

## Staying in Touch with Customers

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### Third Strongest Software Revenue Quarter in Company's History

February 9, 2011 — Epicor Software Corporation today reported financial results for its **fourth quarter** ended December 31, 2010. All results should be considered preliminary pending the Company's filing of its Annual Report on Form 10-K.

Epicor chairman, president and CEO George Klaus commented, "The 2010 fourth quarter was the third highest software license revenue quarter in Epicor's history, marking a solid finish to a year during which we organically grew software license revenues 17%, while adding more than 560 new name customers and driving free cash flow<sup>1</sup> in excess of \$51 million. "We believe the overall spending environment is improving and we are experiencing increasing demand throughout the world for our software solutions," Klaus said. "Our strong software pipelines held up throughout the quarter, even though some larger opportunities did not close at the end of Q4 as anticipated. The improving economic climate coupled with the expanded capabilities of Epicor 9 and our retail products, is leading to ever larger organizations looking to implement our solutions," he said. "As more large opportunities are added to our



*"we are entering 2011 with strong momentum and we expect a strong quarter with software license revenues"*

pipelines, we are faced with the dual task of trying to maximize the profitability of these transactions, while also managing the reality that these much larger companies will dictate the pace of the sales and closing process.

“In Q4,” Klaus continued, “we experienced the benefit of these larger opportunities as the software average selling price for our top 10 wins was up sequentially by more than 10% over Q3, exceeding \$500,000 dollars in software revenue alone. Additionally, our software Epicor Reports Q4 2010 Results –More license gross margins improved to the highest level in five quarters even though some large revenue opportunities slipped into 2011 as a few customers extended their expected closing process into 2011. These larger opportunities were not lost and some merely require finalizing negotiations. In fact, we have had a strong start to Q1 and have already closed some of these larger opportunities.

### *Announcing Epicor Carbon Connect*

**Epicor Carbon Connect** is a solution that provides organizations with transparent, auditable control and reports of resources consumed and expended by an organization—including energy, water, waste, transport, carbon, and natural gas. It enables businesses to manage their environmental record and leverage best practices in order to improve efficiency, manage risk and maximize shareholder value.

Epicor Carbon Connect enables companies to have a full understanding of resource consumption, emissions, and the return expected from investing in sustainability initiatives. These initiatives can be implemented both internally and across the value chain in a consistent, efficient, transparent and cost-effective manner.

At its core, Epicor Carbon Connect provides a device database of assets and equipment and their emissions footprint (information repository), audit / reporting templates and training workshops on conservation management within a business. The solution enables companies to become proficient in identifying, analyzing, auditing, tracking, managing, benchmarking and reporting on their carbon emissions/environmental impact and energy consumption.

Coupled with ERP production schedules drawn from current and forecasted orders, companies can calculate their expected emissions output and budget for their environmental cost factors.

As the world continues to analyze energy availability and the long-term effects of climate change, businesses too are turning their attention to an area of opportunity – reduction of carbon emissions, energy conservation and supply chain sustainability. Despite the fact that government incentives in this area are still in their infancy, many businesses are finding that these initiatives go beyond simple good-citizenship to real business opportunities and bottom line savings that can contribute



*Why is Epicor Carbon  
Connect so  
Important for our  
Customers?*

*Epicor Carbon  
Connect provides a  
verifiable tool to:*

*Compatibility and  
Integration  
Methodology*

*Compatible products*



financial value to the organization while meeting demanding customer requirements.

- Evaluate and demonstrate ROI in energy alternatives and resource reduction investments.
- Position the organization to respond quickly and efficiently to new regulations.
- Manage, track and report environmental and energy impact to a variety of reporting agencies and protocols.
- Provide transparency into carbon and resource liabilities and potential assets.

**Integration** is via standard Epicor tools such as BAQs in Epicor 9 to provide the following touch points

Epicor 9 (all versions)

*Epicor 9.05 has arrived..another innovative release*

Epicor 9.05 is a major new release of Epicor next-generation ERP. Building on the momentum of Epicor 9 it reflects the features and capabilities you need in your business today, and has been designed to support business recovery and growth with a strong focus on cost management and increased customer satisfaction.

Epicor is ready to help you take advantage of the changing economic tide with a new major release. Epicor 9.05 will ensure that the lessons learned during the recent economic downturn are not forgotten, by providing you with a platform for greater cost control and management. It delivers speed, accuracy, and efficiency in customer focused processes- without compromising your ability to focus on your customers.

Epicor 9.05 delivers functional improvements, enhancements and new modules across every suite within the solution, including Epicor ICE business architecture. Every new capability has been considered in terms of the industries we serve and their need for better expense management and heightened customer responsiveness and service. This release represents a game changing opportunity. Epicor is designed for the way people work today, is built for business, yet is ready for change

Epicor's objective is to ensure that you are able to **upgrade or migrate** from your existing product to Epicor 9 easily, in an informed manner, and, most importantly, when it makes sense for you. As you evaluate your business requirements and begin to consider upgrading hardware,

software and technology, leverage Epicor expertise to assist you with this process.

Epicor has created programs that will provide you with tools and services to make your upgrade or migration as smooth as possible and successful. As part of the programs, Epicor offers standard data conversion services along with a number of other services. Further, the programs follow Epicor's proven Signature Methodology to ensure efficient, consistent, and well-managed projects.



### *Epicor 2010 Awards*

- Progressive Manufacturing 100 (PM100) Awards



- 2011 Stevie Awards for Sales and Customer Service



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2010 Product of the Year - Epicor Express



- Finalist – 2010 IT Product of the Year



### *Epicor to be acquired by Apax Partners*



Epicor Software Corporation announced that it has entered into a definitive agreement to be acquired by funds advised by Apax Partners, one of the world's leading private equity firms with a strong heritage of technology investment. Under the terms of the agreement, Apax will commence a tender offer to acquire all of the outstanding common stock of Epicor for \$12.50 per share in cash, followed by a merger to acquire all remaining outstanding Epicor shares at the same price paid in the tender offer.

Apax also announced today that it has entered into an agreement to acquire Activant Solutions, Inc., a leading technology provider of business management software solutions for mid-market retail and wholesale distribution businesses. Activant is a privately held company Apax intends to combine Activant and Epicor to create one of the largest global providers of enterprise applications focused on the manufacturing, distribution, services and retail sectors. Following completion of the merger, the combined company will be Epicor Software Corporation and will no longer be a publicly traded company.

"This merger is extremely positive for Epicor's customers, employees and shareholders alike," said George Klaus, Epicor Chairman, President and CEO. "It offers great value to our current stockholders and represents an endorsement of the business strategy, products and technology leadership we have established in the market. With Apax, we are partnering with one of the premier investment firms in the world and one that is very much focused on growth and delivering value to the customers of its portfolio companies. With the addition of Activant, the combined company will have over 30,000 customers, \$825 million in annual revenues, and the most visionary business application software and deep vertical industry expertise in the market today. Apax is committed to growing the businesses in which they invest and has an excellent track record of working as a strategic partner with management to build great companies."

"We are extremely excited to be bringing together two of the premier enterprise software companies to create a global market leader," said Jason Wright, a Partner at Apax Partners.

"Epicor is a true innovator and is extremely well positioned in the enterprise applications software space. The company not only offers deep industry-specific functionality localized and translated for all major global markets, but also unprecedented choice and flexibility through the unique ability to deliver its next-generation solutions on-premise, on-





demand, hosted, or in the Cloud. Activant is a recognized leader in providing comprehensive ERP and Point-of-Sale software to the distribution and retail markets predominately in North America.

“Both Epicor and Activant’s customers will benefit from the combined entity’s increased scale, solutions portfolio and expanded service offerings,” Wright said. “Epicor will have access to additional domain expertise, particularly in wholesale distribution and automotive, hardlines, lumber and specialty retailing, while Activant will benefit from an accelerated roadmap to international operations, softlines retail functionality, and additional supply chain and manufacturing capabilities.

“In addition to the immediate product and service portfolio enhancements both companies’ customers will further benefit from the strong financial backing of Apax Partners and our commitment to building the new Epicor into the global leader for enterprise business applications in manufacturing, distribution, retail and services,” concluded Wright. “We look forward to partnering with the management team and to providing the resources and support that can accelerate the growth and expansion of the business and the value it creates globally.”

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#### Let’s Communicate

##### **GBS Team**

Mr. Amr Al Azzouny	General Manager
Mr. Mohamed Ali	Project Manager
Mr. Abdel Hakim Maghawry	Senior Application Consultant
Mr. Mohamed Ragab	Application Consultant
Mr. Mohamed Mosaad	Application Consultant
Mr. Mahmoud Ibrahim	Application Consultant
Mr. Ahmed Saleh	Application Consultant
Mr. Mahmoud Mohamed	Application Consultant
Mr. Ashraf Saad	Application Consultant
Mr. Sherif Mohamed	Application Consultant
Mr. Amr Al Sharkawy	Business Development Manager
Mr. Magdy Adawy	Accountant
Mrs. Asmaa Hazem	Office Manager



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