PRESS RELEASE

LEGACY MODERNIZATION'S FIVE-YEAR ROI OF 331% SURPASSES 'RIP & REPLACE' IN AN INDEPENDENT STUDY

- Recently published analysis of four current Software AG mainframe customers using Adabas and Natural finds that Web- and Service-enabling existing systems to enhance functionality delivers significant cost avoidance and other benefits
- Total Economic Impact (TEI) analysis found that the risks and replacement costs of competitive alternatives meant that moving mission-critical applications from stable, proven operating environments wasn't justified in most cases
- Customers cited strengths of Adabas and Natural – transaction speed, scalability, ease-of-use and reliability – as key factors in their decisions to extend current investments

Darmstadt, Germany – Software AG International Press Day [September 26, 2007] According to a newly published study, enterprises considering wholesale replacement of current mainframe applications using Adabas and Natural may achieve greater return-on-investment (ROI) from the targeted use of legacy modernization to 'update and extend' – rather than 'rip & replace' – these existing mission-critical systems. The study was conducted by Forrester Consulting on behalf of Software AG, a global leader in business infrastructure software, who commissioned the research.

In their analysis of four current Software AG customers using the company's Adabas transactional database management system and its Natural programming language for most or all of their critical applications, Forrester determined that legacy modernization would produce a five-year return-on-investment of 331% on a risk-adjusted basis, or €3,986,414 at net present value, with payback achieved in less than four months. In speaking with these customers, Forrester found that "[r]ip and replace initiatives were seen as less compelling, and unlikely to be cost-effective, after investigation into the relative ease of Web-enabling existing Natural applications supported by data in Adabas."

Customers interviewed for the study included the European subsidiary of a global automaker; a health insurance provider operating in the United States; a federal agency of the Australian government; and a French financial services firm. Based upon their real-world decision criteria, use-case scenarios and cost-structure, Forrester Consulting undertook a thorough analysis of the business case for both 'update & extend' and 'rip & replace' using its Total Economic Impact (TEI)™ Methodology. The findings were presented in the form of a composite case study.

Forrester found that the case for legacy modernization for the interviewed customers, in terms of return-on-investment, was most often the better choice over wholesale application replacement. Furthermore, as users began to factor in the risk factors associated with replacing

proven mission-critical systems with untested solutions, these arguments became even more compelling. The study also pointed towards additional value within the current implementations that could be easily unlocked using existing, off-the-shelf tools, such as those associated with service-oriented architecture (SOA).

Customers in the study had initiated their due diligence due to concerns about the perceived obsolesces of their mainframe systems. However, as these customers investigated new versions of Adabas and Natural more thoroughly, including their ability to further streamline integration and update the user interface, they found that their initial concerns were largely unfounded. Furthermore, this process served to highlight the traditional strengths – transaction speed, scalability, ease-of-use and reliability – that these systems offer. According to the study, one company reported mainframe availability for Adabas of 99.999% while "[a]nother company reported that its analysis indicated that since Adabas is the fastest database available, any other choice 'would have been a step backwards.'"

"Software AG has invested more than $1 billion in Adabas and Natural and we continue to invest heavily in our research & development. What the study found is that significant customer value can be easily added via a targeted legacy modernization program," said Joe Gentry, CTO and Vice President, Enterprise Transaction Systems, Software AG. "Our most recent releases – Adabas 2006 and Natural 2006 – and complementary products position these systems today as full participants within a service-oriented architecture. As a result, enterprises can continue to depend upon our unsurpassed transaction speed and proven reliability for mission-critical implementations within this new computing paradigm."

The study also found that Adabas implementations typically required a smaller number of database administrators (DBAs), which reduced long-term operating costs. Furthermore, interviewed customers reported that new developers and programmers could readily adopt both Adabas and Natural with comparative ease, becoming proficient in as little as several weeks.

Based on these findings, two companies in the study have already abandoned their replacement projects, another company was re-evaluating its migration plans, and the fourth did not proceed in the face of many man-years to replace systems. In addition, three of the companies reported that they have now had subsequent plans to develop new applications using Natural.

According to Software AG, legacy modernization can be used to expand accessibility to core application functionality and data, and to update the underlying infrastructure to deliver greater

operational flexibility and efficiency. Software AG's approach to legacy modernization focuses on five core disciplines:

- Application Understanding and Optimization – Enables analysis and enhancement of legacy code, leading to improved knowledge transfer and reduced maintenance efforts
- Web Enablement – Provides new user experience through Web 2.0 and AJAX, extends the reach of legacy systems and improves service to customers and business partners
- SOA Enablement – Facilitates reuse of legacy functionality within an SOA, supports automation of business processes (BPM), links legacy systems with SOA governance
- Application and Data Integration – Improves performance and availability, yields data that is more current for reporting and data warehouse environments
- Platform Optimization – Reduces operational costs and the risk of diminishing expertise by moving an application or database from one software or hardware platform to another

The full study, *The Total Economic Impact (TEI) of Maintaining Adabas and Natural*, is available at www.SoftwareAG.com/TEI.

Software AG | Uhlandstraße 12 | 64297 Darmstadt | Germany

Software technology to increase the value of enterprise IT systems

Software AG's 4,000 global customers achieve measurable business results by modernizing and automating their IT systems and rapidly building new systems to meet growing business demands. The company's industry-leading product portfolio includes best-in-class solutions for managing data, enabling service oriented architecture, and improving business processes. By combining proven technology with industry expertise and best practices, our customers improve and differentiate their businesses – faster.

Software AG has more than 37 years of global IT experience and 3,800 employees serving customers in 70 countries. The company is headquartered in Germany and listed on the Frankfurt Stock Exchange (TecDAX, ISIN DE 0003304002 / SOW). Software AG posted total revenues of €483 million in 2006.

Contact:
Paul Hughes <Paul.Hughes@softwareag.com>
Director Media Relations
Phone **+49 (0) 6151 92-0**
Fax **+49 (0) 6151 92-1191**

Norbert Eder <Norbert.Eder@softwareag.com>
Vice President Corporate Communications
Phone **+49 (0) 6151 92-1146**
Fax **+49 (0) 6151 92-1444**