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## **The Late Breaking News (LBN) ©**

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**You're Source for Concise Analysis and Positioning  
On Key Mission Critical Software Market Issues Every Week**



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###

**Memo from Bill: Change Management in an Economic Storm** - In business terms, change management refers to a series of goal-oriented tactics designed to help ease companies through periods of major transition. In my view, there are two types, tactical and strategic management of change. The reason most businesses manage change tactically and ignore the strategic is because they are operating in a reactive mode. However, given the recent traumatic economic events raining down on business like a thunder storm, many businesses are now faced with life changing issues. In some cases, if they do not respond quickly to life changing events, they will drown in a sea of red ink or be taken over by Big Government.

Charles Darwin said, "It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is the most adaptable to change."

Change management in this recessionary period and under the current political conditions means we all must be more alert to events and how they impact (or may impact) our lives and our jobs. For the manufacturing and the software industries, a more strategic view of our market and business dynamics is essential. Business requirements are stagnating requiring a more global view of possible market activity. We are being forced into thinking about change strategically. Strategic change considers new and more daunting goals for the enterprise. Therefore, today's business executives need to meet radically different business and product goals not only tactically, to ensure a realistic consideration of where the business is at the present time, but with a strategic view to political as well as economic events.. It's exactly what it sounds like - the effective management of change, requires adjusting in the short term to meet changing market dynamics but at the same time, a longer view to protect the future of the business to grow in these recessionary times. A business must make a profit when lending is tight – even frozen. Radical change may be needed to meet that goal. The strategic aspect is a necessity (and means) of looking to the long term for the purpose of maintaining profitability while regaining the accumulation of wealth.

### Change Control Essentials

Having total change control in today's chaotic business environment is a challenge. Indeed, managing processes is a near impossibility today because of the economic and political variables involved. However, it is easier for a small to medium size business executive owner to manage change and establish some degree of change control, even over difficult situations. Like in chess, it is best to develop a plan for all sorts of situations - knowing how you'll react to a potentially difficult situation not only leaves you prepared, it will ultimately help you attain larger goals and grow your business. Larger firms face just as daunting issues and must think ahead and also have contingency plans in place. This is especially true of supply chain management. The loss of a key supplier is a distinct possibility these days. Expansion plans may need to be shelved. New product areas may need to be accelerated requiring new sources of capital.

### What is Effective Change Management?

Always remember, even though change management is a goal-oriented business tactic, you need to manage your business based on what's possible in the present. By setting yourself realistic short-term goals, you can make major changes in your business without putting your company at unreasonable risk. Rather than making large, sweeping changes over a short time, it's better to make sustainable changes over a longer period if possible. Large sweeping or radical change always brings unexpected consequences. Think about that. Effective change management always considers what is possible, and gauges it against the ultimate goals of a business. Keep your goals realistic and have a backup plan for every situation. Always keep in mind this admonition. Change is not

easy to control, but it is easier to manage if one does so on a continuous improvement basis.

###

**Change: Big Government is on the Way!** – We are in a world of hurt. We are faced with paying for the costliest government spending program in history. It is now becoming more obvious to everyone that the new administration's agenda is about socialism over capitalism and along with the falling value of home values will continue because the administration is NOT addressing the true mortgage problem. The administration's expanded refinance and mortgage modification programs will work, but focuses only on the downside of the problem, it does nothing to help stop more homes from going underwater. That means current bill will leave more and more Homeowners "Upside Down" and only helps 10% (or less) of those facing bankruptcy. Wall Street is so scared over the lack of a solution for the housing and banking bubble, it has driven the Dow down 3000+ points in just 3 months. Things are so bad, Citigroup's stock (even after giving Citi \$58B in bailout money) is now a PENNY STOCK! It was \$0.97 a share on 3/5/09. The Dow industrials plunged nearly 300 more points as this report is prepared. Now we have a real possibility of General Motors declaring bankruptcy, and the ongoing uncertainty about the financial and housing markets. The new sweeping \$3.6 trillion budget for fiscal 2010 has little in it that has anything to do with recovery in the manufacturing sector. Worse, not a dime of that is to help small businesses.

There is a small group of Democrats turning against the overt spending but they are not strong enough to stop what is going on. Recently, Evan Bayh (Democrat and Democratic senator from Indiana, served as governor of Indiana from 1989 to 1997). wrote an opinion in the WSJ on Tuesday, March 3 entitled "Deficits and Fiscal Credibility" in which he says "NO" to the huge federal spending bill – he says, "the Omnibus Appropriations Act of 2009 is a sprawling, \$410 billion compilation of nine spending measures that lacks the slightest hint of austerity from the federal government or the recipients of its largesse. The omnibus increases discretionary spending by 8% over last fiscal year's levels, dwarfing the rate of inflation across a broad swath of issues including agriculture, financial services, foreign relations, energy and water programs, and legislative branch operations. Such increases might be appropriate for a nation flush with cash or unconcerned with fiscal prudence, but America is neither."

Hard core Democrats in congress are clearly taking advantage of Obama while he is implementing his socialistic ideas by implementing their own ideas such as including the sharply raising taxes on everyone; adding thousands of earmarks (pork) to every bill, and fostering their own liberal agenda. The administration has proposed the largest spending package in history filled with more pork than in the last package (9000 earmarks). For example, on the socialistic front, **it appears to financial analysts that the Administration has decided to retain control of Freddy and Fanny, essentially giving them authority over the mortgage market. That is just one indication of Obama's budget helping him make this historic shift toward control by BIG government. It is his intention for government to control over health care,**

**financial institutions, energy and education. That means raising huge amounts of money quickly which is impossible in a recession. The result is the printing money and raising the deficit to unheard of heights.**

This budget package will raise taxes for anyone not just those making over \$250,000 as Obama said. By the way, the \$250,000 club includes most small business. Congress is establishing CAPs on admissions (carbon tax) raising huge revenues that will be used for more and bigger government programs. That will cause companies to pass the CAP fees on to customers. That is a hidden tax on all of us. ***One estimate is that these CAP rules could easily increase the national gasoline tax by about \$1.50 a gallon in this budget.*** From health care, to energy policy, to education, the government is going to be more involved in managing our lives. While tackling the economic crisis, Obama is asking Congress to enact contentious measures that have not been publicly debated, but the budget impacts many areas including cutting subsidies for big farms; combat global warming with a pollution tax on industries; raise taxes on the small, medium and large businesses as well as the wealthy. The budget makes sweeping changes to health care, including lower reimbursements for Medicare and Medicaid treatments and prescription drugs.

###

**Manufacturing: Economy and Consumer Confidence Both Hit New Lows** – PMI at 35.8% - ISM said, "Manufacturing continued to decline at a rapid rate in February." Supply chains are drying up. There are oil tankers loaded with oil sitting idle all over the world because we are now awash in a sea of crude. There are hundreds of container ships sitting at anchor idle, empty and rusting away. There are thousands of intermodal containers clogging docks and fields because there is a lack of space to park them. As the economy continues spiraling down at an accelerating pace, we are on the edge of being in a depression. PWR believes this trend is going to undermine any hope of a manufacturing industry recovery in 2009 and possibly even 2010. The reason is there is a serious disconnect between the projections by the White House and the grim realities on Main Street. The gap widened last week when the Commerce Department gave a worse assessment for the last three months of 2008. In place of an initial estimate that the economy contracted at an annualized rate of 3.8 – abysmal to say the least -- the government said that the rate of decline was actually 6.2%, making it the worst quarter since 1982.

**A recent survey by Reuters/University of Michigan reinforced this PWR forecast when the university said its final index reading of consumer confidence for February was not good for the manufacturing sector.** The index fell to 56.3 from 61.2 in January. U.S. consumer confidence fell to a three-month low in February on expectations the recession would continue throughout this year and that the jobless rate will keep rising, "Confidence remained unchanged at the same low level recorded at mid-month as consumers found no reason to expect that the recession would end during 2009 and reported record declines in their personal finances and job prospects," the report said. "Moreover nearly two-thirds of all consumers thought it would be at least

five years before the full restoration of favorable economic conditions." Obviously, sentiment remains severely depressed and is not far from the record low of 51.7 that it hit in May 1980. The University of Michigan confidence index dates back to 1952.

###

**Construction: KBR Defies Bad Economy, Q4 Net Jumps 24%** - Engineering and construction firm KBR Incorporated (NYSE:KBR) (Houston, Texas) has reported a fourth-quarter 2008 net income of \$88 million, up 23.9% year over year, on strong revenue across the board, especially in the Services business unit. Net income for the year totaled \$319 million, compared with \$302 million in 2007.

#### Year-over-Year Revenue

- Government and infrastructure: \$1.79 billion, up 12.6% from \$1.59 billion
- Upstream: \$822 million, up 36.3% from \$603 million
- Services: \$597 million, up 521.9% from \$96 million
- Downstream: \$145 million, up 70.6% from \$85 million
- Technology: \$23 million, up 27.8% from \$18 million
- Ventures: \$1 million profit, compared with a \$1 million loss
- Other: \$10 million

Chairman, President and CEO Bill Utt said the revenue jump in the Services unit is largely attributed to the acquisition of BE&K Incorporated (Birmingham, Alabama), an engineering and construction contractor. In terms of project backlog, Utt said the company experienced an 8% increase to \$14.1 billion in the quarter over the same period last year. Capital expenditures for 2008 totaled \$37 million, significantly less than the \$70 million that was initially estimated, said Kevin DeNicola, Senior Vice President and Chief Financial Officer. For 2009, he said the company plans to spend approximately \$70 million. As part of our International Industrial Database, Industrial Info is tracking 43 active projects worth \$42.1 billion involving KBR. The largest of the projects is a \$12 billion Greenfield refinery in Saudi Arabia that Industrial Info has been monitoring since March 2006.

###

**Unions: Leaders Are Talking About Forming a Single Powerhouse** – Warning to the industrial sector, nearly four years after a contentious breakup split organized labor. Union leaders are again talking about reuniting under a single, very powerful federation, possibly as soon as this year. They seem to have already had productive discussions even though many issues remain a unified labor federation to be structured. The break reflected frustration with steadily declining union membership, from a peak of 35% of the work force in the 1950s to about 12% today. ***Leaders from 12 of the nation's largest unions, along with rival federations AFL-CIO and Change to Win, have held three meetings since January aimed at setting aside differences and taking advantage of the most favorable political climate for unions in 15 years.*** The political landscape has changed with Democrats taking the White House and control of

Congress. Union officials see a window of opportunity to accomplish key goals, including passage of legislation that would make it easier for workers to organize unions. Unions believe passage of the card check bill would spur a renaissance in the labor movement, perhaps doubling union membership with the ranks of workers now discouraged from organizing by employer intimidation. Business groups have railed against the bill for months, saying it would effectively deprive workers of secret ballot voting and subject employees to union bullying

###

**M&A: Many Technology Companies are flush with Cash** – Many tech companies are finding themselves with piles of cash. Apple (AAPL), for instance, has \$28 billion, or about 35% of the company's market cap, in cash and investments. Cisco (CSCO) has \$31 billion in cash, 37% of its market value. Dell (DELL) has \$9.5 billion, 58% of its market cap. Sun Microsystems (JAVA) has \$3 billion, a whopping 85% of its market cap. EMC (EMC) has \$8 billion. Google's (GOOG) got just under \$16 billion. Microsoft (MSFT) has \$25 billion and Oracle (ORCL), \$10.6 billion. Those eight companies alone have a combined \$131 billion in the cash register -- at a time when stocks are trading at the lowest levels in more than a decade and short-term returns on cash are practically nil. But the fact is tech CFO's prefer to hang onto their cash rather than actually putting it to work. The reason is that in this environment, cash is king,

There is too much economic and market uncertainty. The credit markets are still largely frozen, so CEOs and CFO's all believe it is better to sit on the cash. Have you noticed that tech M&A's have dropped to nearly zero? The reason for that is that so many tech firms are watching their stocks plunge to new lows so they are reluctant to engage in M&A's now – n fire sales - there will be a thaw in the frozen deal market later. IBM is the textbook case; in the past shed its personal-computer, disk drive and printer units, and in better times shifted its attention to IT services and eventually to software. IBM is different now. It gets more than 90% of its pretax profit from software and services.

###

**M&A: IBM's Acquisition of ILOG Brings Little Known Benefits** - ILOG was acquired by IBM in January; the acquisition included a little known tools group that is skilled at providing the means of visualizing complex data. While the Company is known mainly as a business rules engine, ILOG's tools unit came up with ways of showing sophisticated data that resulted from executing the rules. Now the unit has supplied four new components that can be used to display complex data in a rich Internet application format. Rich Internet applications put more tools and interactions into the hands of end users. Ajax, has the ability to automate interactions between an end user and an Internet server. It is one of the key enablers of such applications. ILOG's Elixir 2.0 in combination with Adobe's Flex 3.0 platform is another. On Feb. 23, ILOG Elixir gained four components that can be used with Adobe's Flex Builder to display sophisticated data.

A Gantt chart module allows a project manager to show a project schedule as a bar chart, with interrelationships between parts of the project color coded into the bars. Now Gantt charts can be used as a component that can be dragged and dropped within Flex Builder into the user presentation by a Web application. A calendar module provides rich calendar displays for Web applications, allowing different users to mark calendar dates and share that information with other users. A heat map module allows developers to map data to a particular geography and show where concentrations or "hot spots" occur within the data set.

An OLAP and pivot chart module allows developers to present new forms of business intelligence and data analysis. The presentations allow end users to visually analyze large data sets and determine trends. This charting module can show clusters of data and drill down into the cluster, at the end user's discretion. The Elixir 2.0 components are tightly integrated with Flex Builder, the integrated development environment for building Web applications with Adobe (NSDQ: ADBE) Flex components. ILOG was one of the few independent software developers (before being acquired by IBM) allowed to build components that were designed to be added to the Flex Builder environment, said Erwan Paccard, product marketing manager for ILOG. The first Elixir components came out a year ago as additions to Flex at a price of \$799. The four new components will be added to the existing seven at no change in price. IBM completed its acquisition of ILOG, a software firm with 850 employees headquartered in Paris, for \$340 million last month.

###

**Chem: Update, IPIC Acquires NOVA Chemicals in All-Cash Deal of \$2.3 Billion -** International Petroleum Investment Company (IPIC) (Abu Dhabi, United Arab Emirates) has announced a takeover of the Canadian NOVA Chemicals Corporation (NYSE:NCX) (Calgary, Alberta) in a deal described as a friendly, all-cash acquisition at the price of \$6 per share. The total value of the deal, including the assumption of NOVA Chemicals' net debt obligations, is around \$2.3 billion. NOVA Chemicals is one of the world's leading plastics and chemicals companies, developing and supplying materials to manufacturers of consumer, industrial and packaging products. The firm generates nearly 45% of its revenue in the U.S., 35% in Canada, and the remainder in Europe and other regions. NOVA Chemicals' most prominent asset is the Joffre polyethylene and ethylene complex in Alberta, one of the largest facilities of this type in the world. The \$725 million complex is a 50:50 joint venture between NOVA Chemicals and the Dow Chemical Company (NYSE:DOW) (Midland, Michigan), with NOVA Chemicals operating the plant. Construction of the complex began in 1998. The ethylene plant was completed at the end of 2000 and the polyethylene plant, delayed by engineering problems and a shortage of skilled labor in the area, came online in July 2001. The total ethylene production from the complex is 2.82 million tons per year, and polyethylene production is around 914,000 tons per year.

IPIC is wholly owned by the government of United Arab Emirates and is run by an independent board of directors. The company was formed in 1984 and assumes responsibility for investments in the hydrocarbon and related sectors outside the country. IPIC already has considerable investments in Austria, Egypt, Germany, Japan, Pakistan, Portugal, Spain and South Korea among other countries and has an estimated net worth of more than \$14 billion. IPIC's investments are in diverse portfolios such as hydrocarbon operations, petrochemical plants, shipping, power utilities and pipelines. The company is currently involved in the Abu Dhabi Crude Oil Pipeline project, which is scheduled for completion by 2010 and is aimed at reducing the dependency on oil terminals in the Arabian Gulf and shipping congestion through the Strait of Hormuz. A 1.2-meter-diameter pipeline will be constructed over a distance of 370 kilometers from Habshan to the port of Fujairah on the Gulf of Oman and will have the capacity to carry up to 1.5 million barrels of oil per day.

###

**Auto: GM Teetering on the Edge of Bankruptcy** - General Motors' auditors have said there is "substantial doubt" about the automaker's ability to continue operations. Apparently the company may have to seek bankruptcy protection if it can't execute a huge restructuring plan. The automaker revealed the concerns in an annual report filed with the U.S. Securities and Exchange Commission. "The corporation's recurring losses from operations, stockholders' deficit, and inability to generate sufficient cash flow to meet its obligations and sustain its operations raise substantial doubt about its ability to continue as a going concern," auditors for the accounting firm Deloitte & Touche LLP wrote in the report. So far, GM has received \$13.4 billion in federal loans as it tries to survive the worst auto sales climate in 27 years. It is seeking a total of \$30 billion from the government. ***During the past three years it has piled up \$82 billion in losses, including \$30.9 billion in 2008.*** GM also faces a March 31 deadline to sign agreements of concessions from debt holders and the United Auto Workers union to convince a hostile government it can become viable again. On Feb. 17 it submitted the restructuring plan to the Treasury Department that includes laying off 47,000 workers worldwide by the end of 2009 and closing five more of its factories in the U.S.

###

**Auto: Ford Sales Plunge 48%** - Ford Motor Company's U.S. sales fell 48% in February, a sign that the new car market could hit the lowest point in more than 27 years as huge rebates and low-interest financing fail to spur fearful consumers to make a major purchase. Ford, the first automaker to report Feb sales, said it sold only 99,060 vehicles last month, compared with the 192,248 it sold in February 2008. The decline is another indication that recent mass layoffs, the stock market's decline and downward home values are prompting people to hold on to their cars longer. Those who are buying are more often opting for a used car or truck. This also casts additional doubt on the financial viability of General Motors Corp. and Chrysler LLC, making it difficult for them to sell cars and generate critical cash to supplement the \$17.4 billion in government loans that are keeping them in business.

###

**Auto: Government Control; Obama Chief of Staff Criticizes Automakers** – In an interesting hostile government mantra on industry control, the president's chief of staff is criticizing U.S. car companies for relying too long on gas guzzlers and not investing enough in alternative energy vehicles. Rahm Emanuel also says the automakers have an outdated health care cost structure (an amazing bit of insight). He says the companies are making the kind of changes now that many people long had told them to make. Actually, the automakers have long made what their customers want and not what the government wants sold and customers didn't want. The real issue is that unfavorable labor contracts - negotiated in good times are to blame for GM and Chrysler's high costs in this terrible economic downturn. President Barack Obama's auto industry task force is assigned by the president to restructure General Motors and Chrysler by a March 31 deadline. If the Obama administration fails to approve their turnaround plans, earlier loans could be called back and the companies could be forced into bankruptcy. The fact is, all automakers sell what their customers want and are neither stupid nor terrible businessmen. They know what customers want, not what Emanuel pushes as the government model of its view of a market makeover. Because GM and Chrysler received \$17.4 billion in government loans, they are now a part of the government bureaucracy. In the recession and against a militant union, they have little to no chance of survival so they are seeking an additional \$21.6 billion in aid. They are already under government control and no longer operate in a free and open market. We are looking at the end of the U.S. auto industry as we knew it.

###

**F&B: Grocery Store Revenues On Plus Side** - In line with an early surge in the broader market, grocery stores were primarily on the plus side recently. Shares of Costco were up 2.5% to \$41.69 despite having posted a second-quarter profit that fell 27% from the same period a year earlier. BJ's Wholesale Club meanwhile, reported a 5% increase in profit for its fiscal fourth quarter. Shares subsequently rose 8.2% to \$29.70. Other examples:

- Safeway was falling 0.1% to \$17.99.
- Kroger was up 0.8% to \$20.36.
- Winn-Dixie was down 1% to \$9.30.
- Great Atlantic & Pacific Tea Co. was up 4% to \$3.42.
- Whole Foods Market was up 1.5% to \$11.83.
- Supervalu was up 1.9% to \$15.48.
- Wal-Mart was up 0.8% to \$47.78.

###

**RAD: Magic Software Reports Record 2008 Results: Net Profit Quadruples** - Magic Software Enterprises, Ltd., together with its subsidiaries, develops, markets, and supports software development and deployment technology and applications. It offers

eDeveloper, an application platform for software development and deployment; and iBOLT, a technology for business integration and business process management. The company's application platform and technology enables enterprises to accelerate the process of building and deploying applications to customize and integrate with existing systems. It also offers Cheq Mate, a banking application that enables it to run a retail bank branch, including support for deposits, advances, bank guarantees, letters of credit, and portfolio management. Also included are information technology consulting solutions in the areas of infrastructure design and delivery, application development, technology planning, and implementation services, as well as supplemental staffing services.

It also provides solution for cargo handling and inventory control; and handles various aspects of a cargo operation, including inventory control, automated build-up of flights/manifesting, messaging to CARGO-IMP standards, customs clearance, weight and balance departure control systems, interfacing, scanning and verification of cargo, secured tracking, and financial package for billing and collecting fees. The company also provides consulting and software development project management services to customers developing, deploying, and integrating various applications; maintenance contracts; and technical support, as well as conducts training on development tools. It serves finance, government, health care, logistics, manufacturing media, retail, and telecommunications industries in Israel, Europe, the United States, and Japan. Magic Software Enterprises, Ltd. was founded in 1983. It was formerly known as Mashov Software Export and changed its name to Magic Software Enterprises, Ltd. in 1991. The company is based in Or Yehuda, Israel. Magic announced its financial results for the fourth quarter and full year ended December 31, 2008.

#### Financial Results for the Year ended December 31, 2008:

- Net income from continuing operations reached \$4.5 million, compared to \$1.1 million in 2007, an increase of 309%.
- Operating income amounted to \$4.3 million, an increase of 231% compared to \$1.3 million in 2007.
- Gross margin improved to 56.2% from 53.2% in 2007.
- Revenues from sales of licenses grew to \$17.9 million, an increase of 19% compared to \$15.0 million in 2007.
- Total revenues increased by 6% to \$62.0 million, up from \$58.4 million in 2007.
- Total cash and short-term investments as of December 31, 2008 were \$32.6 million and shareholders' equity was \$66.8 million.
- Operational cash flow for the year amounted to \$5 million.
- On a non-GAAP basis, net income from continuing operation increased by 269% to \$4.8 million from \$1.3 million in 2007.

#### Financial Results for the Fourth Quarter of 2008:

- Net income from continuing operations totaled \$1.1 million compared to \$0.3 million for the fourth quarter of 2007, an increase of 267%.

- Operating income amounted to \$1.2 million, a six-fold increase compared to \$0.2 million recorded in the same period of 2007.
- Total revenues were \$15.1 million, a decrease of 4% compared to \$15.7 million for the fourth quarter of 2007.
- Net income from continuing operations on a non-GAAP basis was \$1.2 million compared to net income of \$0.4 million recorded in the fourth quarter of 2007.
- Net income from discontinued operations for the fourth quarter of 2007 included a \$9.3 million one-time capital gain from the sale of the Company's AAOD subsidiary and contributions from AAOD operations.

### Key Trends

- Significant reduction of the Company's churn rate. This has been demonstrated by growth in the Company's license sales and by the renewal and strengthening of existing customers' interest and commitment.
- Industry recognition of the value of Magic Software's "Power of Choice." Numerous partners and customers have expressed appreciation that Magic Software platforms enable them to deploy certain application modules as Client/Server and others as RIA (Rich Internet Applications).
- Significant adoption of Service Oriented Architecture. The migration to Service Oriented Architecture is driving the initiation of many new IT projects based on Magic Software products and increasing the scope of existing ones. In parallel, an increasing number of Service Oriented Architecture projects are using both uniPaaS and iBOLT.
- Growth in the use of iBOLT in the SAP ecosystem, in particular at the Enterprise level. This has been accompanied by increasing sales into the Salesforce.com space and the Oracle JD Edwards ecosystem.

###

**SaaS: New Momentum helps to solve the Counterfeiting Problem** - In any economy counterfeits in the high tech and pharmaceutical industries cause companies to lose revenues, profits, and reputation. What's more, they're dangerous. According to the International Chamber of Commerce counterfeiting is expected to be a \$1.2 trillion business this year--up from \$650 billion last year. Within the high tech industry, AGMA (Association for Counterfeit and Gray Market Abatement) in research done in conjunction with KPMG, reports that one out of every ten high tech products contains a counterfeit. In the pharmaceutical industry The Center for Medicine in the Public Interest reports that counterfeit drug sales are expected to reach \$75 billion globally by 2010 – skyrocketing by 90% from the 2005 level. Companies are attacking this problem on several fronts. For too long, manufacturers did not want to admit the problem. But as quality issues rose and profits were lost, enterprises from all over the world and all industries started working together to find solutions that would help them more quickly recover the revenue lost to counterfeits, their brand reputation and the safety of their customers. One of the organizations that have been at the forefront of this problem is

the Quality Brands Protection Committee (QBPC). This group's membership list is a "who's who" of just about every major global enterprise.

Since so much of the counterfeiting problem originates in China, since 2000, QBPC has conducted over 80 conferences and joint projects in China and continues to work with central and local enforcement agencies to hold training seminars and exchanges of best practices. Although a supplier or vendor has never been asked to speak to this group previously, Stuart Clifton, CEO of New Momentum ([www.newmo.com](http://www.newmo.com)), will be doing an 80-minute training session at the QBPC's Ninth Anniversary Conference in Beijing, March 25-26. Clifton says he was asked to speak because, "Our SaaS-based solution gives our clients the tools they need to quickly find counterfeits and get them to cease operations. Our customers are getting excellent results. For example, in the pharmaceutical industry a leading manufacturer, who estimated they were losing \$1 billion+ per year, compared the New Momentum solution with another anti-counterfeiting software product. They reported that they found twice as many counterfeiters using New Momentum's software in the first 8 weeks. Within 6 weeks, the New Momentum software enabled them to identify several large-scale, potential network rings, and the results keep getting better. Now they're finding three times the number of culprits. In the high tech industry, one Tier 1 manufacturer who was losing billions to counterfeit and gray market sales discovered their counterfeit problem when they started having a huge increase in returns. Within the first 30 days of using New Momentum's solution this company found 500 suspects, significantly more than they'd found with the semi automated system they'd been using previously. As a result, they've greatly reduced the amount revenue loss due to counterfeits and improved their channel loyalty.

New Momentum's Enterprise Brand Intelligence solution is based on an advanced web mining technology and gives customers greater visibility into the global internet activity on a dynamic 24/7 basis. A custom dashboard and email alerts keep the brand security group apprised regarding new potential counterfeit activity. This solution provides manufacturers with the ability to find new targets and networks that sell counterfeits; locate large players; and better model to find consistent trends. New Momentum also offers a similar product to help companies improve channel integrity and recover lost royalties and revenues.

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**ERP: Can Oracle Beat the Earnings Estimate in FYQ3?** – PWR says it does not believe Oracle can duplicate in Q3 what it did in Q2. Oracle's FYQ2 managed to meet Wall Street's earnings targets despite the plunging economy. The question is with the deteriorating economy can it manage to do so again in its third quarter?

Plant-Wide says it does not think it is likely. In fact, by some analyst estimates, the company's Q3 is shaping up to possibly be a disappointing one. JMP Securities analyst Patrick Walravens said, "Our due diligence suggests that the February quarter was, in some respects, the worst Oracle has experienced in over 15 years. The tone of the commentary from our industry sources regarding new license revenue is the worst we

have ever heard.” And with that, Walravens cut his earnings estimate for Oracle’s fiscal year to \$1.37 a share from \$1.41 a share. The main reason is because companies aren’t clamoring to buy new database or applications software.



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