

PRESS RELEASE

Software AG: European Software Industry must gain political and economic significance in the economic downturn

- The strategic significance of the software industry should be a European parliament election campaign issue
- The software industry is proving more recession resistant than “traditional manufacturing”
- The economic downturn will highlight the importance of industrial diversity to European economies
- The IT-industry must gain in strategic importance at a political level
- The IT-industry will also play a key role in driving recovery and growth across the economy
- Software is key to increasing efficiency, implementing cost reduction, insuring regulatory compliance and managing industry consolidation

Darmstadt, Germany, 14 May 2009 - In the run up to the European parliament elections, Software AG called on industry and politics to recognize the strategic importance of the European software industry in helping counter the current economic downturn and driving economic recovery. While Europe’s manufacturers are being hit hard by a drop in export demand, the world’s major software vendors are showing some resilience to the current economic climate. The overall software market is forecast to remain flat in 2009 with growth resuming in 2010. A larger software sector would provide a buffer to economic contraction and provide an earlier return to growth. Software will also play a major role in helping both the public and private sector adapt to economic changes quickly and economically. It provides the only cost effective way of implementing competing requirements such as increasing efficiency, implementing cost reduction, insuring new regulatory compliance and implementing faster M&As driven by industry consolidation.

Industry analysts are predicting a flat global software market in 2009, in stark contrast to many manufacturing sectors, and a return to growth in 2010. In Germany a BITKOM survey in March showed over 60% of companies in the ITC industry see no direct negative effect due to the economic downturn, up eight percentage points compared to February.

“The German and European manufacturing sector has a phenomenal record in delivering innovation, exports and growth”, said Software AG CEO, Karl-Heinz Streibich. “But the current downturn in global markets has shown the vulnerability of Europe’s major economies to a strong reliance on this sector. It is a matter of some urgency that the EU and national governments recognize the strategic importance of the software sector and turns this recognition into action through any planned stimulus package.”

In Germany the stimulus package of €50 billion is mainly focused on infrastructure programs with 1% (€500 million) earmarked for the ICT sector. To include the ICT-sector in the stimulus package is a sign

that politics see the industry as a part of strategic economic policy. But the amount is still seven times smaller than that for infrastructure development. It is not only a question of financial input. There is a requirement for a clear strategy from European politics on how to strengthen the software industry to develop future technologies and preserve high-tech jobs.

“There is more to be done”, said Streibich, “We must focus the stimulus package on sectors that will provide early growth and fast returns, to the benefit of all, as well as protecting vulnerable sectors. We are developing high-end, leading edge technologies in Europe and cannot afford to slip behind our international competition. As pointed out by Airbus last month, laying off skilled workers could cause a brain drain that would slow an eventual recovery. This is recognized in the US as well”, he added.

In the US stimulus package, \$20 billion is available for healthcare IT alone, with a further \$4.3 billion for advanced grid technology with the possibility of spending levels reaching \$70 billion by 2013.

A major contributor to the economic resilience of the software sector is the role played by business infrastructure software in enabling companies to counter the recession. With organizations facing often contradictory pressure to reduce costs, increase efficiency, implement new industry regulations and effectively deal with industry consolidation, only a flexible and agile IT infrastructure can deliver on all fronts.

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[Software AG](#) is the world's largest independent provider of [Business Infrastructure Software](#). Our 4,000 global enterprise customers achieve business results faster by modernizing, integrating and automating their IT systems and processes. As a result, they rapidly build measurable business value and meet changing business demands. Based on our solutions, organizations are able to liberate and govern their data, systems, applications, processes and services - achieving new levels of business flexibility.

Our leading product portfolio includes solutions for high performance [data management](#), developing and [modernizing applications](#), enabling [service-oriented architecture](#), and improving [business processes](#). By combining our technology with industry expertise and best practices experience, our customers improve and differentiate their businesses - faster.

Software AG has 40 years of global IT experience and over 3,500 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 €721 million in 2008.

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