0		8,000	13,000	21,000	13,000	10,000	15,000	38,000	15,000	15,000	10,000	40,000	99,000
Rob Warner	Act.	750	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	FC					0		7,000		7,000	14,000	0	0	14,000	0	0	0	0	21,000
SUM Contracted			17,850	13,140	13,564	44,554	15,260	15,000	13,000	43,260	27,000	10,000	15,000	52,000	15,000	15,000	10,000	40,000	179,814

Rabobank

Consultant		dally rate	Jan-01	Feb-01	Mar-01	Q1/01	Apr-01	May-01	Jun-01	Q2/01	Jul-01	Aug-01	Sep-01	Q3/01	Oct-01	Nov-01	Dec-01	Q4/01	FY/01
Paul Klarenbeek	Act.	906	16,301	18,927	10,409	45,637	17,034	0	0	17,034	0	0	0	0	0	0	0	0	62,671
	FC					0		10,000	12,000	22,000	12,000	15,000	15,000	42,000	0	0	0	0	64,000
Jens Albrecht	Act.	1,040	5,200	12,634	2,581	20,415	13,041	0	0	13,041	0	0	0	0	0	0	0	0	33,456
	FC					0		10,000	0	10,000	0	0	0	0	0	0	0	0	10,000
SUM Contracted			21,501	31,561	12,990	66,052	30,075	20,000	12,000	62,075	12,000	15,000	15,000	42,000	0	0	0	0	170,127

			Q1/01		Q2/01		Q3/01		Q4/01	FY/01
Total	Act.		345,130		85,283		15,291		15,291	460,995
	FC		0		139,100		212,652		141,452	493,204
Total			345,130		224,383		227,943		156,743	954,199

Accounts receivable - EMEA - Nordic

Legal & General

Consultant		Daily rate ($)	Jan-01	Feb-01	Mar-01	Q1/01	Apr-01	May-01	Jun-01	Q2/01	Jul-01	Aug-01	Sep-01	Q3/01	Oct-01	Nov-01	Dec-01	Q4/01	FY/01	Comments
John Regan	Act.	1,160	24,360	17,400	16,240	58,000	0	0	0	0	0	0	0	0	0	0	0	0	97,132	
	FC		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
John Regan	Act.	1,087	0	0	0	0	18,479		0	18,479	0	0	0	0	0	0	0	0	57,611	
	FC		0	0	0	0	0	19,566	19,566	39,132	19,566	19,566	19,566	58,698	19,566	19,566	19,566	58,698	156,528	
SUM Contracted			24,360	17,400	16,240	58,000	0	19,566	19,566	57,611	19,566	19,566	19,566	58,698	19,566	19,566	19,566	58,698	233,007	

Lloyds TSB

Consultant		Daily rate ($)	Jan-01	Feb-01	Mar-01	Q1/01	Apr-01	May-01	Jun-01	Q2/01	Jul-01	Aug-01	Sep-01	Q3/01	Oct-01	Nov-01	Dec-01	Q4/01	FY/01	Comments
Ryan Harris	Act.	870	18,270	17,400	14,790	50,460	15,660	0	0	15,660	0	0	0	0	0	0	0	0	66,120	
	FC		0	0	0	0	0	18,270	14,790	33,060	0	0	0	0	0	0	0	0	33,060	
Mike Watts	Act.	2175	0	0	11,963	11,963	0	0	0	0				0				0	11,963	
	FC		0	0	0	0	10,800	12,600	10,200	33,600	0	0	0	0	0	0	0	0	33,600	
SUM. Contracted			18,270	17,400	14,790	62,423	15,660	12,600	10,200	82,320	0	0	0	0	0	0	0	0	144,743	

Woolwich

Consultant		Daily rate ($)	Jan-01	Feb-01	Mar-01	Q1/01	Apr-01	May-01	Jun-01	Q2/01	Jul-01	Aug-01	Sep-01	Q3/01	Oct-01	Nov-01	Dec-01	Q4/01	FY/01	Comments
Spencer Clarkson	Act.	1,740	0	0	0	0	0	0	0	0	8,700	8,700	8,700	26,100	8,700	8,700	8,700	26,100	52,200	
	FC		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Mike Watts	Act.	1,000	0	0	0	0	0	0	0	0	10,000	10,000	10,000	30,000	10,000	10,000	10,000	30,000	60,000	
	FC		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
SUM Contracted			0	0	0	0	0	0	0	0	18,700	18,700	18,700	56,100	18,700	18,700	18,700	56,100	112,200	

Other

Consultant		Daily rate ($)	Jan-01	Feb-01	Mar-01	Q1/01	Apr-01	May-01	Jun-01	Q2/01	Jul-01	Aug-01	Sep-01	Q3/01	Oct-01	Nov-01	Dec-01	Q4/01	FY/01	Comments
NN1	Act.	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	FC		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
NN2	Act.	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	FC		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
NN3	Act.	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	FC		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
SUM Contracted			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

Total				120,423			139,931			114,798			114,798	489,950

Postgirot GK

Consultant		Daily rate	Jan-01	Feb-01	Mar-01	Q1/01	Apr-01	May-01	Jun-01	Q2/01	Jul-01	Aug-01	Sep-01	Q3/01	Oct-01	Nov-01	Dec-01	Q4/01	FY/01	Comments
Lino Gallina	Act.	10,000	27,757	25,858	27,145	80,760	19,853	0	0	19,853	0	0	0	0	0	0	0	0	130,760	
	FC		16,667	16,667	16,667	50,000	16,667	16,667	16,667	50,000	16,667	16,667	16,667	50,000	16,667	16,667	16,667	50,000	200,000	
Jussi Vuorikoski	Act.	10,000	0	0	0	0	11,520	0	0	11,520	0	0	0	0	0	0	0	0	16,667	
	FC		0	0	0	0	16,667	0	0	16,667	0	0	0	0	0	0	0	0	16,667	
Terry Brace	Act.	10,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,699	
	FC		0	0	0	0	5,699	0	0	5,699	0	0	0	0	0	0	0	0	5,699	
SUM Contracted			27,757	25,858	27,145	80,760	19,853	16,667	16,667	53,186	16,667	16,667	16,667	50,000	16,667	16,667	16,667	50,000	233,946	

IBM Danmark

Consultant		Daily rate	Jan-01	Feb-01	Mar-01	Q1/01	Apr-01	May-01	Jun-01	Q2/01	Jul-01	Aug-01	Sep-01	Q3/01	Oct-01	Nov-01	Dec-01	Q4/01	FY/01	Comments
Freddi Dreier	Act.	7,500	0	20,476	20,083	40,560	11,607	0	0	11,607	0	0	0	0	0	0	0	0	52,167	
	FC		0	15,179	15,179	30,357	15,179	0	0	15,179	0	0	0	0	0	0	0	0	45,536	
SUM Contracted			0	20,476	20,083	40,560	11,607	0	0	11,607	0	0	0	0	0	0	0	0	52,167	

EDB - 4tel

Consultant		Hourly Rate	Jan-01	Feb-01	Mar-01	Q1/01	Apr-01	May-01	Jun-01	Q2/01	Jul-01	Aug-01	Sep-01	Q3/01	Oct-01	Nov-01	Dec-01	Q4/01	FY/01	Comments
Bent Bryhn	Act.	1,170	21,450	19,695	21,450	62,595	14,625	0	0	14,625	0	0	0	0	0	0	0	0	77,220	
	FC		16,575	16,575	16,575	49,725	16,575			16,575				0				0	66,300	
Gareth Eley	Act.	1,500	24,000	20,000	38,233	80,233	19,700	0	0	19,700	0	0	0	0	0	0	0	0	99,933	
	FC		21,250	21,250	21,250	63,750	21,250	21,250	21,250	63,750	0	21,250	21,250	42,500	21,250	21,250	21,250	63,750	233,750	
SUM Contracted			45,450	39,695	57,683	142,828	34,325	21,250	21,250	76,825	0	21,250	21,250	42,500	21,250	21,250	21,250	63,750	325,903	

SDC Finanssystem A/S

Consultant		Hourly Rate	Jan-01	Feb-01	Mar-01	Q1/01	Apr-01	May-01	Jun-01	Q2/01	Jul-01	Aug-01	Sep-01	Q3/01	Oct-01	Nov-01	Dec-01	Q4/01	FY/01	Comments
Arvind Dholani	Act.	1050	18,250	17,250	27,250	62,750	12,000	0	0	12,000	0	0	0	0	0	0	0	0	74,750	
	FC	1075	15,938	15,938	15,938	47,813	15,938	16,317	16,317	48,571	16,317	16,317	16,317	48,951	16,317	16,317	16,317	48,951		
Kenneth Jørgensen	Act.	750	12,679	14,241	15,313	42,232	7,991	0	0	7,991	0	0	0	0	0	0	0	0	50,223	
	FC		11,384	11,384	11,384	34,152	11,384	11,384	11,384	34,152	11,384	11,384	11,384	34,152	11,384	11,384	11,384	34,152		
Jan Olsen	Act.	750	21,094	20,089	0	41,183	0	0	0	0	0	0	0	0	0	0	0	0	41,183	
	FC		11,384	11,384		22,768				0				0				0		
Spencer Clarkson	Act.	1,450	27,533	25,461	27,446	80,440	23,908	0	0	23,908	0	0	0	0	0	0	0	0	104,348	
	FC		22,009	22,009	22,009	66,027	22,009	12,946	12,946	47,902	0	0	0	0	0	0	0	0		
Per Jensen	Act.	475	9,132	8,233	8,793	26,159	5,683	0	0	5,683	0	0	0	0	0	0	0	0	31,842	
	FC		7,210	7,210	7,210	21,629	7,210	7,210	7,210	21,629	7,210	7,210	7,210	21,629	7,210	7,210	7,210	21,629	86,518	
SUM Contracted			88,688	85,275	78,802	252,765	49,582	47,857	47,857	145,296	34,911	34,911	34,911	104,732	34,911	34,911	34,911	104,732	607,526	

Den Danske Bank

Consultant		Hourly Rate	Jan-01	Feb-01	Mar-01	Q1/01	Apr-01	May-01	Jun-01	Q2/01	Jul-01	Aug-01	Sep-01	Q3/01	Oct-01	Nov-01	Dec-01	Q4/01	FY/01	Comments
Sven Andersen	Act.	1,000	0	0	13,631	13,631	13,869	0	0	13,869	0	0	0	0	0	0	0	0	27,500	
	FC		0	0	15,179	15,179	15,179	8,929	8,929	33,036	8,929	8,929	8,929	26,786	8,929	8,929	8,929	26,786	101,786	
SUM Contracted			0	0	13,631	13,631	13,869	8,929	8,929	31,726	8,929	8,929	8,929	26,786	8,929	8,929	8,929	26,786	98,929	

Diverse

Consultant		Hourly Rate	Jan-01	Feb-01	Mar-01	Q1/01	Apr-01	May-01	Jun-01	Q2/01	Jul-01	Aug-01	Sep-01	Q3/01	Oct-01	Nov-01	Dec-01	Q4/01	FY/01	Comments
Jussi Vourikoski	Act.	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	FC		0	0	0	0	0	0	8,929	8,929	0	5,000	5,000	10,000	5,000	5,000	5,000	15,000	33,929	
Rob Warner	Act.	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	FC		0	0	0	0	0	0	13,393	13,393	0	13,393	13,393	26,786	13,393	13,393	13,393	40,179	80,357	
Freddi Dreier	Act.	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	FC		0	0	0	0	0	0	0	0	8,929	8,929	8,929	26,786	8,929	8,929	8,929	26,786	53,571	
NN2	Act.	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	FC		0	0	0	0	0	0	0	0	0	0	0	0	15,179	15,179	15,179	45,536	45,536	
SUM Contracted			0	0	0	0	0	0	22,321	22,321	8,929	27,321	27,321	63,571	42,500	42,500	42,500	127,500	213,393	

Total		530,543		340,962		287,589		372,768	1,531,863

Accounts receivable - EMEA - Nordic (USA)

Citibank

Consultant		Daily rate	Jan-01	Feb-01	Mar-01	Q1/01	Apr-01	May-01	Jun-01	Q2/01	Jul-01	Aug-01	Sep-01	Q3/01	Oct-01	Nov-01	Dec-01	Q4/01	FY/01	Comments
Martyn Jones	Act	1,400				0	26,600	30,800	26,600	84,000	25,200	28,000	23,800	77,000	28,000	26,600	18,200	72,800	233,800	
	FC						26,600	30,800	26,600		25,200	29,400	23,800		29,400	26,600	18,200			
Gary Bhattacharjee	Act	1,300				0	27,300	28,600	24,700	80,600	23,400	26,000	22,100	71,500	26,000	24,700	16,900	67,600	139,100	
	FC						27,300	28,600	24,700		23,400	27,300	22,100		27,300	24,700	16,900			
Sam Lawandi	Act	1,400				0	0	0	0	0	25,200	28,000	23,800	77,000	28,000	26,600	18,200	72,800	149,800	
	FC						0	0	0		25,200	29,400	23,800		29,400	26,600	18,200			
Brian Mai	Act	1,400				0	22,400	25,200	26,600	74,200	25,200	28,000	23,800	77,000	28,000	26,600	18,200	72,800	224,200	
	FC						22,400	25,200	26,600		25,200	29,400	23,800		29,400	26,600	18,200			
Nabeel Sami	Act	1,200				0	25,200	26,400	22,800	74,400	21,600	24,000	20,400	66,000	24,000	22,800	15,600	62,400	202,800	
	FC						25,200	26,400	22,800		21,600	25,200	20,400		25,200	22,800	15,600			
SUM Contracted			0	0	0	0	124,600	134,000	125,400	229,200	169,200	192,100	159,800	291,500	192,100	178,600	122,200	275,600	796,300	

Access Intl

Consultant		Daily rate	Jan-01	Feb-01	Mar-01	Q1/01	Apr-01	May-01	Jun-01	Q2/01	Jul-01	Aug-01	Sep-01	Q3/01	Oct-01	Nov-01	Dec-01	Q4/01	FY/01	Comments
Mark Tagtmeyer	Act	950				0	19,950	17,100	13,300	50,350	12,350	19,000	16,150	47,500				0	97,850	Oct-Dec expected
	FC						19,950	17,100	13,300		12,350	19,000	16,150		20,000	19,000	13,000	52,000	52,000	contract extension
Marco Lai-Yuen	Act	760				0	15,770	16,720	14,440	46,930	13,680	15,200	12,920	41,800				0	88,730	at original rates
	FC						15,770	16,720	14,440		13,680	15,200	12,920		16,000	15,200	10,400	41,600	41,600	
Juan Humes	Act	760				0	15,200	14,440	14,440	44,080	13,680	15,200	12,920	41,800				0	85,880	
	FC						15,200	14,440	14,440		13,680	15,200	12,920		16,000	15,200	10,400	41,600	41,600	
Enrique Pulido	Act	1,190				0	23,800	26,180	22,610	72,590	21,420	23,800	20,230	65,450				0	138,040	
	FC						23,800	26,180	22,610		21,420	23,800	20,230		25,053	23,800	16,284	65,137	65,137	
Mike Davies	Act	950							4,750	4,750	4,750			4,750				0	9,500	(UK)
	FC								4,750		4,750									
			0	0	0	750,000	125,640	122,700	106,970	218,700	100,840	122,600	104,210	201,300	77,053	73,200	50,084	200,337	1,370,337	Q1 750,000 fixed

Access Intl

Consultant		Daily rate	Jan-01	Feb-01	Mar-01	Q1/01	Apr-01	May-01	Jun-01	Q2/01	Jul-01	Aug-01	Sep-01	Q3/01	Oct-01	Nov-01	Dec-01	Q4/01	FY/01	Comments
Phil DiStefano	Act	1,500				0	31,500	33,000	28,500	93,000				0				0	93,000	
	FC						31,500	33,000	28,500		27,000	30,000	25,500	82,500	30,000	28,500	19,500	78,000	160,500	
			0	0	0	0	31,500	33,000	28,500	93,000	27,000	30,000	25,500	82,500	30,000	28,500	19,500	78,000	253,500	

ACTUAL (contracted)   540,900   575,300   553,937

FORECASTED

0.95

BGAI Financial Projections

BGAI Revenue Projections

($000)

	2001	2002	2003	2004	2005
Product Licenses	3,000	5,000	4,300	3,600	3,000
Maintenance	11,000	11,000	11,000	9,900	8,900
Professional Services	6,000	8,000	7,200	6,500	5,800
Total	20,000	24,000	22,500	20,000	17,700

BGAI Staffing Projections

	Current	YE2001	YE2002
Executive Management.	0	2	2
Sales & Marketing	6	9	9
Professional Services	33	36	46
Development (QA, Doc, Training)	24	32	32
Maintenance and Support	28	28	24
G&A	5	13	13
TOTAL	96	120	126
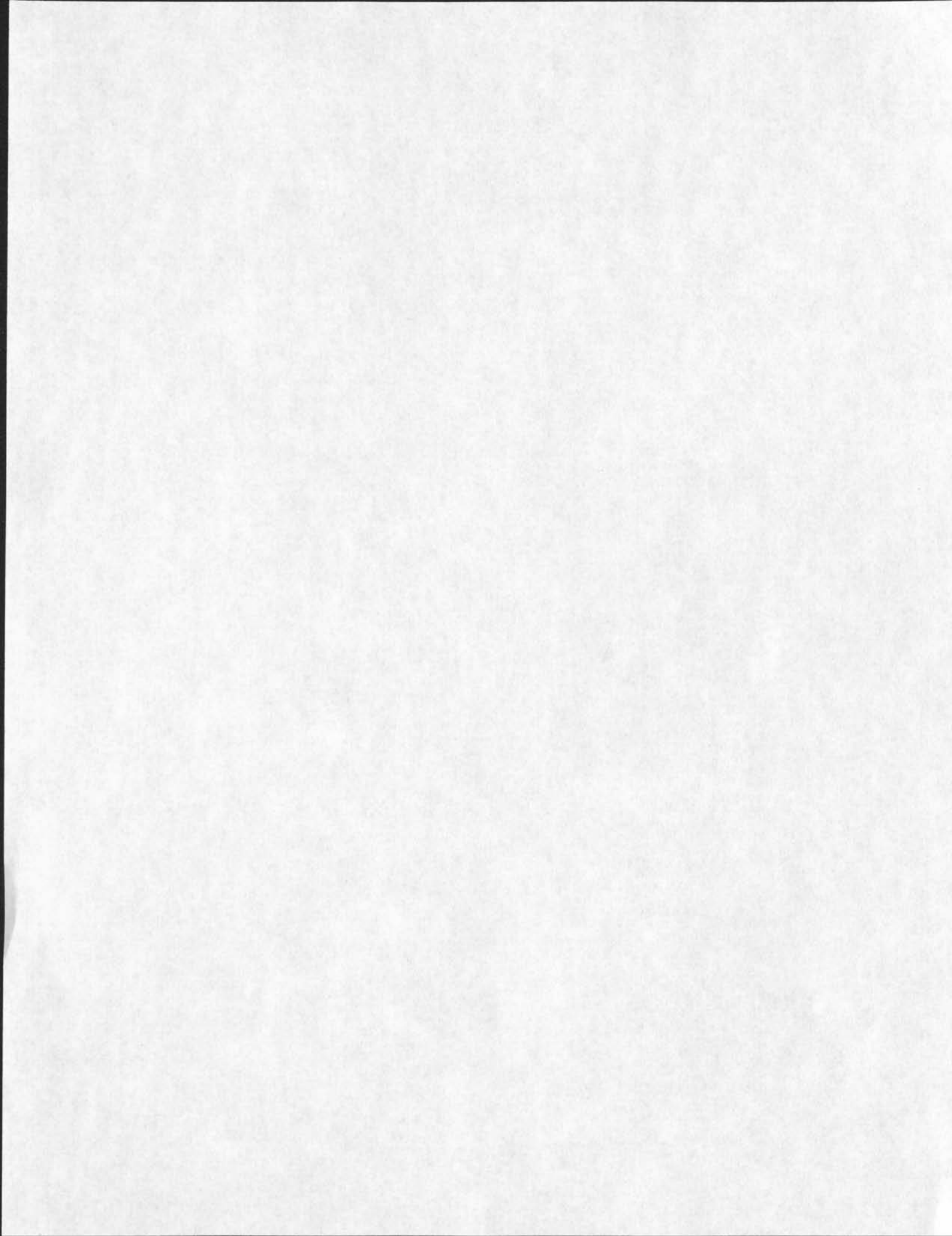
Subj:	**analysis of survey results**
Date:	06/28/2001
To:	talmor.margalit@dic.co.il, lenny_r@netvision.net.il
CC:	sdunayer@interserv.com

After analyzing the survey results, I've reached the following conclusions:

On the green accounts, Legal and General and Woolwich are problems.Woolwich hasn't used HPS for new applications for 3 years and doesn't plan to do so. Its ratings are medium. Legal and General has stated a number of problems and gave many negative ratings. In addition RSI, Friends Provident and Credit Suisse say that they are going to migrate from HPS, but had positive comments and strong ratings.

As to the black (or red as stated by Specifics) accountsAccess, SDC and LBS say that they won't migrate and gave medium to high ratings with quite positive comments. All three of these are oems or pseudo-oems. Schwab sounds like a lost cause. Telenor (an oem) appears to have serious concerns with a mixture of poor and good ratings and a plan to migrate away from HPS. Lloyds also sounds very negative and says it will migrate and HPS is not strategic; it gave medium ratings. The other black accounts sound as though they would be able to be saved with timely attention.

Unless you say otherwise, I will have Specifics send the summary and the detailed reports to Paul and Ted on Friday.

Please send me your business projections so I can work on them over the weekend.

The survey results do not change my opinion on the viability of the acquisition.

Burt Grad 6/28

Analysis of Venkatesus Migrate Analysis of responses

10 Legal+ Gen	~~Legal Gen~~ significant some problems	DK	many negative ratings
12 N B bruce	~~Back lead (thi)~~ OK for now	won't	strong ratings
7 Fiducia	good acct	won't	very strong ratings
16 RSI	OK - wants Spanish Support	will	strong ratings
8 Friends Provident	good acct	will	strong ratings
5 Credit Suisse	OK	will	strong ratings
20 Std Life	OK	won't	very strong ratings
24 Woolwich	not used for 3 years not planning to use	DK	medium ratings
17 Schwab	very negative getting out of HPS	will	very low ratings
21 Telenor (OEM)	on the edge looking at alternatives	will	mixture of poor + good ratings
1 Access Int (OEM)	Good relationship - active wants ~~changes~~ enhancements	won't	mostly very high ratings
11 Lloyds	relatively negative not strategic	will	medium ratings
3 Banca Carige	neutral - Java focused doesn't sound at risk	DK	fairly high ratings
23 Unibank	reasonably positive want Java	DK	medium ratings
13 Postgirot	co. being sold uncertain future	DK	medium ratings
19 SDC-FS (OEM)	positive attitude	won't	high ratings
9 LBS	neutral to positive	won't	medium ratings

Analysis of Q17 + 18 –

Will	Won't	DK	Co	migrate	
✓			17 ~ –	have – Serena	Chaviginan ?
✓			21	to IBM	Rational, IBM, Oracle
✓			11	Host VB	Microsoft IBM
✓			16	COBOL	no
✓			8	to GAS 2.0	Java
✓			5	to Java	Java
	✓		12	Use COBOL + VB	Cool Gen, Oracle
	✓		19	object-oriented	Together Oracle
		✓	3.	doesn't want to	Cameleon ?
		✓	10.	IBM	
	✓		1	Forte	
		✓	23	Don't know	
		✓	13	GAS 2.0	
	✓		20	Websphere	Visual H
	✓		9.	need enhancements	
		✓	24.	Microsoft	
	✓		7.		
	6/1		11/1		
6/1			4/1		
		4	3		

CO.	COMPANY	CITYSTAT	PRIORITY	STATUS	Q7	Q8.1	Q8.2	Q8.3	Q9.1	Q9.2
10	Legal and General	London, UK	High	Green	5	4	5	5	3	6
12	National Bank of Greece	Athens, Greece	Medium	Green	4	5	5	5	6	6
7	Fiducia	Karlsruhe, Germany	Medium	Green	5	5	5	4	8	9
16	RSI	Madrid, Spain	Low	Green	5	4	4	4	7	5
8	Friends Provident Life	Dorking, UK	Low	Green	5	2	5	5	6	8
5	Credit Suisse	S, Switzerland	High	Green	5	4	5	4	6	7
20	Standard Life	Edinboro, Scotland	Low	Green	3	3	5	3	6	7
24	Woolwich	Bexley Haight, GB	Low	Green	5	3	5	3	5	7
17	Schwab	Pleasanton, CA	Medium	Red	5	4	5	2	7	3
21	Telenor	Bergen, Norway	High	Red	5	2	5	2	3	5
1	Access International	Denver, CO	High	Red	2	4	5	5	6	7
11	Lloyds TSB	London, UK	High	Red	5	4	5	4	5	6
3	Banca Carige	Genoa, Italy	Medium	Red	5	4	5	4	7	7
23	Unibank	Copenhagen, Denmark	Medium	Red	5	4	5	5	7	4
13	Postgirot	Stockholm, Sweden	Medium	Red	3	4	5	5	7	6
19	SDC-FS	Copenhagen, Denmark	High	Red	5	1	5	1	7	9
9	LBS	Germany	Medium	Red	5	1	5	1	5	6

Q9.3	Q9.4	Q9.5	Q9.6	Q9.7	Q9.8	Q9.9	Q9.10	Q9.11	Q9.12	Q9.13	Q10	Q11
6	6	6	66	2	1	2	7	7	5	6	1	2
6	7	6	66	6	6	6	7	7	7	7	1	2
7	7	8	6	7	5	5	8	7	8	8	1	2
7	6	6	3	7	7	5	7	8	6	5	1	1
8	8	7	6	5	6	6	8	7	8	8	1	2
7	5	7	3	7	7	7	8	8	8	8	6	#NULL!
7	4	6	7	7	8	8	8	7	8	7	1	2
6	8	6	5	8	4	4	77	77	77	77	1	2
7	1	5	66	1	1	1	5	5	8	5	2	#NULL!
8	4	6	2	8	3	5	7	7	7	7	1	1
8	66	8	66	9	8	8	9	9	9	9	1	2
6	5	5	4	4	4	4	5	7	5	5	2	#NULL!
8	8	7	7	8	7	7	7	7	8	7	1	2
7	5	6	4	5	4	4	8	7	7	8	1	1
7	8	7	5	4	5	4	8	9	8	8	1	2
7	8	7	6	8	8	8	8	77	7	77	1	2
6	4	6	5	6	6	6	5	5	6	6	1	2

Q12	Q13.1	Q13.2	Q13.3	Q13.4	Q13.5	Q13.6	Q13.7	Q15	Q16	Q17	Q20.1	Q20.2
#NULL!	High	High	High	High	Low	Low	High	3	2	6	1	3
#NULL!	High	High	High	Medium	High	6	6	3	1	2	1	2
#NULL!	Low	6	Low	Low	Low	6	Medium	1	1	2	2	#NULL!
1	High	High	Medium	Low	Low	Low	Medium	1	1	1	2	#NULL!
#NULL!	High	Medium	Medium	Low	6	6	Low	2	1	1	2	4
#NULL!	High	Medium	Medium	High	Low	Medium	High	2	2	1	3	#NULL!
#NULL!	High	Medium	High	High	Low	Low	Low	3	1	2	1	2
#NULL!	High	High	High	Low	Low	Low	Medium	2	1	6	#NULL!	#NULL!
#NULL!	Medium	High	High	High	Low	Medium	Medium	2	2	1	1	#NULL!
1	Low	Low	High	6	Low	Medium	Medium	2	2	1	#NULL!	#NULL!
#NULL!	High	High	High	High	Low	Low	High	1	2	2	1	2
#NULL!	Low	High	Low	Low	Medium	Medium	Medium	2	1	1	#NULL!	#NULL!
#NULL!	High	High	High	Medium	Medium	Low	High	3	2	6	1	2
6	Medium	High	Low	Low	Low	6	Medium	2	2	6	3	4
#NULL!	6	Low	6	Low	Low	6	6	1	1	6	3	#NULL!
1	High	High	High	Low	Low	Low	High	1	2	2	1	2
#NULL!	Medium	High	High	Medium	Low	Medium	High	1	1	2	2	4

Q20.3	Q20.4	Q21	Q22	Q23	Q24	Q25	Q27
#NULL!	#NULL!	2	5	3	3	2	2
#NULL!	#NULL!	2	6	8	8	3	1
#NULL!	#NULL!	1	6	6	6	1	2
#NULL!	#NULL!	1	1	5	4	1	2
#NULL!	#NULL!	1	6	6	6	2	2
#NULL!	#NULL!	2	7	5	6	1	2
4	#NULL!	1	7	6	7	1	1
#NULL!	#NULL!	#NULL!	5	4	4	2	1
#NULL!	#NULL!	2	5	1	1	2	2
#NULL!	#NULL!	#NULL!	6	6	7	1	1
#NULL!	#NULL!	1	4	8	8	2	1
#NULL!	#NULL!	#NULL!	4	5	5	1	2
3	4	1	7	7	7	1	2
#NULL!	#NULL!	2	6	6	4	1	1
#NULL!	#NULL!	1	4	7	6	1	1
#NULL!	#NULL!	1	7	7	7	1	2
#NULL!	#NULL!	1	4	5	6	1	2

Co.	Prio.	Stat.	ID	Q#	#	Comment
10	3	1	2	9	7	The product (latest version), we had a lot of problems with it; it took up to two months to get to people and to get the problem resolved. The support is very poor.
10	3	1	2	9	8	The product (latest version), we had a lot of problems with it; it took up to two months to get to people and to get the problem resolved. The support is very poor.
10	3	1	2	9	9	The product (latest version), we had a lot of problems with it; it took up to two months to get to people and to get the problem resolved. The support is very poor.
10	3	1	2	15	3	We are more interested in conversion of our present system.
10	3	1	2	18		IBM; the LNG is a large IBM user.
10	3	1	2	19		A host of different things; we have 800 on our staff – a new portfolio of insurance and financials, and new e-commerce.
10	3	1	2	21	2	We don't know yet.
10	3	1	2	26		Poor support and installation problems.
12	2	1	6	7		The direction of AppBuilder is right. But we have no applications with it yet. We have 5.4.1 Version of HPS.
12	2	1	6	9	1	There are bugs. We don't feel sure it's going to work. It takes a long time to reach a stable environment. It took us six months.
12	2	1	6	10	1	It depends on progress of the big applications project we have under way. We now have version 5.4.1 of HPS. This project will last 1½ years. Then we will decide on our priorities. It is for the IRIS product and involves a Spanish company, Rural Services Informatics (RSI).
12	2	1	6	15	3	There is a debate on that at the bank. With VB [Visual Basic] it will be easier to do. It will depend on the functionality, upgradeabiltiy, stability, and cleanness of the coding, and if it's flexible enough to cover applications development needs and keep the environment.
12	2	1	6	16	1	We use them for supporting the HPS environment. We'd like to use to create a stable, functional environment to the point we feel safe and capable of handling our environment ourselves.
12	2	1	6	17	2	We'd maybe like to rewrite to COBOL and Visual Basic on our own, but we would not go to another product.
12	2	1	6	18		AppBuilder, CoolGen from Computer Associates, and Oracle.
12	2	1	6	19		We plan to concentrate on the Spanish project for the next 1½ years. It covers loans, credit, deposits, banking services and customers.

Co.	Prio.	Stat.	ID	Q#	#	Comment
12	2	1	6	21	2	Not now. We use 4.1 HPS. If we go to AppBuilder, possibly. We use the Information Frame Work (IFW) banking model.
12	2	1	6	22		We had difficulties two to three years earlier. Recently, it is better, but still not easy. The most problems are with stability of the product. There is an escalation mechanism and follow-up. Response is not what we want or need.
12	2	1	6	23		I consider Level 8 as valuable. We gain for this technology. If AppBuilder is as it is scoped, my personal opinion is we will gain more.
12	2	1	6	24		We've had good services. It's "7" to "8." Consultants vary. Again, this is my personal opinion, not the bank's.
12	2	1	6	26		It's not a light platform. It's heavy and some companies cannot absorb the technology. If a colleague is a bank, I'd recommend AppBuilder for stability and strength.
12	2	1	6	27	1	To do this conversion for AppBuilder, make it more efficient, serviceable and with support of the product. It's obvious we'd like a better price, so I won't say that. I'm expecting to see things come quick, correct, and complete.
7	2	1	8	9	1	They have improved from good to much better.
7	2	1	8	9	2	The way we run it is very fast.
7	2	1	8	9	5	I think the complexity is under-rated, but it is good.
7	2	1	8	9	10	They are well tried and diversed.
7	2	1	8	9	12	It used to be "1," modesty will not let me go below; they know their billing rate and must produce at that level.
7	2	1	8	9	13	It used to be "1," modesty will not let me go below; they know their billing rate and must produce at that level.
7	2	1	8	11	2	We are in the process of installing.
7	2	1	8	16	1	Movement to NT development.
7	2	1	8	19		NT rollout; the OS2 on the NT.
7	2	1	8	21	1	All.
7	2	1	8	26		Try it; NT is great.
16	1	1	9	12	1	We are having a high spirit problem that we can't make the step from testing to production with the 2.0, but overall it will be better.
16	1	1	9	15	1	Two new.
16	1	1	9	16	1	Maybe for only new Level 8 version.

Co.	Prio.	Stat.	ID	Q#	#	Comment
16	1	1	9	17	1	Write from COBOL to HPS.
16	1	1	9	18		We would not look past HPS unless the service goes down.
16	1	1	9	19		DK.
16	1	1	9	21	1	If it works, yes.
16	1	1	9	22		Level 8 has no support in Spain.
16	1	1	9	26		Call and ask for the support to be in Spain.
8	1	1	10	9	2	No problem except with batch application.
8	1	1	10	9	3	The way we use it, it performs well.
8	1	1	10	9	4	It is very easy for a developer to get up and running.
8	1	1	10	9	10	The knowledge underlining the IT industry.
8	1	1	10	9	12	The whole approach and how they deliver is top level.
8	1	1	10	15	2	We are doing Internet work only.
8	1	1	10	16	1	Small amount for upgrades.
8	1	1	10	17	1	To 2.0.
8	1	1	10	18		Open technology to IT development so we are not locked in, and Java and J2EE Java.
8	1	1	10	19		Internet front ends on existing application.
8	1	1	10	21	1	Where we are extending what we have.
8	1	1	10	26	2	You need to know why you are buying HPS and know that it is right for you; it has good and bad points.
5	3	1	13	9		We face different demands on the technical side; finding the right people is hard, the technical staff is very quick and very good; they can be useful right away.
5	3	1	13	10		Don't know yet; we are looking at it now, we are trying a pilot test.
5	3	1	13	14		No.
5	3	1	13	15	2	We have new "Enterprise" architecture.
5	3	1	13	17	1	Java.

Co.	Prio.	Stat.	ID	Q#	#	Comment
5	3	1	13	18		Java – Genoa Application. Java is coming on strong.
5	3	1	13	19		The whole credit management area.
5	3	1	13	21		On HP 5.4.1.
5	3	1	13	22		The contacts at Level 8 are very good people.
5	3	1	13	26		Look very close at the product; be sure it fits your need.
20	1	1	15	9	8	It's that they have a depth of understanding so they can quickly identify when something is a serious problem.
20	1	1	15	9	10	The mainframe and the other platforms are split. Level 8's expertise seems to be best on the mainframe. That is the bulk of our problem, so we get good support. They are less technical on NT.
20	1	1	15	9	11	It varies from very little to endless depth of product knowledge. Initially you get someone with little knowledge.
20	1	1	15	9	12	The attitude is very mature in realizing they are expected to present a professional approach to business, showing up on time for meetings, professional image, etc.
20	1	1	15	10	1	We were looking to upgrade to HPS 5.4.1 and now are looking at AppBuilder 2.0 instead.
20	1	1	15	14		No.
20	1	1	15	15	3	We've developed for applications, and other tools are used. We will probably continue to do that ourselves with these tools. It's not certain, but likely.
20	1	1	15	16	1	Possibly for enablement of existing applications and upgrade consultancy.
20	1	1	15	18		IBM Web Sphere and Visual H products.
20	1	1	15	19		It's very much product enhancement of existing applications like client access to data and client servicing.
20	1	1	15	21	1	Possibly some.
20	1	1	15	26		Consider it on a company-wide basis as a strategic product, rather than a tactical product. It's an across-the-board development tool and is not light.
20	1	1	15	27	1	AppBuilder is hopefully turning the corner for them and it's a good product to have.
24	1	1	17	9		HPS is used for writing upfront branch applications on CS and interface to the mainframe.
24	1	1	17	9	4	It's designed so you don't need programmers.

Co.	Prio.	Stat.	ID	Q#	#	Comment
24	1	1	17	9	6	It's not kept up-to-date.
24	1	1	17	9	7	They are accessible, but responsiveness is where they fall down. Solutions are not tested, so we have to revisit.
24	1	1	17	9	10	We have not used them for over three years.
24	1	1	17	9	11	We have not used them for over three years.
24	1	1	17	9	12	We have not used them for over three years.
24	1	1	17	9	13	Level 8 does not communicate issues about the product experienced by others, so we experienced a lot of heartache working through the problems. They seem to want to hide these problems. It's okay afterwards, but is painful to install or upgrade. Then getting support is difficult.
24	1	1	17	10	1	We are evaluating our long-term strategies and looking at future direction.
24	1	1	17	15	2	Our plan would be to upgrade, but we don't plan to use AppBuilder to write new applications. It has not been the preferred choice for three years. Microsoft is the current preferred tool. But that may change to the Java route since we have merged with another large bank.
24	1	1	17	16	1	During the upgrade to 2.0, we will probably use them.
24	1	1	17	17	6	It depends on our long-term strategy of AppBuilder or Microsoft or otherwise.
24	1	1	17	18		1) The big bank we are merging with is a Java user. 2) Microsoft – we've been on Microsoft for three years.
24	1	1	17	19		It depends on our strategy.
24	1	1	17	22		The business side and sales side is easy. I'd say a "7." On the technical side, it's difficult; so I'd call it a "4."
24	1	1	17	23		The support we received impacts the value.
24	1	1	17	24		We are not happy with the support. We've not used the consultants in over three years.
24	1	1	17	25	2	It's expensive for what it does. Given solutions out there today, there are better at less cost.
24	1	1	17	27	1	Going from Version 1 to Version 2, you find features in Version 1 that are not in Version 2. They don't tell us upfront and we find out as we play with it. Every six months we have user group sessions and tell them what we'd like to have, but things don't change. The answer is to get back to us with answers and solutions. The upgrade cycles are becoming too onerous. To obtain support we are constantly required to upgrade because of the two-year limit on maintenance. It's a significant expense, especially when you are not seeing the benefit of the expense.

Level 8 Verbatims
2001 Customer Sat Study

Co.	Prio.	Stat.	ID	Q#	#	Comment
17	2	2	1	9	4	You can't find many people that know how to use. No back out function.
17	2	2	1	9	7	They don't support our product anymore, yet we have to pay for maintenance.
17	2	2	1	9	8	They don't support our product anymore, yet we have to pay for maintenance.
17	2	2	1	9	9	They don't support our product anymore, yet we have to pay for maintenance.
17	2	2	1	10	2	We are trying to get rid of HPS; it is hard to use and very costly.
17	2	2	1	15	2	We are trying to get rid of HPS – no support, very expensive, and very hard to use.
17	2	2	1	17	1	We already have.
17	2	2	1	18		Serena Chraigman.
17	2	2	1	19		Lots in the customer focus financial area.
17	2	2	1	23		We paid $300,000 per year for maintenance and we don't get any.
17	2	2	1	26	2	"Run."
17	2	2	1	27	2	No.
21	3	2	3	9	3	It does what it is supposed to.
21	3	2	3	9	6	The problem is it's not updated.
21	3	2	3	9	7	It's not difficult.
21	3	2	3	9	10	It depends on which person you get.
21	3	2	3	10	1	We have tested, but it's not installed.
21	3	2	3	12	1	[Based on] what I've seen in limited testing, it's better; i.e., user interface. Some problems are cleared up.
21	3	2	3	15	2	The run time is not very well received when we sell our application. This has been discussed with a Level 8 manager. HPS is not a strategy for long term for us.
21	3	2	3	16	2	We have had a lot of consultants, but there are no plans for that for the future.
21	3	2	3	17	1	Probably IBM.
21	3	2	3	18		Rationale is one. IBM and Oracle are definitely interesting. It would depend on how independent you could be from other vendors.
21	3	2	3	19		There are plans, but I cannot discuss.

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Co.	Prio.	Stat.	ID	Q#	#	Comment
21	3	2	3	25	1	Personally I would. My company might not.
21	3	2	3	26		If it was me, I would say they should definitely consider it for large applications. But it does not generally seem to be the tool for small applications.
21	3	2	3	27	1	An advantage with a company like Level 8 is they are a small company. If there is a problem, you can call management and discuss. You could not do that in a large company.
1	3	2	4	9	1	It's gotten a lot better recently. I've told them to stop developing and fix bugs.
1	3	2	4	9	7	I deal with them a ton and have a great relationship with Ted Venema.
1	3	2	4	9	10	I'm using them on a full-time basis and have a lot of interactions, which is totally different from most of their customers.
1	3	2	4	9	11	I'm using them on a full-time basis and have a lot of interactions, which is totally different from most of their customers.
1	3	2	4	9	12	I'm using them on a full-time basis and have a lot of interactions, which is totally different from most of their customers.
1	3	2	4	9	13	I'm using them on a full-time basis and have a lot of interactions, which is totally different from most of their customers.
1	3	2	4	14	1	Eliminate HPS run time on any platform.
1	3	2	4	14	2	Repository should be opened to interface with industry standard data modeling tools.
1	3	2	4	14	5	Make repository object-oriented.
1	3	2	4	15	1	We got a large one, with 9,000 programs involved, to be maintained and enhanced, and more development.
1	3	2	4	16	2	Not beyond what I'm doing right now.
1	3	2	4	18		Forte.
1	3	2	4	19		We are very active and doing lots.
1	3	2	4	22		They are a struggling company. I'm not convinced they have their focus yet. I'm not a fan of Cicero application. AppBuilder is the only serious product they have. If they are not selling it, the company is at risk.
1	3	2	4	23		We've got an unusual relationship and they've done a very good job.
1	3	2	4	24		They know exactly what we are trying to accomplish.

Co.	Prio.	Stat.	ID	Q#	#	Comment
1	3	2	4	26		Not until they are selling it. If they don't have confidence to sell it, why should I recommend it?
1	3	2	4	27	1	Re-launch AppBuilder. It's a very good product.
11	3	2	5	10	2	Price, and it's not a strategic class for our bank.
11	3	2	5	14		No.
11	3	2	5	15	2	Not a good product for the bank from a strategic class standpoint.
11	3	2	5	16	1	Support of existing HPS.
11	3	2	5	17	1	Host, VB [Visual Basic].
11	3	2	5	18		Microsoft and IBM.
11	3	2	5	19		DK.
11	3	2	5	22		We chase Level 8 up on issues instead of the other way around.
11	3	2	5	26	1	It has good points and bad points; I am medium on it.
3	2	2	7	9	4	My experience is, it is easy.
3	2	2	7	9	3	It does well.
3	2	2	7	10	1	It's a decision for my bosses. I hope so. I think we will migrate, I hope, as soon as possible.
3	2	2	7	15	3	I don't know. Most new applications are built in Java and Java is new for HPS.
3	2	2	7	16	2	Just for installing new versions will we use them.
3	2	2	7	17	6	I hope not, but it depends on high-level decisions.
3	2	2	7	18		HPS and Camileon; I only know the product name.
3	2	2	7	19		We are developing a lot of Internet and Web stuff, and migrating part of the existing applications from CS to Web architecture, while still using the mainframe part of HPS.
3	2	2	7	21		We are developing a lot of Internet and Web stuff, and migrating part of the existing applications from CS to Web architecture, while still using the mainframe part of HPS.
3	2	2	7	24		From the point of view of money, I'm not the right person. But with HPS, for everything we spend, it is worth it. I'm the technical person and not the business person, however.
3	2	2	7	26		It must be learned.

Co.	Prio.	Stat.	ID	Q#	#	Comment
3	2	2	7	27	2	No, because we are in contact with European Level 8. Overall, I am satisfied.
23	2	2	11	9	10	They can handle any solution we need; they are very dedicated to their work.
23	2	2	11	9	13	They can handle any solution we need; they are very dedicated to their work.
23	2	2	11	12		Don't know yet – we are in testing.
23	2	2	11	14		None.
23	2	2	11	15	2	Will use Java.
23	2	2	11	18		DK.
23	2	2	11	19		Euro Currency Enablement, Switchboard.
23	2	2	11	26		Look at what you need first.
23	2	2	11	27	1	When I lock in on Web First, it takes too long for the next solution to come along.
13	2	2	12	9	4	When I started here, I did not know HPS at all and I found it very easy to learn. It has a very logic-based buildup. The weak point is upgrading; you need a lot of support and it takes a lot of work.
13	2	2	12	9	10	We have two people here; they know the product in and out very good. They are one of us, they work very hard.
13	2	2	12	9	11	We have two people here; they know the product in and out very good. They are one of us, they work very hard.
13	2	2	12	9	12	We have two people here; they know the product in and out very good. They are one of us, they work very hard.
13	2	2	12	9	13	We have two people here; they know the product in and out very good. They are one of us, they work very hard.
13	2	2	12	10	1	We are not talking about it, but we will be sold soon, so we must wait to see. What we say today may be different in six months.
13	2	2	12	14		None.
13	2	2	12	15	1	No idea.
13	2	2	12	16	1	Programming area.
13	2	2	12	18		AppBuilder.
13	2	2	12	19		None; don't know, it depends on who buys us.

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Co.	Prio.	Stat.	ID	Q#	#	Comment
13	2	2	12	22		It's difficult; sometimes you get a feeling when you ask for help, Level 8 wants to send too many people and wants them to stay longer than needed.
13	2	2	12	26		Talk to Level 8 people and get a demonstration.
13	2	2	12	27	1	They need to establish trust between Level 8 and the clients. The product is good, but the way Level 8 has handled some issues, they lost the trust of their clients.
19	3	2	14	8		It is a complete banking system. It's huge with about 10,000 models.
19	3	2	14	9	2	There is no concern at all. You never think of it.
19	3	2	14	9	4	It's very easy to learn.
19	3	2	14	9	7	There is no problem.
19	3	2	14	9	8	We get a response the next day.
19	3	2	14	9	10	We have some here who know all of it.
19	3	2	14	9	11	We've been using the product for ten years, so we are self-sufficient.
19	3	2	14	9	13	We've been using the product for ten years, so we are self-sufficient.
19	3	2	14	11	2	It is in test now.
19	3	2	14	12	1	It looks better. We have generated our Java applications with AppBuilder 2.0. Developer Workbench has been enhanced.
19	3	2	14	15	1	We plan to continue using it for enhancing our one application.
19	3	2	14	16	2	We have a few developers, but we will not add.
19	3	2	14	17	2	We might complement the existing product in the object-oriented area to accommodate a paradigm shift from classic development to real object-oriented components. I don't see AppBuilder doing that.
19	3	2	14	18		1) Control center from Togethersoft for the reasons it covers the whole application cycle. Does the same thing in Java and other languages. 2) Oracle tools come second after Control Center. I look for what we have in AppBuilder, plus other features.
19	3	2	14	19		We are constantly adding new banking business channels.
19	3	2	14	22		We have access to the key people we need to exchange ideas about what we do and what they do, and possible features for the product. I like the openness.

Co.	Prio.	Stat.	ID	Q#	#	Comment
19	3	2	14	23		AppBuilder does a very goof job for what it was meant for. The reason we would go to a different tool is because we want to do something new. We would not go to another tool to do the same thing. AppBuilder is a little old fashioned.
19	3	2	14	26		It would depend on their objective and the people they have to do it. I'd tell them to get to know the tool and use the tool for what it was designed. Follow their recommendations.
9	2	2	16	9	10	The new consultants are not as knowledgeable as earlier ones.
9	2	2	16	10	1	We will install in one month.
9	2	2	16	15	1	It's difficult. We will do it with both AppBuilder and our own. There will be two or three applications using AppBuilder.
9	2	2	16	16	1	We may add two consultants to the current three that we have.
9	2	2	16	18		I don't know, but we need open repository, Java, and COBOL, and support for CS architecture in the product.
9	2	2	16	19		Build new front office systems for sales based on back office systems.
9	2	2	16	21	1	Only for CS applications for front-end system.
9	2	2	16	22		It's not easy because of the distance. We have only two managers in Germany. Development is in California. Language is a problem, and documentation is in English.
9	2	2	16	26		We have done it. In the last week Level 8 visited and told us about the new AppBuilder. We are looking for the new applications and a guarantee from Level 8 for support in the next years ahead.
9	2	2	16	27	2	We do that directly with management in California and Germany.
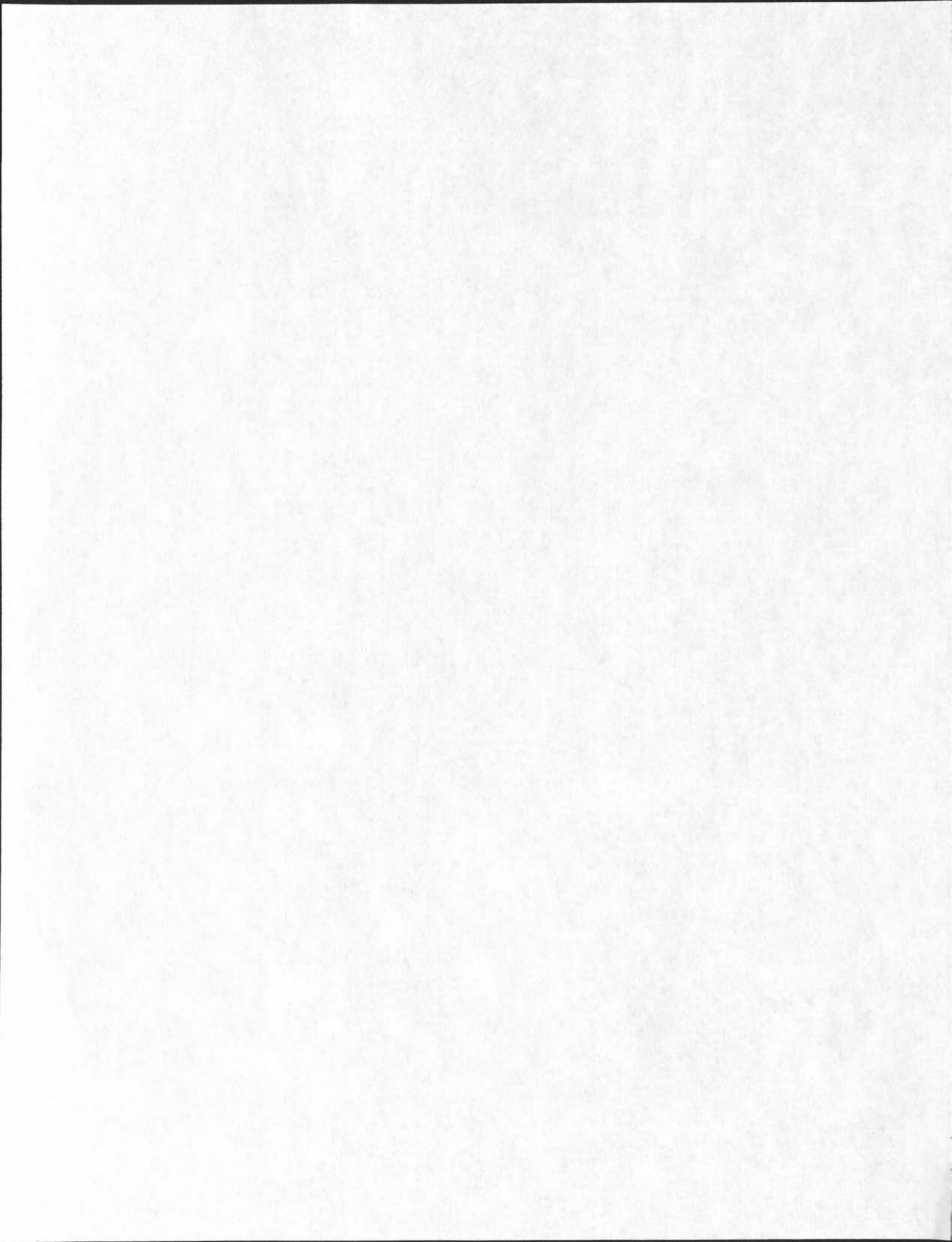
Level 8

Customer Satisfaction Study

Presentation of Findings

June 2001

SPECIFICS
INCORPORATED

Level 8 Systems, Inc.
Customer Satisfaction Study

Summary Report

Introduction

In June 2001, Burton Grad Associates, Inc. (BGAI) contracted Specifics, Inc. to conduct a customer satisfaction study regarding the Geneva AppBuilder product developed by Level 8 Systems, Inc. Geneva AppBuilder is a repository-based, application development environment that allows the user to design, deploy, and maintain high-volume applications. AppBuilder is the latest version of a product previously known as Seer*HPS, which has been in use in major banks around the world for more than six years. The purpose of the study reported here was to gather pointed feedback from a targeted sample of AppBuilder users and resellers regarding product applications, satisfaction with product performance and features, and intentions for future use. This report provides a brief description of the study and a summary of the quantitative and qualitative data gathered.

Objectives

The goal of this effort was to conduct a customer satisfaction study of (mostly) international users of the AppBuilder software product. The information gathered is provided as partial fulfillment of the sponsor's information needs regarding its due diligence planning, management, and decision-making processes. The primary objectives of the study were as follows:

- ✓ Evaluate the level to which customers are satisfied with various aspects of product features and related service activities provided by Level 8.

- ✓ Examine product usage patterns and future intent, and determine additional product features customers desire.

- ✓ Perform a limited assessment of customers' perceptions of their relationship with Level 8 as a software and services provider.

- ✓ Examine customer responses in light of specific demographic stratifications defined by the sponsor as most relevant to the objectives of the study.

Scope, Method, and Sample

The scope of the study was to interview approximately 15 respondents from a larger listing of 24 North American and European customers. Each of the 24 contacts was further classified according to additional demographic information including company size (small, medium, or large), relationship status ("red" to signify that issues exist, or "green" signifying a lack of known issues), and respondent type (product users versus product resellers, or OEMs). In terms of results, comparisons involving the relationship status and respondent type variables were of primary interest to the sponsor.

The method used for collecting the data was in-depth telephone interviews. Interviews were conducted between June 15 and June 20, 2001. The list of 24 contacts was randomized and divided equally between two interviewers. Interviews were approximately 30 minutes in duration, during which time all quantitative and qualitative responses were recorded directly on the survey instrument. A copy of the questionnaire is provided as an addendum to this report.

While the assignment of respondents to each interviewer was randomly determined, combinations of the levels of the demographic variables were used to create a prioritization scheme that defined three priority levels of respondent participation. Using this prioritization, six of the twenty-four contacts were defined as high priority participants, nine were defined as moderate priority, and nine were considered lower priority participants. In terms of contacting and gaining the participation of individual respondents, interviewers were instructed to focus more effort on the high and moderate priority contacts, with the goal of interviewing as many of these customers as possible.

Demographics

Sixteen interviews were completed. All of the highest priority contacts participated in the study, and participation was gained from seven of the nine medium priority contacts. In terms of account status, nine interviews were conducted with representatives of "red" accounts, with the remaining seven interviews representing "green" accounts. Table 1 summarizes contact participation for the various demographic variables.

Table 1. Demographic Summary of Study Participants

Participating Organization	Account Priority	Account Status	Respondent Type
SDC-FS	High	Red	OEM
Credit Suisse	High	Green	User
Lloyds TSB	High	Red	User
Access International	High	Red	OEM
Telenor	High	Red	OEM
Legal & General	High	Green	User
LBS	Medium	Red	User
Postgirot	Medium	Red	User
Unibank	Medium	Red	User
Banca Carige	Medium	Red	User
Schwab	Medium	Red	User
Fiducia	Medium	Green	User
National Bank of Greece (NBG)	Medium	Green	User
Standard Life	Low	Green	User
Friends Provident Life	Low	Green	User
RSI	Low	Green	User

Findings

Product Use

The majority of respondents have used the AppBuilder product for more than 5 years. Only one respondent indicated that he had used the product for two years or less. In addition, most respondents use the product for application development either on a mainframe or NT platform, with multiple applications being developed in these environments. Product usage statistics are provided in Table 2.

Table 2. Product Usage Patterns

Product Usage Statistic	Number of Respondents	Percent of Sample
Length of time using product		
1 to 2 years	1	6.3%
2 to 3 years	2	12.4%
3 to 5 years	1	6.3%
More than 5 years	12	75.0%
Number of applications developed using mainframe		
1	2	12.5%
2 to 3	2	12.5%
4 to 6	1	6.3%
More than 6	9	56.3%
None	2	12.5%
Number of applications developed using UNIX		
1	0	0
2 to 3	0	0
4 to 6	0	0
More than 6	1	6.3%
None	15	93.7%
Number of applications developed using NT platform		
1	2	12.5%
2 to 3	2	12.5%
4 to 6	1	6.3%
More than 6	5	31.3%
None	6	37.5%

Product Features

Respondents provided their assessment of satisfaction with the Appbuilder product by evaluating several aspects related to product use. Three major categories of attributes were evaluated: software features, technical support, and consulting support. Individual attributes in each category were rated by respondents using a 9-point scale, where a rating of 1 represented "poor performance," and 9 indicated "excellent performance." Average ratings for the various attributes are summarized in the following charts for the three general categories of performance.

Technical support attributes tended to be rated lower compared to those of the other two categories. Conversely, consulting staff attributes tended to be rated highest. In terms of the performance of the software

Software Attribute Performance Ratings
(Percent of Respondents)
(n=16)

Quality of the software (lack of bugs)
6.1
7.2

Performance of the software (speed)
6.4
7.1

Functionality of the software (does what it's supposed to do)
7.1
7.2

Ease of use and learning of the software
5.8
7.0

The software product, overall
6.5
7.0

1   3   5   7   9

☐ Level 8
☐ Specifics' Database

1=Poor   9=Excellent

product, overall, respondents provided an average rating of 6.5. Also regarding software features, the ease of learning and using the AppBuilder product received the lowest average rating at 5.8. On the other hand, functionality of the software (product does what it is supposed to do) received a very respectable rating of 7.1. Average ratings for the above software features were also examined as a function of account priority, but this analysis showed no appreciable difference in ratings. Nor was there a significant difference as a function of account status (red versus green accounts).

Regarding technical support for the product, software documentation (either printed or online) received the lowest rating at 4.7. This was also the lowest-rated attribute among any of the three product feature categories. Accessibility of technical support was rated highest (6.2) within the technical support category. Individual attributes of consulting staff support, the highest rated category, received average ratings of 7.0 or higher.

Note that for seven of the product attributes, average performance ratings were below those of the Specifics' software provider database. Average ratings for four of the consulting staff attributes equaled the database averages.

Technical Support Performance Ratings
(Percent of Respondents)
(n=16)

Printed and/or online documentation
4.7
6.2

Accessibility of technical support
6.2

Responsiveness of technical support
5.6

Level 8's technical support, overall
5.6
7.0

□ Level 8
□ Specifics' Database

1=Poor   9=Excellent

Consulting Staff Performance Ratings
(Percent of Respondents)
(n=15)

Technical knowledge of the consulting staff
7.2
7.3

Product/application knowledge of the consulting staff
7.2
7.2

Professionalism of the consulting staff
7.2
7.8

Level 8's consulting staff, overall
7.0
7.0

□ Level 8
□ Specifics' Database

1=Poor   9=Excellent

The importance of various functionality attributes of the AppBuilder product was also evaluated by having respondents indicate the priority placed on various functionality features. These data are summarized in Table 3. As indicated, four product features stand out as being considered most important to this sample of users. These features include *Open, readable COBOL generation, Support for Java and Appservers, Repository versioning,* and *Managing non-AppBuilder objects via the AppBuilder repository. Java as a replacement for rules language* was perceived to be a moderate or high priority feature by half of the respondent sample.

Table 3. Priority of Functionality Attributes

	Attribute Priority			
Functionality Attribute	**High**	**Medium**	**Low**	**Don't Know**
Support for Java and Appservers	9	3	3	1
Open, readable COBOL generation	10	3	2	1
Repository versioning	9	3	3	1
Java as a replacement for rules language	5	3	7	1
Visual Basic as a replacement for rules language	1	2	12	1
Workflow integration	0	5	6	5
Managing non-AppBuilder objects via the AppBuilder repository	6	6	2	2

When given the opportunity to name additional attributes they would like to see incorporated into the product, the following suggestions were offered. Each of these was characterized as high priority features.

- ✓ *Eliminate run time on any platform.*
- ✓ *Repository should be opened to interface with industry standard data modeling tools.*
- ✓ *Make repository object-oriented.*
- ✓ *Migration path from existing HPS version to AppBuilder to keep one environment.*

Future Customer Intentions

Respondents were asked several questions about their future intentions regarding the use of the AppBuilder product. These questions included customer plans for upgrading the product, use of the product for new application development, and plans to migrate to a different product within the next two to three years. Summary data for these three issues are provided in Table 4. Over 80% of the respondents are planning to upgrade to AppBuilder 2.0. Only three of the respondents, however, have actually installed this version of the product. New application development is a potential future use of the product for nearly 63% of the respondents. Somewhat troubling is the fact that six respondents (38%) indicated that they intend to migrate to a different product in the near term. An additional four respondents (25%) are unsure about their future use of the product.

Table 4. Customer Future Intent

Future activity	Number of Respondents		
	Yes	No	Maybe / Don't Know
Are you considering going to AppBuilder 2.0?	13	2	1
Do you plan to use the AppBuilder product for new application development?	6	6	4
Do you plan to migrate to a different application development product in the next two to three years?	6	6	4

Among those respondents who indicated that they plan to migrate to a new product, three were representatives of "green" accounts (RSI, Friends Provident Life, and Credit Suisse), while the other three represented "red" accounts (Lloyds TSB, Schwab, and Telenor). Among the six respondents planning to migrate to another product (red and green accounts, combined), five were users while one respondent is classified as OEM (Telenor).

Respondents also were asked to describe new applications or enhancements to existing applications their organization is planning for the near term. While some identified new applications and/or enhancements, some respondents used the opportunity to recommend improvements for the existing AppBuilder product. Some of these respondent comments are captured below.

- ✓ *Java – Genoa application. Java is coming on strong.*
- ✓ *Control Center from Togethersoft [because] it covers the whole application cycle.*

✓ *IBM Websphere and Visual H products.*
✓ *I don't know, but we need an open repository, Java, and COBOL, and support for CS architecture in the product.*
✓ *IBM and Oracle are definitely interesting.*
✓ *Forte.*
✓ *AppBuilder, CoolGen from Computer Associates, and Oracle.*
✓ *We would not look past HPS unless the service goes down.*
✓ *Open technology to IT development so we are not locked in.*

Customer Relationship

The interviews were concluded with several items designed to assess satisfaction with the general relationship customers have had with Level 8. Numerical ratings were gathered for three items: ease of doing business with Level 8, overall value of products received, and overall value of services provided by Level 8. Each of these items was rated on a 9-point scale, where a rating of "9" represented the positive end of the scale (very easy to do business with, or excellent value). Average ratings for each of these items are provided in the following table.

Table 5. Average General Satisfaction Ratings

Relationship Attribute	Stratification				
	Overall Sample	Account Status		Respondent Type	
		Red	Green	User	OEM
Ease of doing business with Level 8	5.3	5.2	5.4	5.2	5.7
Overall value of products	5.7	5.8	5.6	5.4	7.0
Overall value of services	5.7	5.7	5.7	5.3	7.3

Note from the above data ratings did not differ substantially as a function of stratification, with the exception of the Respondent Type category. OEM respondents tended to provide higher ratings than users. Interestingly, Account Status (red versus green) did not account for a substantial difference in ratings.

The interview was concluded by giving respondents an opportunity to offer any general comments they would like communicated to Level 8. The following verbatim comments were recorded.

✓ *When I lock in on Web First, it takes too long for the next solution to come along.*
✓ *They need to establish trust between Level 8 and the clients. The product is good, but the way Level 8 has handled some issues, they lost the trust of their clients.*
✓ *AppBuilder is hopefully turning the corner for them and it's a good product to have.*
✓ *An advantage with a company like Level 8 is they are a small company. If there is a problem, you can call management and discuss. You could not do that in a large company.*
✓ *To do this conversion for AppBuilder, make it more efficient, serviceable and with support of the product. It's obvious we'd like a better price, so I won't say that. I'm expecting to see things come quick, correct, and complete.*
✓ *Re-launch AppBuilder. It's a very good product.*

Conclusions

Even though the current sample of respondents was small, the participant list provided an excellent representation of the prioritization scheme designed by the sponsor. All of the highest priority contacts participated in the interview, and all but two of the medium priority contacts were interviewed. In addition, both red and green status accounts were very well represented by the sample.

Numerical ratings provided by the respondents were generally in the "average" range, with performance ratings for product features and aspects of product support consistently lower than the Specifics database averages for these same attributes. Documentation for the product was rated below average by this group of respondents.

In terms of future intent, the sample was evenly split between those who definitely plan to migrate to another product, and those who do not. An additional four respondents were undecided. Several of those indicating intent to migrate represent some of Level 8's larger accounts.

A complete set of verbatim comments will accompany this summary report. Specific comments will be identified by customer account. Level 8 should use these data, in addition to the summary statistics provided in the current report, to help identify and address any issues that currently exist within these accounts.
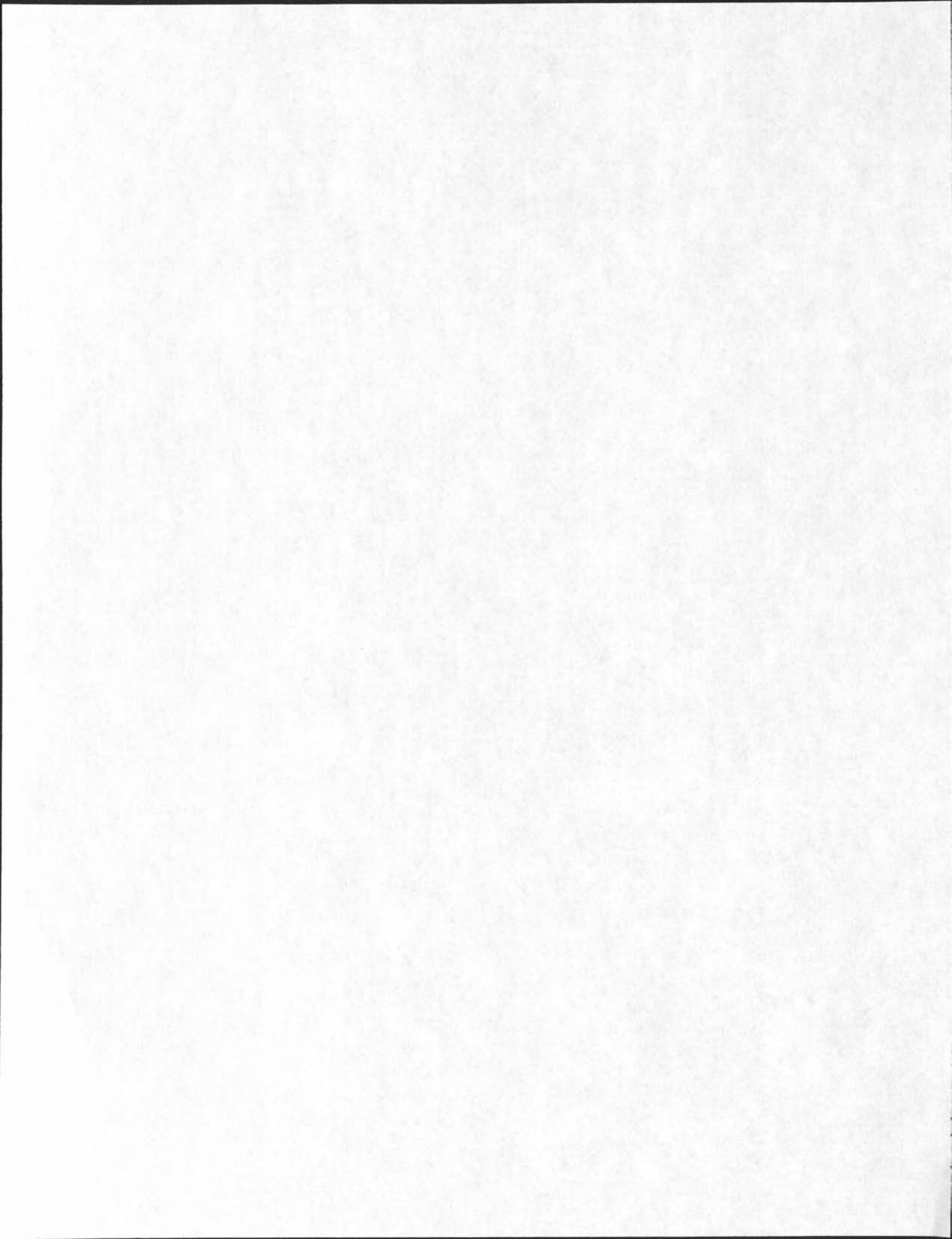
Subj:	**Level 8**
Date:	06/26/2001 4:43:47 PM Eastern Daylight Time
From:	*shale@SPECIFICS.com (Steve Hale)*
To:	*burtgrad@aol.com (Burt Grad (E-mail))*
CC:	*bgarrison@SPECIFICS.com (Brett Garrison)*
File:	**574Verbatim.zip** (32462 bytes) DL Time (32000 bps): < 1 minute

Burt,

The verbatims file is attached, sorted by status, ID, Q#, and #, as requested. Also, the Excel flat file for the numeric output is attached, sorted by status and ID, as requested. The questionnaire items appear across the top row of the file.

Please note that in the Excel file, numeric entries of 66 denote a response of "Don't Know," 77 denotes "Not Applicable," and 88 denotes "Other" (for non-rating scale items that have less than 6 response options, the same responses may be denoted by numeric entries of 6, 7, and 8, respectively). Also note that an entry of NULL! indicates missing values (i.e., no response provided by the participant).

Let me know if there is anything else we need to do. I apologize for the delay.

Steve

Steven L. Hale
Project Manager
Specifics, Inc.
(770) 391-0013
shale@specifics.com

<<574 Verbatim.doc>> <<Level 8 Data.xls>>

[Handwritten notes in right margin:]

key Q's
9 - Prod / service
10 - Go to GAB 2
11 - Just GAB 2?
12 - Qual GAB 2
13 - value of new cap
14 - other functions
15 - new prod devel
16 - addl cores
17 - migrate?
18 - choice today
19 - enh to app
20 - how to do enh
21 - use GAB for enh?
22 - overall rtg q
LE
23 - value from prod
24 - value from serv
25 - recommend
26 - advice to colleague
27 - added comments

---------------------- Headers -----------------------------------
Return-Path: <shale@SPECIFICS.com>
Received: from rly-xc01.mx.aol.com (rly-xc01.mail.aol.com [172.20.105.134]) by air-xc04.mail.aol.com (v78_r3.8) with ESMTP; Tue, 26 Jun 2001 16:43:46 -0400
Received: from specifics01.specifics.com ([209.193.235.34]) by rly-xc01.mx.aol.com (v79.20) with ESMTP id MAILRELAYINXC12-0626164309; Tue, 26 Jun 2001 16:43:09 -0400
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    id <K0G7N5JF>; Tue, 26 Jun 2001 16:43:05 -0400
Message-ID: <9867A67B4A2BD511BF2E0002557C19CE02427D@SPECIFICS01>
From: Steve Hale <shale@SPECIFICS.com>
To: "Burt Grad (E-mail)" <burtgrad@aol.com>
Cc: Brett Garrison <bgarrison@SPECIFICS.com>
Subject: Level 8
Date: Tue, 26 Jun 2001 16:43:05 -0400
MIME-Version: 1.0
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Subj:	**Level 8 Verbatims**
Date:	06/26/2001 9:47:05 AM Eastern Daylight Time
From:	*shale@SPECIFICS.com (Steve Hale)*
To:	*burtgrad@aol.com (Burt Grad (E-mail))*
CC:	*bgarrison@SPECIFICS.com (Brett Garrison)*
File:	**574Verbatim.zip** (214662 bytes) DL Time (32000 bps): < 2 minutes

Burt,

Attached are three files. First, the verbatims file that contains all
verbatim comments offered by Level 8 respondents, sorted by question number,
sub-question number, and respondent ID. Company code, account priority, and
account status are also indicated. The last page of the verbatim file
contains a Legend Key that explains what the numerical codes represent.

Also attached is a slightly revised version of the summary report sent to
you last week. The report you received previously contained a couple of
minor typos, and these have been corrected in the attached file. Please use
this one to replace the previous version.

Also attached is a copy of the blank questionnaire for reference purposes.

We are working on the individual respondent reports, and will get these to
you as soon as they are completed.

Steve

Steven L. Hale
Project Manager
Specifics, Inc.
(770) 391-0013
shale@specifics.com

<<574 Verbatim.doc>> <<Summary Report.doc>> <<574 Questionnaire.doc>>

----------------------- Headers ---------------------------------
Return-Path: <shale@SPECIFICS.com>
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(v78_r3.8) with ESMTP; Tue, 26 Jun 2001 09:47:03 -0400
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From: Steve Hale <shale@SPECIFICS.com>
To: "Burt Grad (E-mail)" <burtgrad@aol.com>
Cc: Brett Garrison <bgarrison@SPECIFICS.com>
Subject: Level 8 Verbatims
Date: Tue, 26 Jun 2001 09:45:13 -0400
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Subj:	**Red Flag interview**
Date:	06/25/2001 9:59:12 AM Eastern Daylight Time
From:	*shale@SPECIFICS.com (Steve Hale)*
To:	*burtgrad@aol.com (Burt Grad (E-mail))*

Burt, the following was a Red Flag interview from one of the Level 8
respondents.

Jeanine Gordon with Schwab offered the following responses:

In terms of ease of using and learning the software, she noted "You can't
find many people who know how to use it. No back-out function." Regarding
technical support, she commented, "They don't support our product any more,
yet we have to pay for maintenance."

When asked if she was considering AppBuilder 2.0, Gordon responded, "We are
trying to get rid of HPS; it's hard to use and very costly."

When asked if she plans to migrate to a different application, she stated,
"We already have."

When asked to rate the overall value of the product, she provided a rating
of "1" and commented, "We paid $300,000 per year for maintenance, and we
didn't get any." She offered the same rating and comment for value of Level
8 services.

Finally, she indicated that she would not recommend AppBuilder to a
colleague.

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----------------------- Headers --------------------------------
Return-Path: <shale@SPECIFICS.com>
Received: from rly-zc02.mx.aol.com (rly-zc02.mail.aol.com [172.31.33.2]) by air-zc02.mail.aol.com (v79.24)
with ESMTP id MAILINZC24-0625095912; Mon, 25 Jun 2001 09:59:12 -0400
Received: from specifics01.specifics.com ([209.193.235.34]) by rly-zc02.mx.aol.com (v79.20) with ESMTP id
MAILRELAYINZC23-0625095840; Mon, 25 Jun 2001 09:58:40 -0400
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Message-ID: <9867A67B4A2BD511BF2E0002557C19CE024277@SPECIFICS01>
From: Steve Hale <shale@SPECIFICS.com>
To: "Burt Grad (E-mail)" <burtgrad@aol.com>
Subject: Red Flag interview
Date: Mon, 25 Jun 2001 09:58:30 -0400
MIME-Version: 1.0
X-Mailer: Internet Mail Service (5.5.2653.19)
Content-Type: text/plain;
   charset="iso-8859-1"

Subj:	**Survey summary**
Date:	06/24/2001
To:	talmor.margalit@dic.co.il, lenny_r@netvision.net.il
CC:	sdunayer@interserv.com

I've reviewed the survey summary. There are no major surprises, but the overall ratings are disappointing against the Sspecifics data base. One other factor was that three of the "no problem" accounts said that they were considering swithching off of HPS. These certainly require further investigation. Also the technical support got quite low ratings in spite of the big reduction in the open problem backlog. We'll look at the results further when we get the detailed reports by customer. Do you intend to share these reports with Paul rampel and the people at Cary and in Europe? If so, we should make arrangements for them to receive copies from Specifics which Level 8 can distribute.

Burt Grad 6/24

Some Errors
Q sequence

ID	CO. Prio.	PRIO Stat.	STAT CO.	Q#	#	Comment
7	3	2	2	3	4	My experience is, it is easy.
6	12	2	1	7		The direction of AppBuilder is right. But we have no applications with it yet. We have 5.4.1 Version of HPS.
14	19	3	2	8		It is a complete banking system. It's huge with about 10,000 models.
13	5	3	1	9		We face different demands on the technical side; finding the right people is hard, the technical staff is very quick and very good; they can be useful right away.
17	24	1	1	9		HPS is used for writing upfront branch applications on CS and interface to the mainframe.
4	1	3	2	9	1	It's gotten a lot better recently. I've told them to stop developing and fix bugs.
6	12	2	1	9	1	There are bugs. We don't feel sure it's going to work. It takes a long time to reach a stable environment. It took us six months.
8	7	2	1	9	1	They have improved from good to much better.
8	7	2	1	9	2	The way we run it is very fast.
10	8	1	1	9	2	No problem except with batch application.
14	19	3	2	9	2	There is no concern at all. You never think of it.
3	21	3	2	9	3	It does what it is supposed to.
7	3	2	2	9	3	It does well.
10	8	1	1	9	3	The way we use it, it performs well.
1	2	2	(17)	9	4	You can't find many people that know how to use. No back out function.
10	8	1	1	9	4	It is very easy for a developer to get up and running.
12	13	2	2	9	4	When I started here, I did not know HPS at all and I found it very easy to learn. It has a very logic-based buildup. The weak point is upgrading; you need a lot of support and it takes a lot of work.
14	19	3	2	9	4	It's very easy to learn.
17	24	1	1	9	4	It's designed so you don't need programmers.
8	7	2	1	9	5	I think the complexity is under-rated, but it is good.
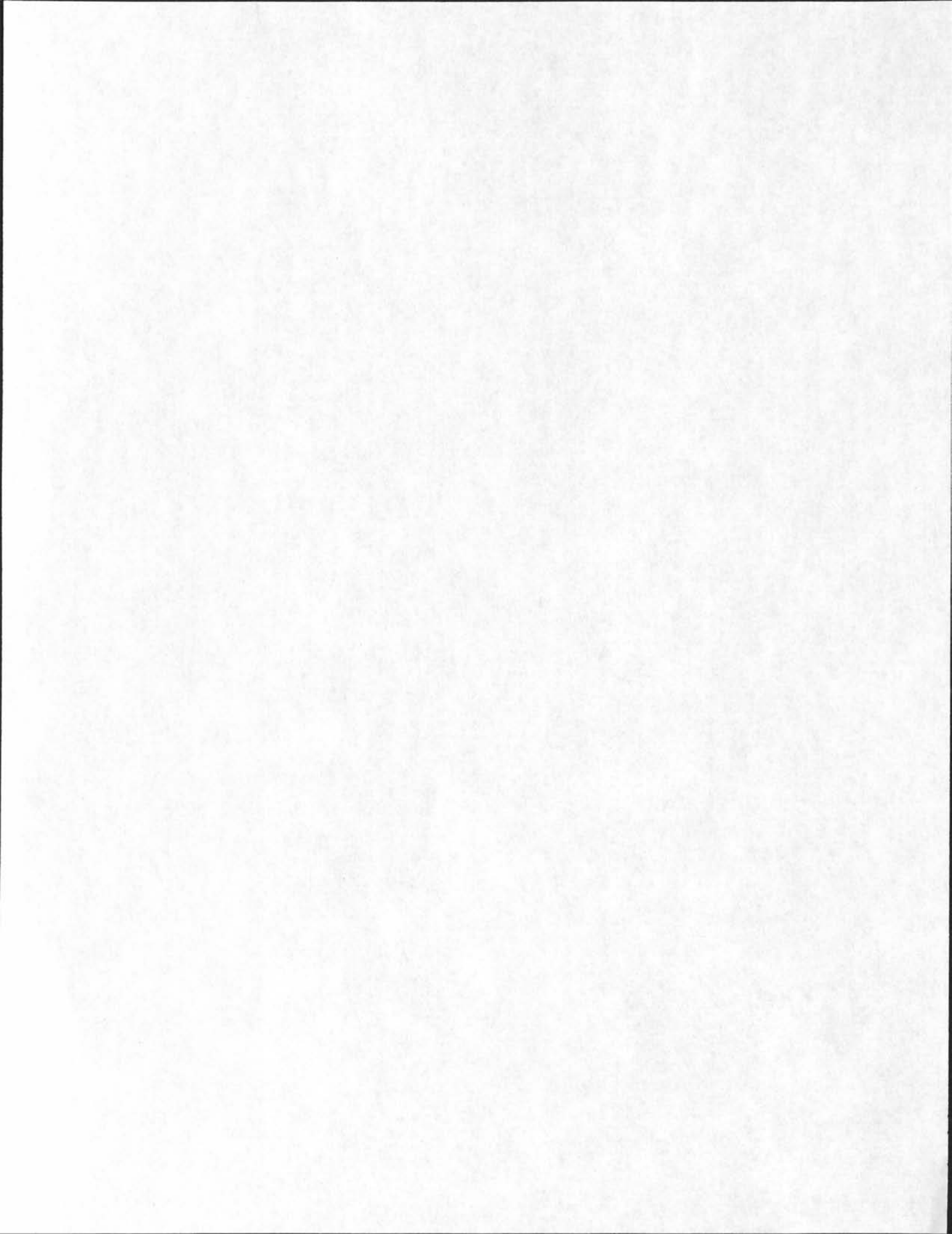
Level 8 Verbatims
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ID	Prio.	Stat.	CO.	Q#	#	Comment
3	21	3	2	9	6	The problem is it's not updated.
17	24	1	1	9	6	It's not kept up-to-date.
1	2	2	17	9	7	They don't support our product anymore, yet we have to pay for maintenance.
2	10	3	1	9	7	The product (latest version), we had a lot of problems with it; it took up to two months to get to people and to get the problem resolved. The support is very poor.
3	21	3	2	9	7	It's not difficult.
4	1	3	2	9	7	I deal with them a ton and have a great relationship with Ted Venema.
14	19	3	2	9	7	There is no problem.
17	24	1	1	9	7	They are accessible, but responsiveness is where they fall down. Solutions are not tested, so we have to revisit.
1	2	2	17	9	8	They don't support our product anymore, yet we have to pay for maintenance.
2	10	3	1	9	8	The product (latest version), we had a lot of problems with it; it took up to two months to get to people and to get the problem resolved. The support is very poor.
14	19	3	2	9	8	We get a response the next day.
15	20	1	1	9	8	It's that they have a depth of understanding so they can quickly identify when something is a serious problem.
1	2	2	17	9	9	They don't support our product anymore, yet we have to pay for maintenance.
2	10	3	1	9	9	The product (latest version), we had a lot of problems with it; it took up to two months to get to people and to get the problem resolved. The support is very poor.
3	21	3	2	9	10	It depends on which person you get.
4	1	3	2	9	10	I'm using them on a full-time basis and have a lot of interactions, which is totally different from most of their customers.
8	7	2	1	9	10	They are well tried and diversed.
10	8	1	1	9	10	The knowledge underlining the IT industry.
11	23	2	2	9	10	They can handle any solution we need; they are very dedicated to their work.

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ID	Prio.	Stat.	CO.	Q#	#	Comment
12	13	2	2	9	10	We have two people here; they know the product in and out very good. They are one of us, they work very hard.
14	19	3	2	9	10	We have some here who know all of it.
15	20	1	1	9	10	The mainframe and the other platforms are split. Level 8's expertise seems to be best on the mainframe. That is the bulk of our problem, so we get good support. They are less technical on NT.
16	9	2	2	9	10	The new consultants are not as knowledgeable as earlier ones.
17	24	1	1	9	10	We have not used them for over three years.
4	1	3	2	9	11	I'm using them on a full-time basis and have a lot of interactions, which is totally different from most of their customers.
12	13	2	2	9	11	We have two people here; they know the product in and out very good. They are one of us, they work very hard.
14	19	3	2	9	11	We've been using the product for ten years, so we are self-sufficient.
15	20	1	1	9	11	It varies from very little to endless depth of product knowledge. Initially you get someone with little knowledge.
17	24	1	1	9	11	We have not used them for over three years.
4	1	3	2	9	12	I'm using them on a full-time basis and have a lot of interactions, which is totally different from most of their customers.
8	7	2	1	9	12	It used to be "1," modesty will not let me go below; they know their billing rate and must produce at that level.
10	8	1	1	9	12	The whole approach and how they deliver is top level.
12	13	2	2	9	12	We have two people here; they know the product in and out very good. They are one of us, they work very hard.
15	20	1	1	9	12	The attitude is very mature in realizing they are expected to present a professional approach to business, showing up on time for meetings, professional image, etc.
17	24	1	1	9	12	We have not used them for over three years.
4	1	3	2	9	13	I'm using them on a full-time basis and have a lot of interactions, which is totally different from most of their customers.
8	7	2	1	9	13	It used to be "1," modesty will not let me go below; they know their billing rate and must produce at that level.
11	23	2	2	9	13	They can handle any solution we need; they are very dedicated to their work.

ID	Prio.	Stat.	CO.	Q#	#	Comment
12	13	2	2	9	13	We have two people here; they know the product in and out very good. They are one of us, they work very hard.
14	19	3	2	9	13	We've been using the product for ten years, so we are self-sufficient.
17	24	1	1	9	13	Level 8 does not communicate issues about the product experienced by others, so we experienced a lot of heartache working through the problems. They seem to want to hide these problems. It's okay afterwards, but is painful to install or upgrade. Then getting support is difficult.
13	5	3	1	10		Don't know yet; we are looking at it now, we are trying a pilot test.
3	21	3	2	10	1	We have tested, but it's not installed.
6	12	2	1	10	1	It depends on progress of the big applications project we have under way. We now have version 5.4.1 of HPS. This project will last 1½ years. Then we will decide on our priorities. It is for the IRIS product and involves a Spanish company, Rural Services Informatics (RSI).
7	3	2	2	10	1	It's a decision for my bosses. I hope so. I think we will migrate, I hope, as soon as possible.
12	13	2	2	10	1	We are not talking about it, but we will be sold soon, so we must wait to see. What we say today may be different in six months.
15	20	1	1	10	1	We were looking to upgrade to HPS 5.4.1 and now are looking at AppBuilder 2.0 instead.
16	9	2	2	10	1	We will install in one month.
17	24	1	1	10	1	We are evaluating our long-term strategies and looking at future direction.
1	2	2	17	10	2	We are trying to get rid of HPS; it is hard to use and very costly.
5	11	3	2	10	2	Price, and it's not a strategic class for our bank.
8	7	2	1	11	2	We are in the process of installing.
14	19	3	2	11	2	It is in test now.
11	23	2	2	12		Don't know yet – we are in testing.
3	21	3	2	12	1	[Based on] what I've seen in limited testing, it's better; i.e., user interface. Some problems are cleared up.
9	16	1	1	12	1	We are having a high spirit problem that we can't make the step from testing to production with the 2.0, but overall it will be better.

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ID	Prio.	Stat.	CO.	Q#	#	Comment
14	19	3	2	12	1	It looks better. We have generated our Java applications with AppBuilder 2.0. Developer Workbench has been enhanced.
5	11	3	2	14		No.
11	23	2	2	14		None.
12	13	2	2	14		None.
13	5	3	1	14		No.
15	20	1	1	14		No.
4	1	3	2	14	1	Eliminate HPS run time on any platform.
4	1	3	2	14	2	Repository should be opened to interface with industry standard data modeling tools.
4	1	3	2	14	5	Make repository object-oriented.
4	1	3	2	15	1	We got a large one, with 9,000 programs involved, to be maintained and enhanced, and more development.
9	16	1	1	15	1	Two new.
12	13	2	2	15	1	No idea.
14	19	3	2	15	1	We plan to continue using it for enhancing our one application.
16	9	2	2	15	1	It's difficult. We will do it with both AppBuilder and our own. There will be two or three applications using AppBuilder.
1	2	2	17	15	2	We are trying to get rid of HPS – no support, very expensive, and very hard to use.
3	21	3	2	15	2	The run time is not very well received when we sell our application. This has been discussed with a Level 8 manager. HPS is not a strategy for long term for us.
5	11	3	2	15	2	Not a good product for the bank from a strategic class standpoint.
10	8	1	1	15	2	We are doing Internet work only.
11	23	2	2	15	2	Will use Java.
13	5	3	1	15	2	We have new "Enterprise" architecture.
17	24	1	1	15	2	Our plan would be to upgrade, but we don't plan to use AppBuilder to write new applications. It has not been the preferred choice for three years. Microsoft is the current preferred tool. But that may change to the Java route since we have merged with another large bank.

ID	Prio.	Stat.	CO.	Q#	#	Comment
2	10	3	1	15	3	We are more interested in conversion of our present system.
6	12	2	1	15	3	There is a debate on that at the bank. With VB [Visual Basic] it will be easier to do. It will depend on the functionality, upgradeabiltiy, stability, and cleanness of the coding, and if it's flexible enough to cover applications development needs and keep the environment.
7	3	2	2	15	3	I don't know. Most new applications are built in Java and Java is new for HPS.
15	20	1	1	15	3	We've developed for applications, and other tools are used. We will probably continue to do that ourselves with these tools. It's not certain, but likely.
5	11	3	2	16	1	Support of existing HPS.
6	12	2	1	16	1	We use them for supporting the HPS environment. We'd like to use to create a stable, functional environment to the point we feel safe and capable of handling our environment ourselves.
8	7	2	1	16	1	Movement to NT development.
9	16	1	1	16	1	Maybe for only new Level 8 version.
10	8	1	1	16	1	Small amount for upgrades.
12	13	2	2	16	1	Programming area.
15	20	1	1	16	1	Possibly for enablement of existing applications and upgrade consultancy.
16	9	2	2	16	1	We may add two consultants to the current three that we have.
17	24	1	1	16	1	During the upgrade to 2.0, we will probably use them.
3	21	3	2	16	2	We have had a lot of consultants, but there are no plans for that for the future.
4	1	3	2	16	2	Not beyond what I'm doing right now.
7	3	2	2	16	2	Just for installing new versions will we use them.
14	19	3	2	16	2	We have a few developers, but we will not add.
1	2	2	17	17	1	We already have.
3	21	3	2	17	1	Probably IBM.
5	11	3	2	17	1	Host, VB [Visual Basic].
9	16	1	1	17	1	Write from COBOL to HPS.

Level 8 Verbatims
2001 Customer Sat Study

ID	Prio.	Stat.	CO.	Q#	#	Comment
10	8	1	1	17	1	To 2.0.
13	5	3	1	17	1	Java.
6	12	2	1	17	2	We'd maybe like to rewrite to COBOL and Visual Basic on our own, but we would not go to another product.
14	19	3	2	17	2	We might complement the existing product in the object-oriented area to accommodate a paradigm shift from classic development to real object-oriented components. I don't see AppBuilder doing that.
7	3	2	2	17	6	I hope not, but it depends on high-level decisions.
17	24	1	1	17	6	It depends on our long-term strategy of AppBuilder or Microsoft or otherwise.
1	2	2	17	18		Serena Chraigman.
2	10	3	1	18		IBM; the LNG is a large IBM user.
3	21	3	2	18		Rationale is one. IBM and Oracle are definitely interesting. It would depend on how independent you could be from other vendors.
4	1	3	2	18		Forte.
5	11	3	2	18		Microsoft and IBM.
6	12	2	1	18		AppBuilder, CoolGen from Computer Associates, and Oracle.
7	3	2	2	18		HPS and Camileon; I only know the product name.
9	16	1	1	18		We would not look past HPS unless the service goes down.
10	8	1	1	18		Open technology to IT development so we are not locked in, and Java and J2EE Java.
11	23	2	2	18		DK.
12	13	2	2	18		AppBuilder.
13	5	3	1	18		Java – Genoa Application. Java is coming on strong.
14	19	3	2	18		1) Control center from Togethersoft for the reasons it covers the whole application cycle. Does the same thing in Java and other languages. 2) Oracle tools come second after Control Center. I look for what we have in AppBuilder, plus other features.
15	20	1	1	18		IBM Web Sphere and Visual H products.
16	9	2	2	18		I don't know, but we need open repository, Java, and COBOL, and support for CS architecture in the product.

ID	Prio.	Stat.	CO.	Q#	#	Comment
17	24	1	1	18		1) The big bank we are merging with is a Java user. 2) Microsoft – we've been on Microsoft for three years.
1	2	2	17	19		Lots in the customer focus financial area.
2	10	3	1	19		A host of different things; we have 800 on our staff – a new portfolio of insurance and financials, and new e-commerce.
3	21	3	2	19		There are plans, but I cannot discuss.
4	1	3	2	19		We are very active and doing lots.
5	11	3	2	19		DK.
6	12	2	1	19		We plan to concentrate on the Spanish project for the next 1½ years. It covers loans, credit, deposits, banking services and customers.
7	3	2	2	19		We are developing a lot of Internet and Web stuff, and migrating part of the existing applications from CS to Web architecture, while still using the mainframe part of HPS.
8	7	2	1	19		NT rollout; the OS2 on the NT.
9	16	1	1	19		DK.
10	8	1	1	19		Internet front ends on existing application.
11	23	2	2	19		Euro Currency Enablement, Switchboard.
12	13	2	2	19		None; don't know, it depends on who buys us.
13	5	3	1	19		The whole credit management area.
14	19	3	2	19		We are constantly adding new banking business channels.
15	20	1	1	19		It's very much product enhancement of existing applications like client access to data and client servicing.
16	9	2	2	19		Build new front office systems for sales based on back office systems.
17	24	1	1	19		It depends on our strategy.
7	3	2	2	21		We are developing a lot of Internet and Web stuff, and migrating part of the existing applications from CS to Web architecture, while still using the mainframe part of HPS.
13	5	3	1	21		On HP 5.4.1.
8	7	2	1	21	1	All.
9	16	1	1	21	1	If it works, yes.

ID	Prio.	Stat.	CO.	Q#	#	Comment
10	8	1	1	21	1	Where we are extending what we have.
15	20	1	1	21	1	Possibly some.
16	9	2	2	21	1	Only for CS applications for front-end system.
2	10	3	1	21	2	We don't know yet.
6	12	2	1	21	2	Not now. We use 4.1 HPS. If we go to AppBuilder, possibly. We use the Information Frame Work (IFW) banking model.
4	1	3	2	22		They are a struggling company. I'm not convinced they have their focus yet. I'm not a fan of Cicero application. AppBuilder is the only serious product they have. If they are not selling it, the company is at risk.
5	11	3	2	22		We chase Level 8 up on issues instead of the other way around.
6	12	2	1	22		We had difficulties two to three years earlier. Recently, it is better, but still not easy. The most problems are with stability of the product. There is an escalation mechanism and follow-up. Response is not what we want or need.
9	16	1	1	22		Level 8 has no support in Spain.
12	13	2	2	22		It's difficult; sometimes you get a feeling when you ask for help, Level 8 wants to send too many people and wants them to stay longer than needed.
13	5	3	1	22		The contacts at Level 8 are very good people.
14	19	3	2	22		We have access to the key people we need to exchange ideas about what we do and what they do, and possible features for the product. I like the openness.
16	9	2	2	22		It's not easy because of the distance. We have only two managers in Germany. Development is in California. Language is a problem, and documentation is in English.
17	24	1	1	22		The business side and sales side is easy. I'd say a "7." On the technical side, it's difficult; so I'd call it a "4."
1	2	2	17	23		We paid $300,000 per year for maintenance and we don't get any.
4	1	3	2	23		We've got an unusual relationship and they've done a very good job.
6	12	2	1	23		I consider Level 8 as valuable. We gain for this technology. If AppBuilder is as it is scoped, my personal opinion is we will gain more.

ID	Prio.	Stat.	CO.	Q#	#	Comment
14	19	3	2	23		AppBuilder does a very goof job for what it was meant for. The reason we would go to a different tool is because we want to do something new. We would not go to another tool to do the same thing. AppBuilder is a little old fashioned.
17	24	1	1	23		The support we received impacts the value.
4	1	3	2	24		They know exactly what we are trying to accomplish.
6	12	2	1	24		We've had good services. It's "7" to "8." Consultants vary. Again, this is my personal opinion, not the bank's.
7	3	2	2	24		From the point of view of money, I'm not the right person. But with HPS, for everything we spend, it is worth it. I'm the technical person and not the business person, however.
17	24	1	1	24		We are not happy with the support. We've not used the consultants in over three years.
3	21	3	2	25	1	Personally I would. My company might not.
10	8	1	1	25	2	You need to know why you are buying HPS and know that it is right for you; it has good and bad points.
17	24	1	1	25	2	It's expensive for what it does. Given solutions out there today, there are better at less cost.
2	10	3	1	26		Poor support and installation problems.
3	21	3	2	26		If it was me, I would say they should definitely consider it for large applications. But it does not generally seem to be the tool for small applications.
4	1	3	2	26		Not until they are selling it. If they don't have confidence to sell it, why should I recommend it?
6	12	2	1	26		It's not a light platform. It's heavy and some companies cannot absorb the technology. If a colleague is a bank, I'd recommend AppBuilder for stability and strength.
7	3	2	2	26		It must be learned.
8	7	2	1	26		Try it; NT is great.
9	16	1	1	26		Call and ask for the support to be in Spain.
11	23	2	2	26		Look at what you need first.
12	13	2	2	26		Talk to Level 8 people and get a demonstration.
13	5	3	1	26		Look very close at the product; be sure it fits your need.

ID	Prio.	Stat.	CO.	Q#	#	Comment
14	19	3	2	26		It would depend on their objective and the people they have to do it. I'd tell them to get to know the tool and use the tool for what it was designed. Follow their recommendations.
15	20	1	1	26		Consider it on a company-wide basis as a strategic product, rather than a tactical product. It's an across-the-board development tool and is not light.
16	9	2	2	26		We have done it. In the last week Level 8 visited and told us about the new AppBuilder. We are looking for the new applications and a guarantee from Level 8 for support in the next years ahead.
5	11	3	2	26	1	It has good points and bad points; I am medium on it.
1	2	2	17	26	2	"Run."
3	21	3	2	27	1	An advantage with a company like Level 8 is they are a small company. If there is a problem, you can call management and discuss. You could not do that in a large company.
4	1	3	2	27	1	Re-launch AppBuilder. It's a very good product.
6	12	2	1	27	1	To do this conversion for AppBuilder, make it more efficient, serviceable and with support of the product. It's obvious we'd like a better price, so I won't say that. I'm expecting to see things come quick, correct, and complete.
11	23	2	2	27	1	When I lock in on Web First, it takes too long for the next solution to come along.
12	13	2	2	27	1	They need to establish trust between Level 8 and the clients. The product is good, but the way Level 8 has handled some issues, they lost the trust of their clients.
15	20	1	1	27	1	AppBuilder is hopefully turning the corner for them and it's a good product to have.
17	24	1	1	27	1	Going from Version 1 to Version 2, you find features in Version 1 that are not in Version 2. They don't tell us upfront and we find out as we play with it. Every six months we have user group sessions and tell them what we'd like to have, but things don't change. The answer is to get back to us with answers and solutions. The upgrade cycles are becoming too onerous. To obtain support we are constantly required to upgrade because of the two-year limit on maintenance. It's a significant expense, especially when you are not seeing the benefit of the expense.
1	2	2	17	27	2	No.
7	3	2	2	27	2	No, because we are in contact with European Level 8. Overall, I am satisfied.

Level 8 Verbatims
2001 Customer Sat Study

ID	Prio.	Stat.	CO.	Q#	#	Comment
16	9	2	2	27	2	We do that directly with management in California and Germany.

LEGEND

ID (Respondent Identification)

Prio. (Account Priority)
    1 = Low
    2 = Medium
    3 = High

Stat. (Account Status)
    1 = Green
    2 = Red

Co. (Company Code)

    1 = Access International
    2 = AXA Sun Life
    3 = Banca Carige
    4 = BCI
    5 = Credit Suisse
    6 = DIMA
    7 = Fiducia
    8 = Friends Provident Life
    9 = LBS
    10 = Legal & General
    11 = Lloyds TSB
    12 = NBG
    13 = Postgirot
    14 = Rabo Bank
    15 = RSA
    16 = RSI
    17 = Schwab
    18 = Scottish Equitable
    19 = SDC
    20 = Standard Life
    21 = Telenor
    22 = TKP
    23 = Unibank
    24 = Woolwich

Q# (Questionnaire Item Number)

 # (Questionnaire Sub-item Number)
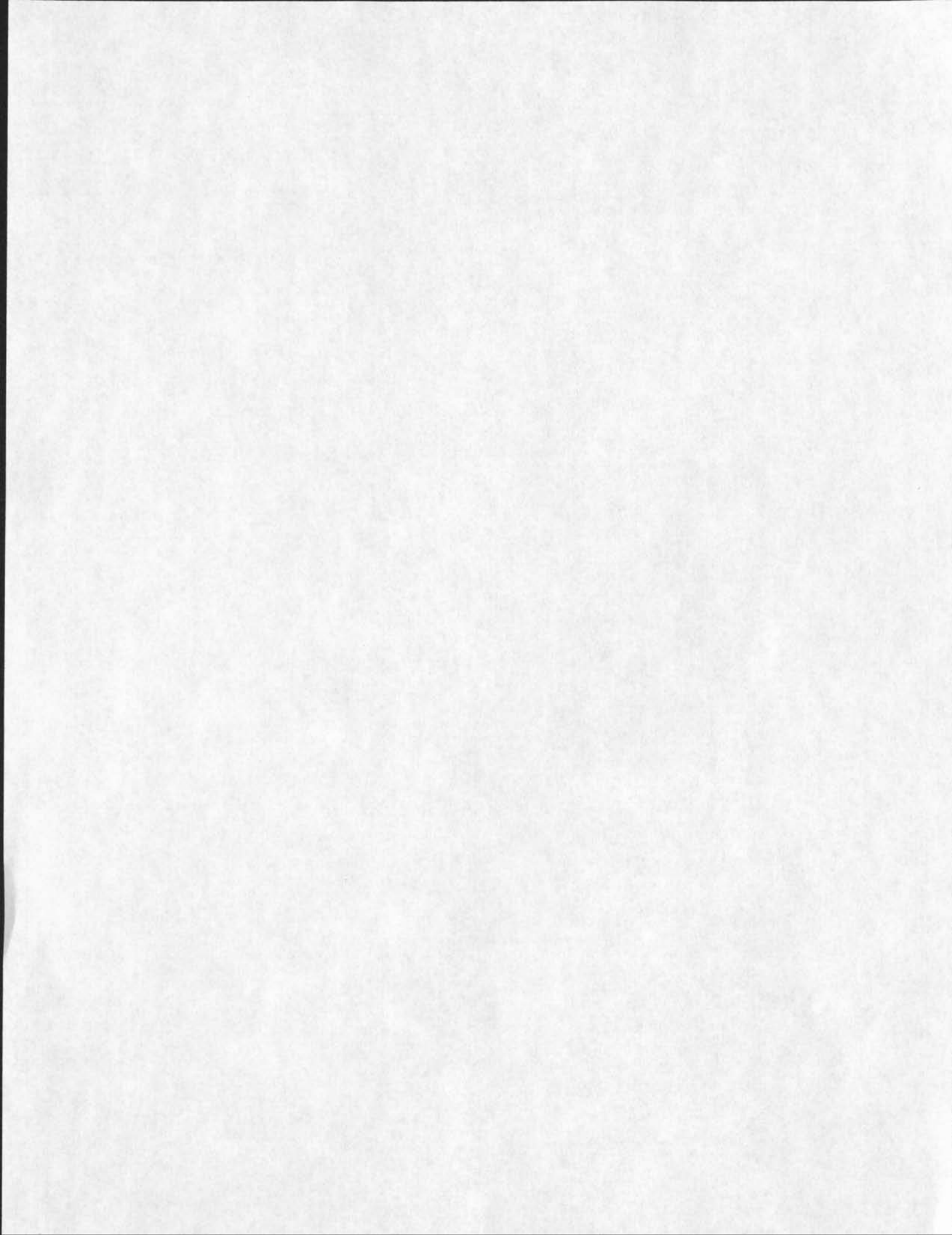
CUSTOMER	CONTACT NAME	CONTACT NUMBER		PRIORITY	EMAIL		Size	LOC	STAT	u/o
Access International	Jeff Metter	303-205-9254	•	①1	jmetter@access-stp.com		M	US	B	O
Credit Suisse	Oliver Schneiter	011 41 1 332 3011	•6/20 S	①1	oliver.schneiter@csfs.com		L	SWI	G	u
Lloyds TSB	Pete Davies	011 44 207 2323873	•	①1	Peter.P.Davies@LloydsTSB.co.uk		L	GB	B	u
SDC-FS	Simon Taisbak	011 45 442 08 112	• —	①1	sta@finanssystem.dk		L	DK	B	O
Legal & General	Jason Moore	011 44 1737 370370	•	①1	jason.moore@landg.com		L	GB	G	u
Telenor	Bjorn-Helge Johannesen	011 47 5596 9927	•	①1	bjorn-helge.johannesen@4tel.no		L	NOR	B	O
BCI	Luca Luminoso	011 39 0521 916208	—	②2	lluminoso@bci.it		L	IT	G	u
NBG	Kostas Marinakis	011 30 1 334 4631	•	②2	knnmariner@nbg.gr		L	GRE	G	u
Woolwich	Minhaz Peerbhai	011 44 208 296 5149	6/21 S	3	minhaz.peerbhai@woolwich.co.uk		M	GB	G	u
AXA Sun Life	Clive Maby	011 44 117 989 4384		3	Clive.Maby@axa-sunlife.co.uk		L	GB	G	u
Friends Provident Life	Roy Harrow	011 44 870 608 3678	•	3	roy.harrow@friendsprovident.co.uk		M	GB	G	u
Fiducia	Dave McCallum	011 49 721 4004 1308	•	②2	dmccallum@fiducia.de		L	GER	G	u
Unibank	Elo Simonsen	011 45 33333213	•6/20 S	②2	elo.simonsen@nordea.com		L	DK	B	u
Schwab	Jeanine Gordon	925-875-5340	•	②2	jeanine.gordon@schwab.com		L	US	B	u
TKP	Markku Luoma-aho	011 358 5066389	—	②2	markku.luoma-aho@tkp.tieto.com		M	NOR	B	u/O
Scottish Equitable	Ian Clark	011 44 131 549 3411		3	irmccashey@scoteq.co.uk	or	M	SCOT	G	u
DIMA	Damon Fraser or Paul Dennison	011 61 2 6264 3574		3	damon.fraser@immi.gov.au	or	M	AUS	G	u
Banca Carige	Claudio Grisso	011 39 010 5794862	•	②2	pianificazione.qualita.sicurezza@carige.it		M	IT	B	u
LBS	Alfons Vilbusch	011 49 2851 412 5901	• —	②2	alfons.vilbusch@lbswest.de		M	GER	B	u
Postgirot	Jan Eric Louwerens	011 46 8 7815349	•6/20 S	②2	jan-eric.louwerens@posten.se		M	SWE	B	u
Rabo Bank	Fred van Benschop	011 31 30 216 4703		3	f.g.c.benschop@rn.rabobank.nl		M	NETH	G	u
RSI	Antonio Garcia Lose	011 34 918070 100 (reception)	•	3	ggarcial@cagarural.com		M	SPAIN	G	u
RSA	Siger DeVries or Mario Rinaudo	011 61 2 99789141 (Siger) or 011 61 2 99789068 (Mario) 3			Sieger_de_Vries@royalsun.com.au	or	S	AUS	G	u
Standard Life	Neil Ready	011 44 131 245 5399	•	3	Neil_Ready@standardlife.com		M	GB	G	u

Priority = 1 MUST DO (6)
2 PREFER (9)
3 BACKUP (9)
(24)

Size L = Large
M = Medium
S = Small
Loc country abbreviation
Status Black - problems
Green - good

u/o u = User
O = OEM
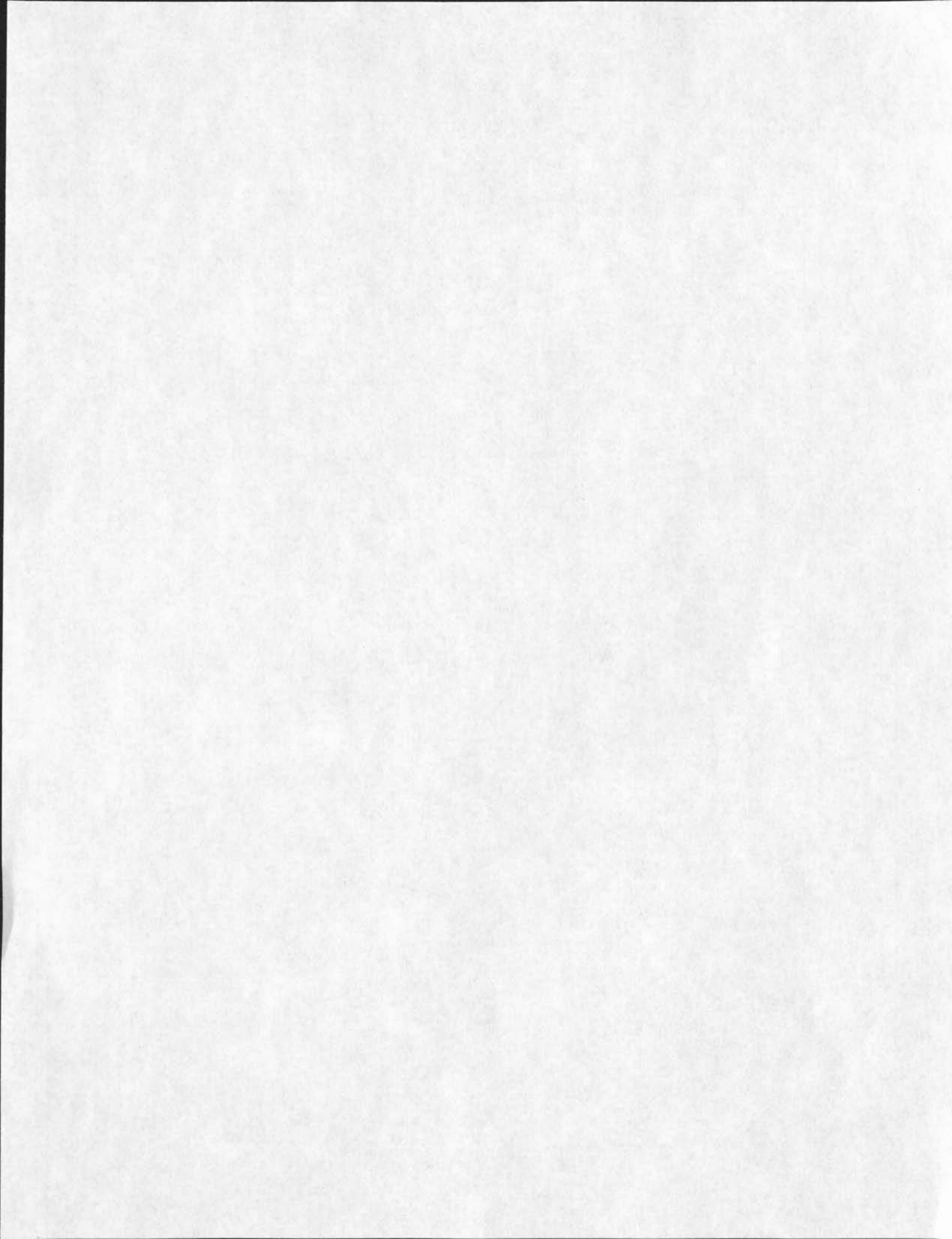
SURVEY

Level 8
2001 Customer Satisfaction Study – Project #574
Final Questionnaire – June 14, 2001

1. Name:	2. Phone:
3. Title:	4. Company:
5. City/ State:	6. Department:

Hello, my name is _____, and I'm calling from Specifics in Atlanta, Georgia on behalf of Level 8. *[If needed: Specifics conducts research in the computer software and services industries.]* As part of their commitment to continuously improve their Geneva AppBuilder product, which was formerly called Seer*HPS, Level 8 has asked us to gather user feedback, which is independent of the input you may have provided during the recent customer conference. They have asked us to call you to discuss your opinions of the AppBuilder product and your future requirements. They will use this information to incorporate user feedback into any changes they make in the future and to better improve their service to you.

Our conversation should take about 15 minutes. Is this a convenient time to talk?

    1. Yes **(Proceed)**   2. No **(Schedule time:)** _____

7. First, I'd like to get some information about your history with HPS/AppBuilder. How long have you been using HPS/AppBuilder?

    1. <1 year   2. 1 to 2 years

    3. 2 to 3 years   4. 3 to 5 years

    5. >5 years

8. Approximately how many applications have been developed using HPS/AppBuilder?

On a mainframe:	1. One	2. 2 to 3	3. 4 to 6	4. >6	5. None
On UNIX:	1. One	2. 2 to 3	3. 4 to 6	4. >6	5. None
On an NT platform:	1. One	2. 2 to 3	3. 4 to 6	4. >6	5. None

9. Now, I'd like to discuss your satisfaction with the software and services you have received from Level 8. I'm going to read a list of product and service features and as I read each one, please use the 9-point scale, where 1 is "very poor" and 9 is "excellent," to rate each feature.

Product / Service Feature	Q9 Rating
1. Quality of the software (lack of bugs)	
2. Performance of the software (speed)	
3. Functionality of the software (it does what it's supposed to do)	
4. Ease of use and learning of the software	
5. The software product, overall	
6. Printed and / or online documentation	
7. Accessibility of technical support	
8. Responsiveness of technical support	
9. Level 8's technical support, overall	
10. Technical knowledge of the consulting staff	
11. Product / application knowledge of the consulting staff	
12. Professionalism of the consulting staff	
13. Level 8's consulting staff overall	

Comments: (Probe for 1, 2, and 8, 9 ratings.)

Codes

10. Are you considering going to HPS/AppBuilder 2.0?

    1. Yes **(Proceed)**   2. No **(Probe for comments and go to Q13)**

Comments: **(If No, probe for reason)**

	Codes

11. Have you installed HPS/AppBuilder 2.0?

    1. Yes **(Proceed)**   2. No **(Go to Q13)**

12. How does the quality of HPS/AppBuilder 2.0 compare to previous releases?

    1. Better **(In what way?)**   2. About the same   3. Not as good **(In what way?)**

Comments:

	Codes

13. What priority do you place on the following functionality attributes of the AppBuilder product? For each attribute listed, please indicate whether you place high priority, medium priority, or low priority on that attribute.

Functionality Attributes	High	Med	Low	DK/NA
1. Support for Java and AppServers				
2. Open, readable COBOL generation				
3. Repository versioning				
4. Java as a replacement for rules language				
5. Visual Basic as a replacement for rules language				
6. Workflow integration				
7. Managing non-AppBuilder objects via the AppBuilder Repository				

14. In addition to the functional attributes I mentioned, what other attributes would you like to see incorporated into the AppBuilder product? **(Interviewer comment: For any attribute mentioned ask the respondent to classify it as high, medium, or low in priority.)**

Functionality Attributes	High	Med	Low
1.			
2.			
3.			
4.			
5.			
6.			

The next few questions deal with your future use of the HPS/AppBuilder product and Level 8 services.

15. Do you plan to use the HPS/AppBuilder product for new application development?

    1. Yes **(Approximately how many applications?)**   2. No **(Why not?)**   3. Maybe **(Please explain?)**

Comments: _____

                                                       Codes

_____

_____

_____

_____

16. Do you plan to use additional consulting services of Level 8?

    1. Yes   2. No

Comments: (If Yes, probe for details, e.g. programming, business application development, use
of technology, to Web-enable existing applications.)

	Codes

17. Do you plan to migrate to a different application development product in the next two to three
    years?

    1. Yes   2. No   6. DK

Comments: (If Yes, probe for details of product, or company name.)

	Codes

18. If you had to choose an application development product today, what suppliers/products would you
    consider?

Comments: (Probe for details on all responses.)

	Codes

19. What new applications/major enhancements to existing applications is your organization planning for the near term?

Comments: **(Record apps/enhancements; if DK, go to Q22.)**

	Codes

20. How do you plan to accomplish these changes? **(Circle all that apply.)**

   1. Write from scratch.

   2. Improve functionality/performance/interface of existing applications

   3. Replace with packaged software.

   4. "Glue together" elements of existing applications.

21. Do you plan to use HPS/AppBuilder to accomplish some or all of these changes/enhancements?

   1. Yes   2. No

Comments:

	Codes

Now, I'd like to ask a few questions about your relationship with Level 8 overall.

22. _____First, how would you rate Level 8 overall as a company, in terms of being easy to do business with? Use a 1 to 9 scale where 1 means "very difficult" and 9 means "very easy."

Comments: **(Probe for details on all ratings.)**

	Codes

23. _____ And using a 9-point scale, where 1 is "very poor" value and 9 is "excellent" value, how would you rate the value your organization has received from its Level 8 products?

Comments: **(Probe for details on ratings of 1, 2, and 8, 9.)**

	Codes

24. _____ Using the same 9-point scale, where 1 is "very poor" value and 9 is "excellent" value, how would you rate the value your organization has received from the services provided by Level 8?

Comments: **(Probe for details on ratings of 1, 2, and 8, 9.)**

	Codes

25. Would you recommend HPS/AppBuilder to a colleague?

    1. Yes   2. No   3. Maybe

26. And, what advice would you give a colleague who was considering HPS/AppBuilder?

Comments:

	Codes

27. Finally, is there anything else you would like me to convey to Level 8's management on your behalf?

    1. Yes **(Probe for details)**   2. No

Comments: _____

	Codes

Thank you for your time, you have been very helpful.
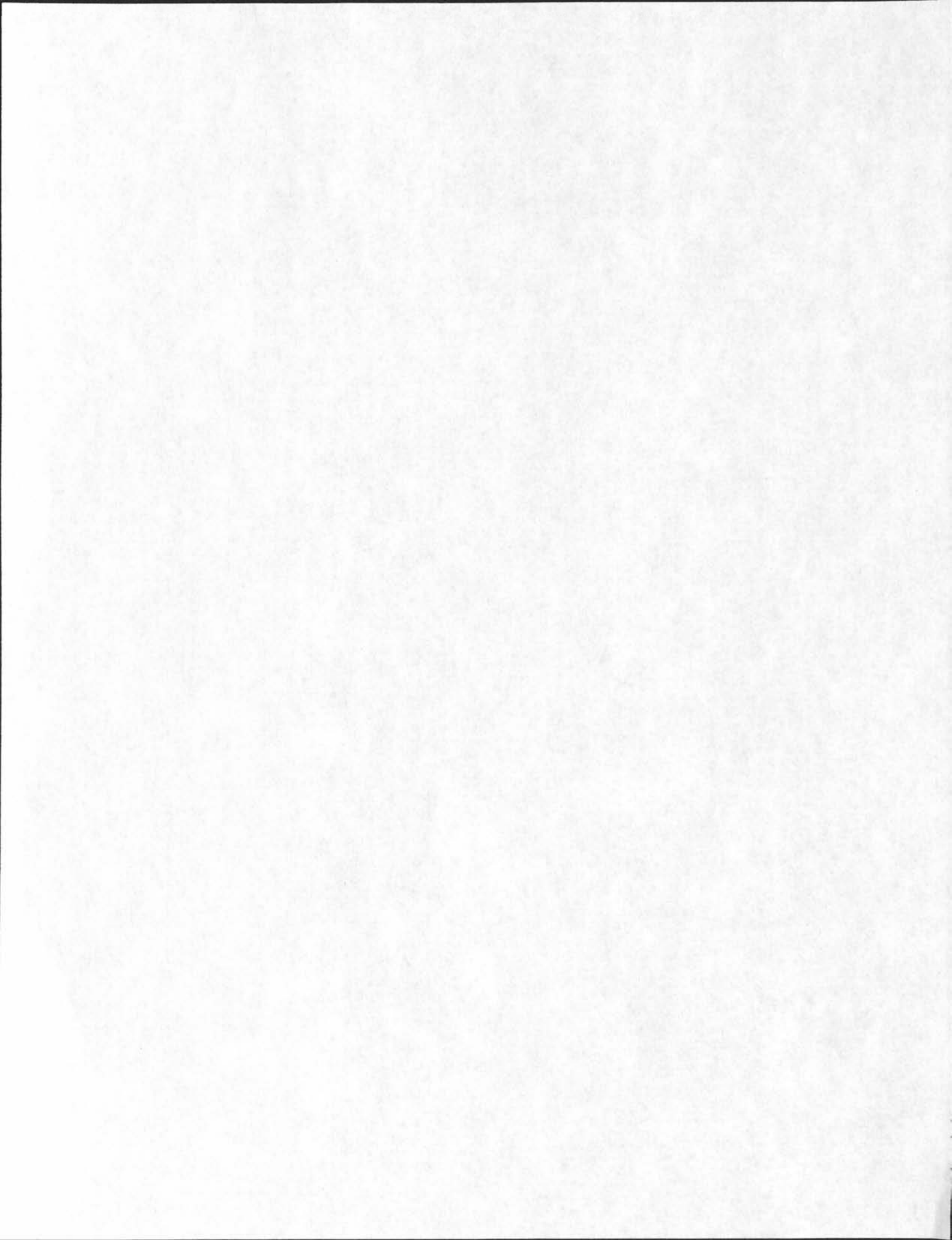
Steve Hale –

     11 complete –   16 complete

                         7 green ; 9 Black 6 - must do

(6/19) 10 in DB :   (6/20) 7 - preferred

                                       3 - other

            How M

13. Java – 7   12

     OpenToken – 8   13

     Repository – 8   12

     Non AppName – 8   12

     Java Related Language – 5 8 $VB = 3$

      Workflow, Integration   5

14. No xaddl

15. new app devel

       3 – Yes   6 .

       4 – NO   6

       3 - Maybe   4

17. migrate to dif prod – 5 yes   6

                        3 no   6

                        2 don't know 4

Subj:	**Timeline**
Date:	06/18/2001 1:18:41 PM Eastern Daylight Time
From:	*shale@SPECIFICS.com (Steve Hale)*
To:	*burtgrad@aol.com (Burt Grad (E-mail))*
CC:	*bgarrison@SPECIFICS.com (Brett Garrison)*

Burt,

Can you give me a feel for relative importance on the Level 8 interviews in terms of timeline for results versus priority level of respondents. For example, if timing is more important than priority, we may be able to complete the 15 interviews sooner, but you will likely end up with more back-ups than desired. Conversely, if priority is most important, we can probably get most of the "must do" and "preferred" interviews, but it may take a little longer. Do you have an absolute cutoff date for when you have to have the final results?

So far, this is what we have: 7 interviews complete (7 = must do, 4 = prefer), 4 interviews scheduled (1 = must do, 2 = prefer, 1 = backup). We're continuing to work the list.

*identified
priority for
2 - must do
5 - preferred
ok'd backups if
needed to
reach 15 by
Wednesday
noon.*

Steve

Steven L. Hale
Project Manager
Specifics, Inc.
(770) 391-0013
shale@specifics.com

Soovey

Subj:	**Update**
Date:	06/15/2001 2:42:55 PM Eastern Daylight Time
From:	*shale@SPECIFICS.com (Steve Hale)*
To:	*burtgrad@aol.com (Burt Grad (E-mail))*
CC:	*bgarrison@SPECIFICS.com (Brett Garrison)*

Burt,

Level 8 calls and interviews began this morning. Three interviews were
completed, and two have been scheduled for next week. Taisbak (SDC-FS) will
be called Monday. When we called the number indicated for the NBG account,
we reached an individual at NBG who said he had never heard of the person
listed as our contact (Kostas Marinakis). We will call this account again
on Monday. Can you have Ted check the number on the list to verify
accuracy?

Due to previously scheduled interviews for other projects, not all of the
Level 8 calls could be placed this morning. All remaining calls will be
placed Monday morning, and we will then begin working our way through the
list again as needed.

Of the three interviews completed today, two were "must do" accounts, one
was a "preferred" account. We have another "must do" scheduled for Monday.
Please note that Bjorn Johannesen of Telenor referred us to Terje Hidle due
to his more in-depth knowledge of the product and Level 8. Hidle provided
an informative interview. If you prefer that the interview be completed
specifically by Johannesen, however, this may require some gentle persuasion
from Ted.

I will update you further as we continue to work the list.

Steve

Steven L. Hale
Project Manager
Specifics, Inc.
(770) 391-0013
shale@specifics.com

----------------------- Headers ----------------------------------
Return-Path: <shale@SPECIFICS.com>
Received: from rly-xc03.mx.aol.com (rly-xc03.mail.aol.com [172.20.105.136]) by air-xc03.mail.aol.com
(v78_r3.8) with ESMTP; Fri, 15 Jun 2001 14:42:55 -0400
Received: from specifics01.specifics.com ([209.193.235.34]) by rly-xc03.mx.aol.com (v78_r3.8) with
ESMTP; Fri, 15 Jun 2001 14:42:50 -0400
Received: by SPECIFICS01 with Internet Mail Service (5.5.2653.19)
    id <K0G7NYPA>; Fri, 15 Jun 2001 14:42:46 -0400
Message-ID: <9867A67B4A2BD511BF2E0002557C19CE02425C@SPECIFICS01>
From: Steve Hale <shale@SPECIFICS.com>
To: "Burt Grad (E-mail)" <burtgrad@aol.com>
Cc: Brett Garrison <bgarrison@SPECIFICS.com>
Subject: Update
Date: Fri, 15 Jun 2001 14:42:46 -0400
MIME-Version: 1.0
X-Mailer: Internet Mail Service (5.5.2653.19)

Q

Subj:	**RE: Draft Questionnaire**
Date:	06/13/2001 11:05:10 AM Eastern Daylight Time
From:	*Talmor.Margalit@dic.co.il (Talmor Margalit)*
To:	*Burtgrad@aol.com*

Burt,
Proposed changes:
*   Question 12: add "open repository" and "open / standard rule
language (VB?)" as functionally attributes.
*   I think that the customers that attended the recent user group
meeting are biased in favor of HPS - I would try to address customers
from all three groups Ted classified the customers into.

Best Regards,

Talmor Margalit
Vice President
Discount Investment Corporation Ltd
Tel.:   +972-3-6075888
Fax   +972-3-6075899
Mobile +972-58-785555
Email   talmorm@dic.co.il
Web site   www.dic.co.il

-----Original Message-----
From: Burtgrad@aol.com [mailto:Burtgrad@aol.com]
Sent: Wednesday, 13 June, 2001 15:11
To: Talmor Margalit
Subject: Fwd: Draft Questionnaire

Here's the draft questionnaire from Specifics. Please fax your comments
to me
before 12 noon et.

Burt Grad 6/13

----------------------- Headers ---------------------------------
Return-Path: <Talmor.Margalit@dic.co.il>
Received: from rly-xb02.mx.aol.com (rly-xb02.mail.aol.com [172.20.105.103]) by air-xb04.mail.aol.com
(v78_r3.8) with ESMTP; Wed, 13 Jun 2001 11:05:10 -0400
Received: from mail.idb-hq.co.il ([194.90.191.210]) by rly-xb02.mx.aol.com (v78_r3.8) with ESMTP; Wed, 13
Jun 2001 11:05:05 -0400
Received: from taex1.idb-hq (unverified) by mail.idb-hq.co.il
(Content Technologies SMTPRS 4.2.1) with ESMTP id <T541f5b32cfc25abfd20d1@mail.idb-hq.co.il> for
<Burtgrad@aol.com>;
Wed, 13 Jun 2001 18:02:03 +0200
content-class: urn:content-classes:message
Subject: RE: Draft Questionnaire
MIME-Version: 1.0
Content-Type: text/plain;
    charset="ISO-8859-1"
Content-Transfer-Encoding: quoted-printable
Date: Wed, 13 Jun 2001 18:02:56 +0300
X-MimeOLE: Produced By Microsoft Exchange V6.0.4418.65
Message-ID: <C0ED3A5A1941E042911B5B8CD425318C0C27EE@taex1.idb-hq>

sent to Steve Hale . 6/1~

Subj:	**RE: status report**
Date:	06/11/2001 3:43:09 AM Eastern Daylight Time
From:	*Talmor.Margalit@dic.co.il (Talmor Margalit)*
To:	*Burtgrad@aol.com*

Burt,

Thanks for the update.

As for the Customer Questionnaire, I would suggest considering to add:

* An open, prioritized wish list (must / nice to have), in addition to the closed list (No. 26) that needs updating.

* I wouldn't focus on considerations to buy Seer originally, and the performance of the company during the sale process. The name Seer should be eliminated altogether.

* I'm not sure how relevant is question 22 (new app renewal strategy).

* Is a migration considered? If so, where to?

* If an application development product had to be chosen today, who would compete?

* What applications / major enhancements are planned, and by what strategy (write from scratch, improve functionality / performance / interface of existing apps, replace by packages, "glue together" elements from existing apps, combination of the above etc...). what use of HPS is planned regarding this?

Best Regards,

Talmor Margalit
Vice President
Discount Investment Corporation Ltd
Tel.:   +972-3-6075888
Fax   +972-3-6075899
Mobile +972-58-785555
Email   talmorm@dic.co.il
Web site   www.dic.co.il

-----Original Message-----
From: Burtgrad@aol.com [mailto:Burtgrad@aol.com]
Sent: Monday, 11 June, 2001 05:21
To: Talmor Margalit
Subject: status report

Talmor--This is a copy of a letter I sent to Lenny on Sunday evening.

Lenny--I had a lengthy discussion with Talmor on 6/10 bringing him up to date
on the progress of our on-site due diligence work in Cary. There are a number
of questions which we need to have more material from Level 8 to answer
effectively. Everyone is cooperating with us and I expect to have all the
information that we need by Tuesday, June 12. I'm aiming to have a
preliminary report ready for you on 6/14. I exppect to have Sid's report

ready a day or two earlier and will also send that to you as an attachment to
the report.

where list? Wood

Customers to Survey

DIMA
SDCFS
Telenor
AXA Shared Service Limited (was Sun Life)
Scottish Equitable
Credit Suisse
Judiciary State of Hawaii

– where is marked up copy of Q by Venema?
– list of Q customers (must do?) from Venema?
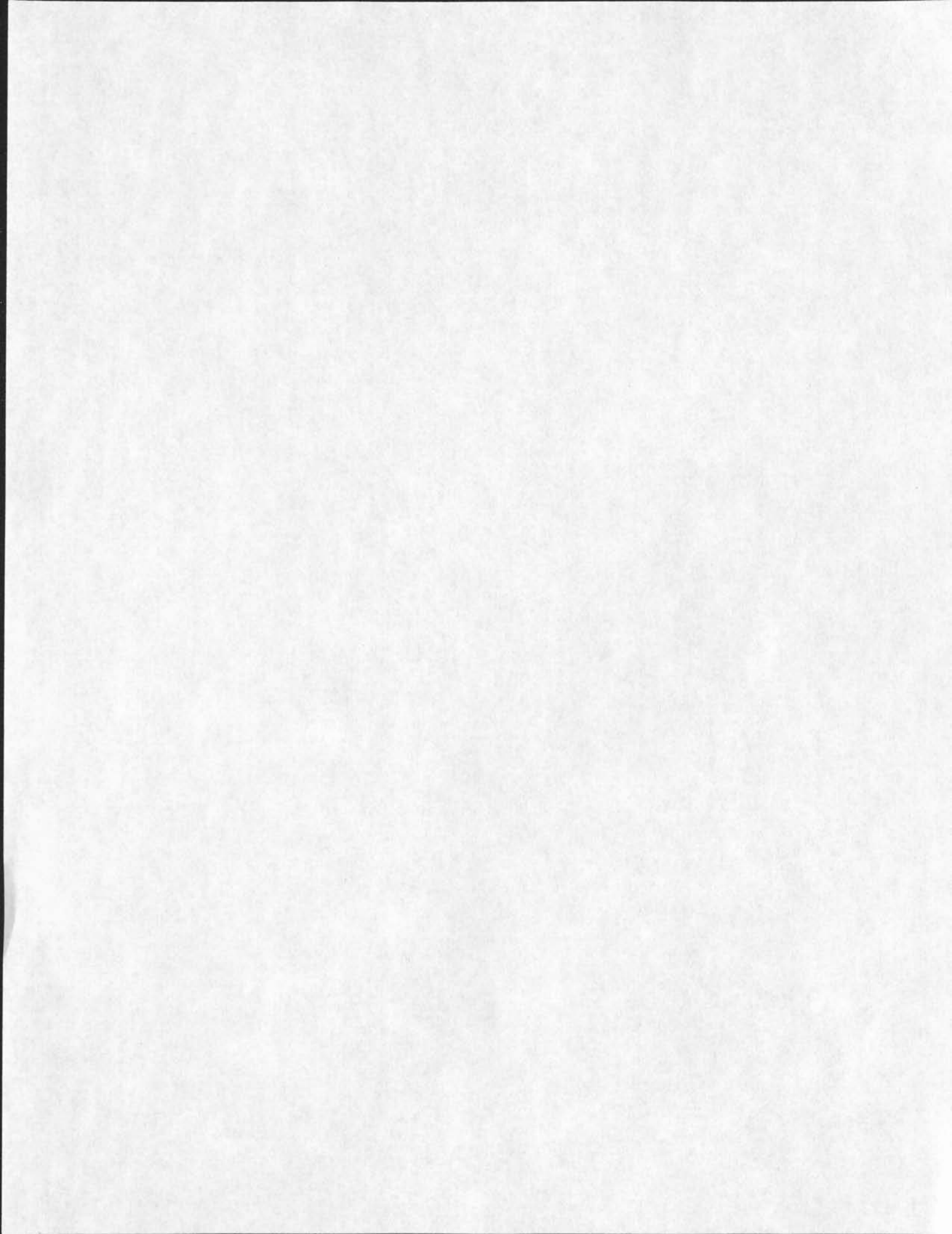
Questionnaire –
Customer / Contact
List

Subj:	**Proposal Agreement**
Date:	06/05/2001 7:47:31 PM Eastern Daylight Time
From:	*jblumberg@SPECIFICS.com (Joe Blumberg)*
To:	*burtgrad@aol.com ('burtgrad@aol.com')*
CC:	*shale@SPECIFICS.com (Steve Hale)*
File:	**Proposal.zip** (6931 bytes) DL Time (32000 bps): < 1 minute

redo

Burt:

Attached is the brief agreement to complete the study we discussed and a
sample letter to be converted to e-mail in order to facilitate the
interviews. If I have misunderstood anything or this agreement does not
cover all the issues we discussed, I will quickly revise it. Please sign
and fax back to 770-391-0132.

Thanks again.

<<NC Due Diligence.doc>> <<SAMPLE CUSTOMER LETTER.doc>>

Joe Blumberg
Specifics, Inc.
We bring IT into Focus
770-391-0013
www.specifics.com

Subj: **Customer satisfaction survey**
Date: 06/11/2001 6:15:43 PM Eastern Daylight Time
From: PRampel@level8.com (Rampel, Paul)
To: Burtgrad@aol.com
CC: DMcKinnie@level8.com (McKinnie, Dennis), JBroderick@level8.com (Broderick, John),
tvenema@level8.com (Venema, Ted), PRampel@level8.com (Rampel, Paul), lenny_r@netvision.net.il
*(Lenny Recanati (E-mail))*

Burt,
I believe it is appropriate for you to commence the customer satisfaction survey. I request that you review
the questions with Dennis & Ted prior to issuing and that you provide us with copies of the customer
responses. I suggest that we identify the purpose of the survery in an innocuous fashion - so that the
customers are not disturbed as a consequence.

Please advise you agreement with the process.
Regards,
Paul

----------------------- Headers ---------------------------------
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From: "Rampel, Paul" <PRampel@level8.com>
To: Burtgrad@aol.com
Cc: "McKinnie, Dennis" <DMcKinnie@level8.com>,
    "Broderick, John"
   <JBroderick@level8.com>,
     "Venema, Ted" <tvenema@level8.com>,
     "Rampel, Paul" <PRampel@level8.com>,
     "Lenny Recanati (E-mail)"
   <lenny_r@netvision.net.il>
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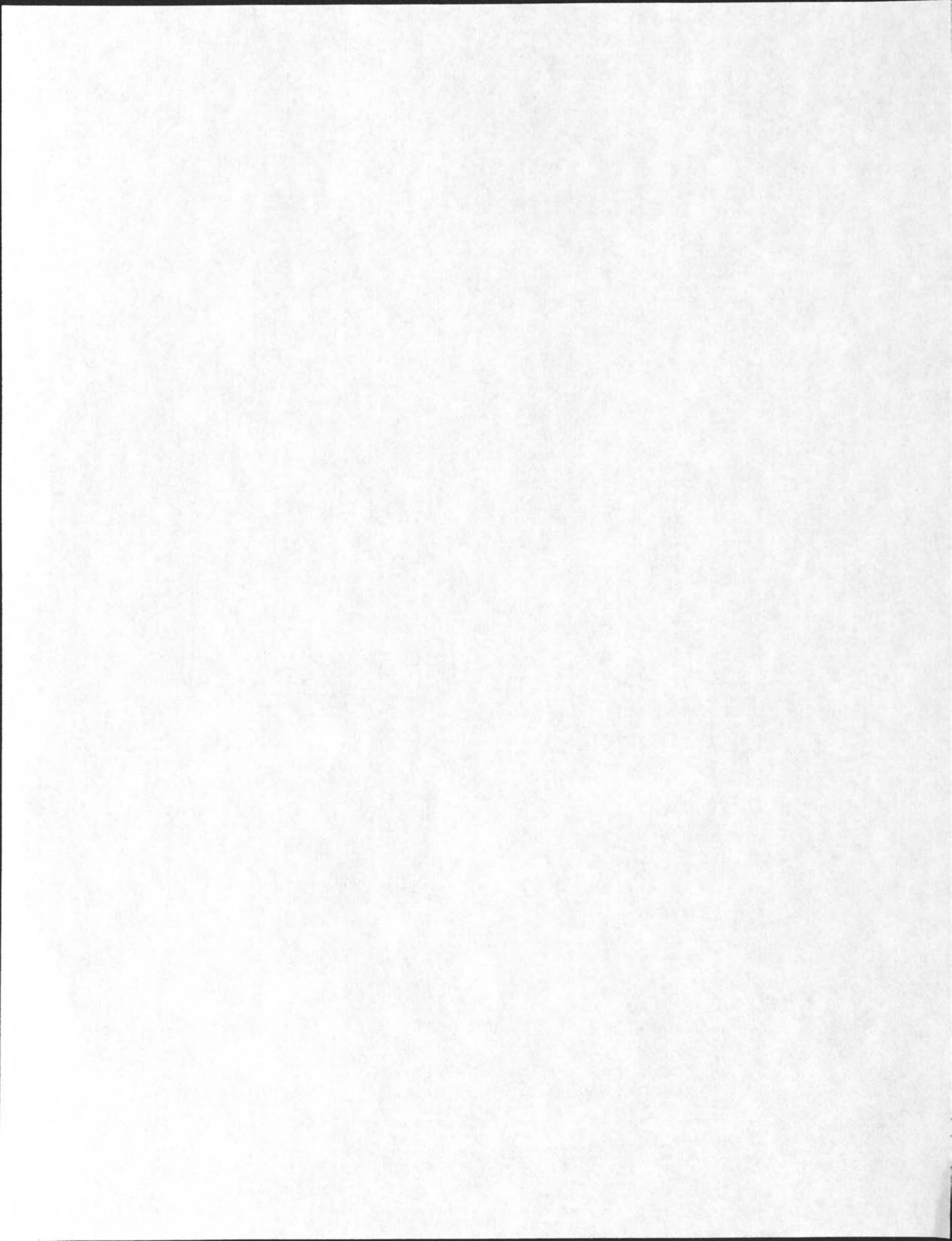
SPECIFICS
INCORPORATED

35 Glenlake Parkway, Suite 150
Atlanta, Georgia 30328
770/391-0013
770/391-0132 Fax
www.specifics.com

Last Updated 05/30/00

The Facts:

Specifics, Inc., a research and consulting firm, provides metric and management information through the following studies:

- ✓ Customer Satisfaction
- ✓ Help Desk and User Support
- ✓ Employee Satisfaction
- ✓ Market Trends & Opportunities
- ✓ Win/Loss Analysis
- ✓ Image & Competitive Position
- ✓ IT Services Industry Analysis

The Fax:

The information contained herein is confidential. Please deliver to addressee only.

To: _Burt Grad_

Company: _____

Fax #: _203 222 8728_

From: _Steve Nale_

Project Code: _574_

Date: _6/13/01_

Notes:

Here is your copy with Joe's signature. Thanks.

Steve

If you do not receive all ___ pages of this document (including cover), please notify the sender at the above telephone number.

\\Specifics01\company\administration\Clerical\Fax Form.doc

Last Updated 05/30/00

AGREEMENT BETWEEN BURTON GRAD ASSOCIATES AND SPECIFICS, INC.

May 12, 2001

Workscope: Specifics will prepare a questionnaire, and conduct up to 15 customer satisfaction and requirements interviews with customers of the subject firm, using a substantially revised questionnaire from that developed for a similar study in 1998. We understand that most of the interviews will be conducted with non-U.S. customers of the subject firm.
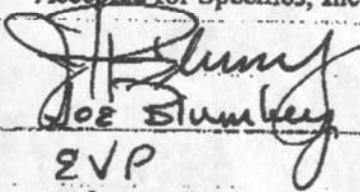
BGAI will be responsible for reviewing the questionnaire and for providing the list of potential respondents to meet the criteria for the BGAI due diligence study being conducted for the subject firm. The respondent list will contain: Company name, address and telephone number; contact name; product(s) used and the date of purchase (if possible.) In the cases where services are used, it would be helpful to know how long services have been provided. As many names should be submitted as possible to ensure that the desired sample size can be reached in a short timeframe.

Deliverables: Specifics will deliver a six to ten page summary document outlining the quantitative and qualitative results of the interviews along with a brief executive summary or cover letter to point up any potential problems or consistent patterns of response to the questions.

Timeframe: Design of the questionnaire and the respondent sample set will begin immediately. Results will be delivered to BGAI within three days of completion of the interviews. The target date for completion of the project will be ten days after customer notice is sent and the approval is given to begin the interview cycle.

Price and Terms: The price for this project will be will be no more than $8,000 assuming that the contact list is clean, that the subject firm will notify the customers via e-mail that a customer satisfaction study is underway, and that they can expect a call from a Specifics Research Associate. A sample letter is attached. If the subject firm wishes to complete more interviews to have broader awareness of the issues or higher confidence in the findings, they can be completed for $300 each. International long distance charges will be billed separately.

Due to the short timeframe, there will be no up-front payment required. A final invoice will be submitted to BGAI (or the subject firm) at the completion of the project. Payment is due within ten days of the invoice date.

Accepted for Specifics, Inc.	Accepted for BGAI
Signature	Signature
Name JOE Blumbey	Name BURTON GRAD
Title EVP	Title President
Date 6/13/01	Date 6/13/01

Subj:	
Date:	06/13/2001 4:19:37 PM Eastern Daylight Time
From:	*tvenema@level8.com (Venema, Ted)*
To:	*burtgrad@aol.com (Burt Grad (E-mail)), shale@SPECIFICS.com ('Steve Hale')*
CC:	*tvenema@level8.com (Venema, Ted)*

Steve, Burt

As we are going with e-mail, I propose the following slightly modified (a little more personal as these people all know me) format. Any comments welcome.

Ted

We greatly value the opportunity of continuing to work with you, and it is our goal to ensure that Geneva AppBuilder helps you meet your business objectives. As part of our commitment to continuous improvement, we are asking you for direct feedback on our HPS/AppBuilder performance through a customer satisfaction study.

An independent research firm, Specifics, Inc. is conducting this study and analysis. They will be calling you in the next week to collect your opinions of HPS/AppBuilder and the way we serve your needs. The results will be used to assess and refine the quality of our products and services, and take action to better respond to your future requirements.

We have given Specifics, Inc. a complete list of our HPS/AppBuilder customers from which they will place calls. If you receive a call from a Specifics Research Specialist, we would appreciate your taking fifteen minutes or so to provide your candid opinions. Your participation is very important to us and we appreciate the time you take to participate in this important activity.

Thank you for your help.

Ted Venema
VP Product Management

----------------------- Headers ----------------------------------
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To: "Burt Grad (E-mail)" <burtgrad@aol.com>,
     "'Steve Hale'"
   <shale@SPECIFICS.com>
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<u>Factors in selecting customers</u>

Size - maint revenues
location - various countries
OEMs ⎫
Users ⎬
new projects (purchases)
Black / Green / Red (?)
CAB member

GB = Great Britain
DK = Denmark
NO = Norway
IT = Italy
NL = Neth.
DE =

Must			maint 2001 value ($k)	Risk	Loc	Users/OEM	new sales	CAB
M	✓	Credit Suisse -	1,085	Green	SWITZ	U		
M	✓	Lloyds	507	Black	GB	U		
M	✓	SDC	504	Black	DK	O		
NO		IBM Japan	564	Green	Jap	?		
M	✓	Legal + General	423	Green	GB	U		
M	✓	Telenor - 4TEL	308	Black	NO	O		✓
	✓	BCI -	341	Green	IT	U		✓
NO		CSC - Denmark	428	Green	DK	O		
	✓	Natl Bank of Greece	350	Green	Greece	U		
	✓	Woolwich	229	Green	GB	U		
		Telefonica	250	Green	Avg.	U		
	✓	Sun Life	268	Green	GB	U		✓
KP	✓	IBM Neth & Rabobank	226	Green	NL	U		
	✓	Friends Provident	218	Green	GB	U		✓
	✓	Fiducia	261	Green	DE	U		✓
	✓	Unibank (Nordea)	250	Black	DK	U		
	✓	Charles Schwab	294	Black	US	U		
	✓	Banco Sao Paulo	223	Black	IT	U		
M	✓	Std Life	176	Green	GB	U		
	✓	Access	100	Black	US	O		
	✓	TKP.	205	Black	NOR	U		
	✓	Scottish. Eq	149	Green	SCOT	U		
	✓	DIMA	158	Green	Aus			
	✓	Banca Cariege	183	Black	IT	U		
	✓	·LBS						
	✓	Portfino	170	Black	Swe	U		
	✓	Rabobank -				U		
	✓	RS + Liter				U		
		Royal + Sun Alliance	80	Green	Aus	U		