



For immediate release

Cranes invests in key acquisitions, totalling about Rs. 70 crore

Bangalore, June 18, 2007: Cranes Software International Ltd., (Cranes) a global enterprise analytics, scientific and engineering products and solutions provider announces acquisitions that will help the company augment its competency and revenues in enterprise data analytics and engineering simulations business spaces.

With these two acquisitions Cranes has renewed its singular thrust in developing expertise in these businesses, and leveraging them to more contemporary business needs.

1. Dunn Solutions Group (DSG), US-based technology consultancy with proven expertise in Intellectual Properties (IPs) / products in Enterprise Analytics, focussing on business intelligence (BI), and enterprise level knowledge management.
2. Tilak AutoTech (TAT), *Pune-based* focused on automotive embedded products and solutions around this for development of embedded engine control modules

Dunn will enhance the product suite and customer reach for the scientific data analytics and enterprise analytics business spaces. While Dunn is currently working on a proportion of revenue streams from the solutions space, they have a suite of methodologies that can be upgraded as wrap around modules to the products like Systat and Sigma suite. For instance in the healthcare space, the synergy between Cranes and Dunn can help upgrade the Analytics products of Cranes into healthcare related analytics engines. With such approaches Cranes aspires to leverage growth and a high proportion of sales from product modules.

The latter acquisition of Tilak will provide more depth in the design and development of embedded electronics, not only in the auto industry but also in re-engineered dated chip designs, to more contemporary performance expectations and specification.

In the past, Cranes has leveraged upon some strategic acquisitions to create its product portfolio in the enterprise, scientific and engineering analytics and thereby deliver strong growth across its businesses. The company's 'Acquire – Enhance – Expand' strategy has been the key to its success in creating a niche position for itself in the scientific and engineering software space.

Cranes has gained significant experience and expertise in its product Enhancement capability over the recent years. While scouting for acquisitions it looks for products or technology expertises that have robust latent value. The company's team of math modelers and scientists reverse engineer, reengineer the core algorithms of the Intellectual Properties (IPs) and provide enhanced functionalities and features and productize the solutions frameworks. This singular focus on how to leverage IP suites and look at expanded market reach for the product variants is at the core of Cranes

growth path. Crucial to this strategy is that the erstwhile owners, authors of the IPs join the Cranes team and are part of the product upgrade efforts, post the acquisitions.

Cranes owns a suite of statistical software products that include SYSTAT, Sigma product line which, by virtue of their depth and versatility, provide a wide range of analytics-enabled solutions and services to global businesses

In the recent past Cranes has embarked on a two pronged approach for growth.

The first route is to develop vertical variants of its base analytics products. These variants are intended for verticals in Financial Services, Healthcare / Life Sciences, Market Research, etc. Specialised IP variants and products that will be targeted at specific users in the respective vertical segments.

The second path is towards productizing solutions. In this route of productizing solutions, acquisitions like TAT, for example, provide a significant impetus. TAT has developed an algorithm called Model based Load sharing for Optimal Power generation. With this embedded decision support mechanism, one can optimize load sharing among a battery of DG sets, based on the fuel consumption capacity of each of the DG sets. This has immense application potential in India and abroad. Another significant example is the company's IP on identifying hardness of metals using an image processing technique coupled with math models. Cranes is well positioned to enhance both these productisable solutions into a suite of analytics powered products. In the engineering analytics business Cranes has enhanced the NISA suite of products it had acquired two years ago, and has released two version upgrades. The foray into this area will get further strengthened with the TAT acquisition which will enable the Company to gain more footholds in the automotive vertical in emerging, cutting edge technology like design and simulation testing of automotive engine performance monitoring modules. The idea behind investments in TAT is to leverage the capabilities and knowledge repositories, latent in these organizations, and aspire for quality revenue streams from large MNCs / institutions and automotive clients. Cranes has a long standing exclusive distribution relationship in India for one of the most popular, hi-end engineering design products for the automotive and aerospace sectors, called dSpace, and TAT can help realize significant synergies with dSpace.

Management Views

Elaborating on Cranes' value proposition and acquisition benefits, Asif Khader, Managing Director, Cranes Software International said, *"These acquisitions demonstrate our commitment to emerge as a key player in the specific areas of Scientific, Engineering and Enterprise Analytics. We believe that these acquisitions will help us create an end-to-end analytics solution for our clients. Today, it is imperative for product and solution providers like us to offer a full-fledged solution base, such that we can command a premium over our peers. Dunn solutions will help us gain significant client penetration in BFS, Insurance, Healthcare, Education and Government sectors. Industry domains where Cranes has already marked its presence with its current product range. We will be able to enhance our revenue predictability and earnings growth in our enterprise analytics business and develop domain specific analytics product variants. A significant development would be that an average engagement value could be upwards of US \$ 500K.*

DSG's proven expertise in the areas of BI and knowledge management will be instrumental in capturing consumer mindshare. They have the strategic experience and execution skills that we expect to build our expertise around this domain.

Our purchase of TAT significantly advances our presence in the area of embedded Software and Controls solutions. Coupled with the market reach that dSpace provides us with its customers like Daimler Chrysler, Ford, GM, TAT will help us leverage our value added consulting expertise to include embedded systems designs.”

Understanding analytics and engineering simulation

Analytics is the science of developing mathematical and statistical models that can be applied to diverse applications ranging from business, research & development to sport teams and Government systems. Essentially, analytics aids any decision support need that can harness extensive data, complex statistical processing and fact-based decision making. A variety of business problems, including customer management, supply chains, optimizing product development life cycles, and financial performance can afford analytics-enabled decisions. According to data collected by IDC, the analytics industry grew by 11% in 2005 to \$16.6 billion.

Engineering simulation is the science of design, prototyping on a computer, simulating test conditions and measuring the performance of the components in minute detail. Criteria like failure analysis, heating and electro magnetic effects can be analyzed in detail, for optimizing design specifications. Current trends in automotive, aerospace, structural, heavy metal engineering designs mandate the extensive usage of these tools. The new challenge for the software developers is to package these products with more functionality and test routines that can help designers calibrate designs to standards of quality control that the industries mandate. For instance Cranes has upgraded its NISA suite to NISA Civil that helps designers conform to Concrete designs to BS 8110-1997, ACI 318 -2005 and steel plastic designs conforming to BS 5950-1:2000

Details of the acquisitions

Cranes is well-positioned to tap into the scientific data analytics and engineering simulation marketplace with its robust product portfolio enabling data acquisition, collation, analysis, presentation, reporting and publishing of data. In order to be able to service the analytics consulting demands more effectively, Cranes will enhance its key technical strengths and overall client interaction experiences through these initiatives.

About DSG

DSG is a US-based technology outfit specializing in business intelligence knowledge solutions along with capabilities in, providing client training on products and quality management. Consequent to a long standing, entrenched partnership with Business Objects who are leading players in the Business Intelligence Space. Dunn has acquired good insights into BI and solutions expertise. Dunn would leverage its BI knowledge and skill set to position Cranes analytics product suite as enterprise analytics engines at clients' site. This is a significant up sell potential that Cranes is well positioned to leverage,

Dunn has proven intellectual property on web based training materials, providing e learning capabilities and IPs to develop BI related solutions around Legal Dashboard, Six Sigma Business Scorecard, etc. These IPs provide robust wrap around solutions around renowned BI tools. The key staff of Dunn have productizing solutions expertise and they will continue to provide the thought leadership for developing domain specific variants of Cranes suite of product IPs.

DSG has a strong and satisfied clientele in the BFSI, health care and pharmaceuticals verticals such as Bank of America, American Express, Banco Popular, Abbott Labs, Caremark and Pfizer as well as a healthy project pipeline. The Group is known for partnering with industry-leading technology companies to offer its clients advanced, scalable, and secure solutions. Some of DSG's leading partners include Borland, BusinessObjects, BEA, IBM/Rational, Microsoft, Mercury and others.

Mr. William Dunn, President Dunn Solutions Group said "Dunn Solutions Group has been successful in leveraging technology to solve our customer's business problems within the United States. We at DSG have a passion for applying latest technologies to solve client's business challenges. We have found that DSG and Cranes share the same passion in providing the best and the right solutions to customers and have complementary software products and solutions. The merger of Cranes and DSG enables both companies to leverage our business synergies and enhance our offerings portfolio to address a larger market. We are excited about the potential to create cross sell opportunities and expand aggressively in the U.S. market. This is a win-win relationship for both companies and I am sure that by working together, we can deliver more value to our customers and achieve greater success"

Transaction Details

Cranes is acquiring the equity shares of DSG through its subsidiary in USA viz., Cranes Software Inc and will invest an amount of approximately Rs. 600 million in this including to operationalise the expanded market reach by:

- exploring cross-sell and up-sell opportunities by taking its existing range of products to DSG's client base
- helping promote the analytics solutions business among BFS, Insurance, government sectors in the US

The sale of DSG to Cranes was initiated by FOCUS Enterprises, Inc. a national middle market investment banking firm headquartered out of Washington D.C.

About TAT

Tilak Autotech Private Limited (TAT) is a Pune based company focusing on research, development and design of software and hardware products and solutions in the broad area of automotive electronics. Some of the products developed by TAT are Body Control Module, Engine Management Systems and Service tools. The solutions developed by TAT are specialized in hardware-in-the-loop simulation and adheres to industry standards and best practices. In today's design practice, simulation and testing have been critical to component design when vendors are aspiring to become Tier 1 partners to auto manufacturers. Auto component design and testing expertise combined with chip design and module controls for vehicles presents a strong growth opportunity to Cranes to penetrate the auto segment market. Some of the clients of TAT, dSpace combine are TATA Motors, Bajaj Auto, Mahindra & Mahindra and Toyota, Hyundai, GM, Ford, Daimler.

Cranes already has a presence in this space and the acquisition of TAT is expected to expand and strengthen its core offering. Cranes is currently exploring opportunities to build software products and solutions that can be embedded into existing hardware products of OEMs in various verticals. The synergy potential between dSpace and TAT is a challenge that the Cranes engineering design team aspires to leverage on and expand the core strength of the NISA product suite in Finite Element Analysis and Design to more value added electronic component integration with mechanical auto systems. Besides, this also presents Cranes with the opportunity to address other embedded control

opportunities like power generation controls, aerospace, industrial controls and measurement systems by applying same core technology to these allied verticals.

Transaction Details

Cranes is acquiring the equity shares of TAT, making it a wholly owned subsidiary. The investment will entail about Rs 100 mn in the acquisition cost and immediate investment in a number of initiatives the erstwhile owners were not in a position to initiate.

The market potential, keeping in mind the synergies with dSpace is over US \$ 2 billion. These investments are expected to be focused in expanding the footprint across global auto majors and seek more business. The emerging auto and auto components markets in India and China itself poses immense growth potential.

About Cranes Software International Limited

Cranes Software is a Global Scientific & Engineering Software Products and Solutions Company. The Company's business interests span Products, Solutions, Services and R & D in future technologies. Cranes Software addresses the Scientific & Engineering software related needs of large multinational companies, governments, defense establishments, educational and research institutions.

Today, Cranes Software has its presence in 38 countries across the world and has a 350,000 strong global user base. Cranes Software offers a range of proprietary products – NISA, SYSTAT, SigmaPlot, SigmaStat, SigmaScan, TableCurve 2D, TableCurve 3D, PeakFit, XID, XIP, Survey ASYST, iCapella, InventX and world-renowned products from reputed principals such as Engineering Technology Associates, Livermore Software Technology Corporation, The Mathworks, Texas Instruments and IBM.

With a mission statement to provide its customers the best in scientific technology and to enable its customers to define new limits, Cranes Software is setting new standards in the scientific and engineering field.

For further information, please visit www.cranessoftware.com

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