

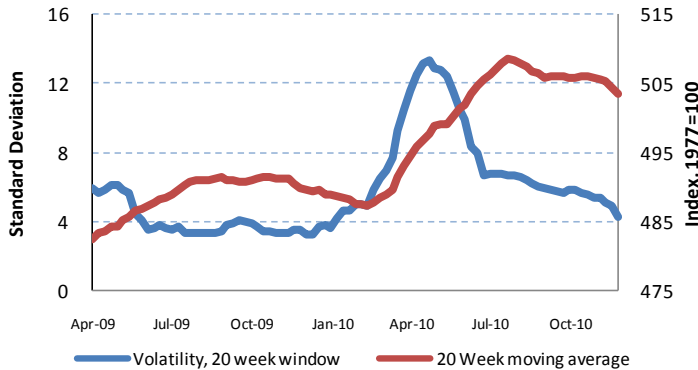
Retail Sales Summary

Retail sales increased steadily in 2010, with growth varying across different retail dimensions. The current downtick (Q1 2011) within these segments is expectantly simply a feature of seasonal post-holiday marketing efforts rather than a secular shift. Weekly retail sales experienced steady growth in 2010, according to all three major weekly indices, although the Goldman Sachs index saw increased volatility towards the end of the year. This may in no small part be due to the heavy storms that battered the East Coast this winter. While retail employment declined substantially during this most recent recession, the impact was only slightly worse than that seen in previous recessions, with most of this driven from lower hiring rates and natural attrition rather than by increases in unwanted job separations. After bottoming out near the end of 2009, employment in retail showed modest growth throughout 2010. More importantly, in a recent survey of large retail outlets conducted by RIS, 93% of respondents expect to retain at least current employee head counts in 2011.

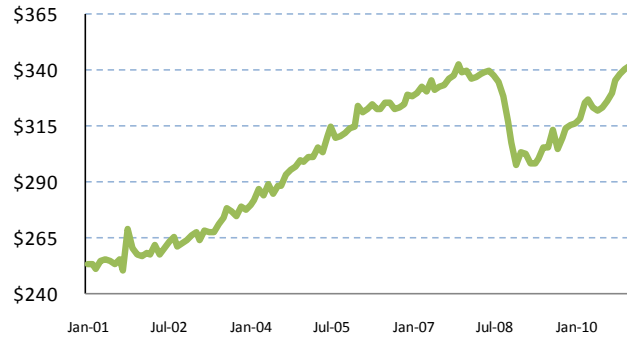
Consistent with long term trends, eCommerce continues to be the fastest growing channel for retailers. This secular trend coincides with the rise in online social networks and an increasing willingness of a larger proportion of the consumer population to spend a greater amount of time online. The continued proliferation of smartphones, and the explosion of demand for tablets and what Apple's Steve Jobs recently called "post-PC" devices, will continue to fuel this trend, as the line between "traditional" eCommerce and so-called mCommerce continues to blur. With the correspondingly increasing ability of manufacturers and brands to market directly to consumers, thus dis-intermediating the market and, in the extreme, pushing traditional "retailers" out of retailing, this is a trend of extraordinarily long term implication. In the short term, however, we would at least expect that online will continue to be the fastest growing segment of retail.

Consumer sentiment held steady through 2010, after dipping significantly during the recession and then reviving over the course of 2009. The extent to which consumers may have reset their spending habits, as a result of the most recent recession and their continued deleveraging, remains an open question. As always, however, the broader health of the macro-economy and employment continue to play dominant roles in retail spending patterns. As such, a steady increase in retail sales activity would be expected in 2011 if the U.S. and other economies continue to rebound. This precisely appears to be the expectations of retailers, as the majority are planning on a net increase in overall store counts during 2011.

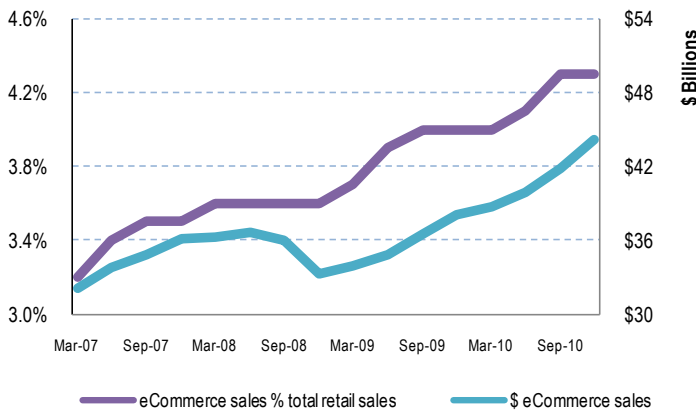
**ICSG-Goldman Sachs Index:
 Weekly Retail Sales**



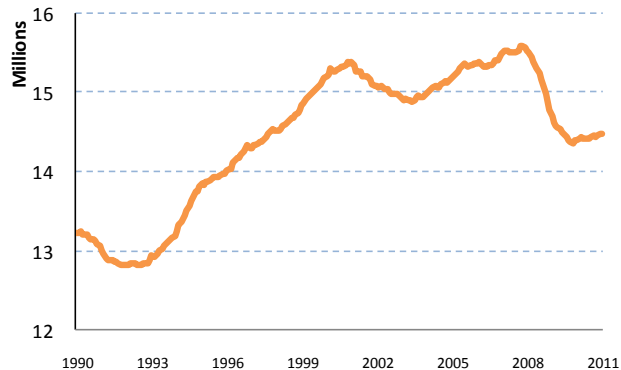
Retail Sales Excluding Food Service



Quarterly eCommerce Sales Survey



Monthly Retail Employment



* All data are seasonally adjusted

Sources: US Census Quarterly E-commerce report, University of Michigan Index of Consumer Sentiment, US Census Monthly Retail Trade Survey, BLS Retail Employment Index, 2011 RIS Store Systems Survey, Goldman Sachs Weekly Retail Sales Index

Retail Technology Outlook

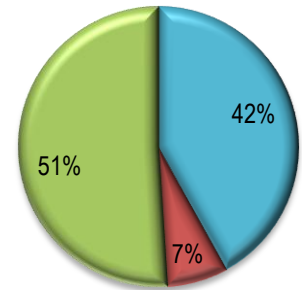
Retailers plan to be more aggressive about technology expenditures in 2011 than they were in 2010, led by department stores and specialty retailers. The top priority for technology investment in 2011 will again be operational improvements, as providing retail store personnel with greater access to job tools remains a prime focus. Making more efficient use of mobile technology to interact with potential customers is another priority, while PCI compliance continues to drain money from retail IT budgets without seemingly improving security, as retailers struggle to keep pace on the treadmill of PCI requirements. Surprisingly, retailers expect to spend relatively less on reducing out of stocks and better inventory management. This may be a sign that the extreme cost pressures of the past two years, and the desire of retailers to shake every possible dollar out of their inventories and balance sheets, has abated and is now balanced by a vision of how technology can be applied to boost revenue rather than rationalize expense.

The driver for POS technology purchases remains the replacement and upgrade cycle. This market showed signs of growth in 2010, and early anecdotal indications in 2011 and the energy of NRF's Big Show around traditional POS vendors suggest this will continue in 2011 as roll-outs and upgrades get concrete launch dates. Customer relationship, coupon and loyalty management functionality continues to drive POS upgrades, along with better basic inventory visibility and stored-value/gift card activations. Given the highly idiosyncratic nature of each retail dimension, the trends driving POS demand and that demand itself vary enormously by dimension. In fuel and convenience, for example, loss prevention is a key driver, while in the drug store dimension enabling consumer use of coupons on mobile devices is a key factor. About 24% of retailers surveyed are expected to make POS hardware purchases in 2011, while 27% of retailers are expected to make POS software purchases.

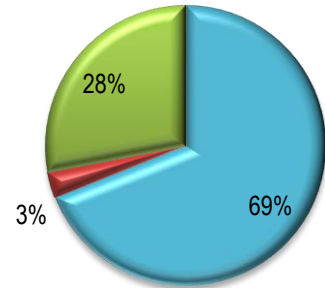
Pundits continue to predict that social media will be a powerful force in merchandising and thus retailing. While it is true that increasingly sophisticated loyalty and CRM solutions make use of retail communities, social communication and group merchandising, the direct monetization by retailers of social media remains elusive. Given the continued shift of retail activity to an online environment, however, the use of "social merchandising" to drive sales should increase: being online and being social will no longer be enough; retailers will require technologies using social media to influence buying activity significantly and to quantify that influence.

Retail Expansion Plans

2011 Employee Head Count



2011 Store Count



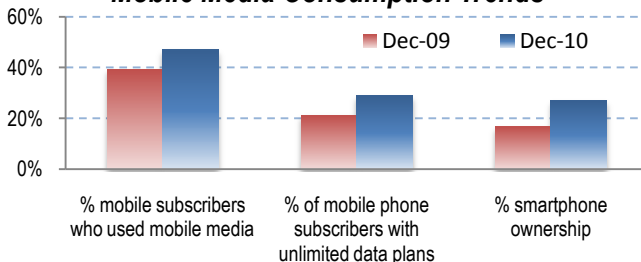
■ Net increase ■ Net decrease ■ Stay the same
Sources: 2011 RIS Store Systems Survey

Consumer Technology Consumption

Why Do You Use Social Networking?



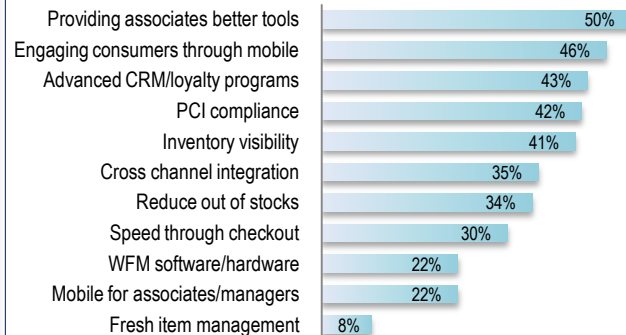
Mobile Media Consumption Trends



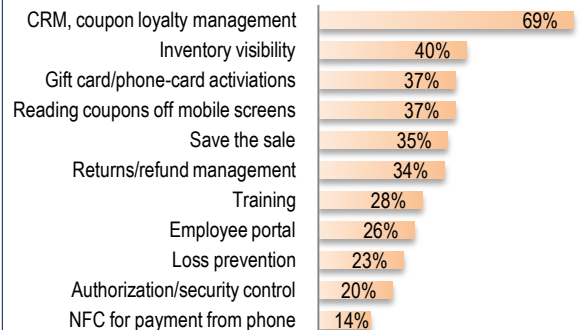
Sources: Experian 2010 Social Networking Report, comScore 2010 Mobile Year in Review

Retail Technology Consumption

Top Store System Priorities



Key Functions for Next POS Purchase



Source: 2011 RIS Store System Survey

Retail Technology Trends

Predicting the future, not the past. We see a continuing shift to the predictive elements of the technology stack rather than those providing simple execution or reactive coordination; and these predictive elements are increasingly building a model for the future from more than the simple record of prior sales, looking to build a future based on (consumer) insight rather than merely T-logs. Retailers increasingly understand that better anticipating (and, with promotions uniquely targeted by virtue of more sophisticated loyalty programs, influencing) consumer purchases dramatically improves not just profitability but also cash flow; far better working capital management is achieved through lower inventories that nonetheless produce lower out-of-stock results. Traditional assortment planning and allocation technologies will see continued demand from retailers in 2011 but more in the guise of multi-polar optimization efforts bringing together price, promotion, space, and inventory.

It takes a village. The integration of "social media" into the consumer facing elements of the stack will accelerate, and while these media have not yet been successfully monetized by retailers on any great scale, they seem an inevitable evolution of the way in which loyalty programs are managed. Loyalty programs of one form or another are an established element of retailers' consumer outreach; and these must surely be modified to accommodate a "community" approach, encompassing the networked relationships of the targeted group of consumers rather than the series of bilateral, one-to-many relationships found in iterations of prior merchandising practices. This is seen in the threading, commenting, reviewing and other basic manifestations in eCommerce but will, we believe, work its way into more sophisticated (and multi-channel) promotion management that incorporates a more robust collaborative component.

Keeping the consumer connected. As in-store WiFi becomes increasingly popular, with nearly a quarter of big-box retailers, for example, expected to offer the service by the end of 2011, look for retailers to use it to create a more immersive in-store experience that enables merchandisers to exploit increasingly extensive customer loyalty data sets and analytics and location-based technology to launch promotions at consumers on a one-to-one, real-time, real-location basis. Retailers are also more aware that enabling consumers to compare buying alternatives online while they are in the store rather than being a threat to a sale can, in fact, increase the incidence of purchase by reducing the element of the unknown in a given expenditure, enabling the consumer to quantify fully the trade-off between an immediate purchase and a future delivery. Lastly, in-store WiFi allows retailers to deploy a richer set of mobile technologies for sales staff, and increasing the efficiency of store operations and the customer experience combine marvelously when more store staff are enabled to be out among customers rather than in back rooms.

Technology in Hospitality

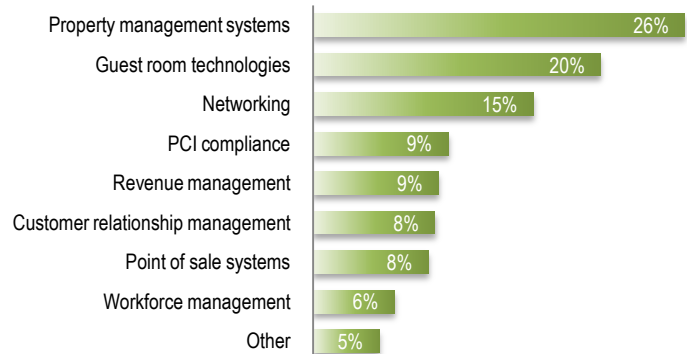
Technology budgets in hospitality have experienced modest growth recently. Despite this, the biggest challenges facing industry IT departments include running up against limited budgets and the inability to meet guest expectations. IT budgets are predominantly allocated towards property management systems (PMS) and guest room technologies, but guests' expectations continue to run ahead of reality. The most important drivers of these investments are cost savings, through more efficient asset utilization and operations, and reduced vacancies, through the provision of more attractive amenities. Within guestrooms, flat screen televisions and wireless Internet access are seen as some of the most important technology features. Pricing models for WiFi typically set flat rates for access, independent of bandwidth usage, but the increasing prevalence of smartphones and the ability to tether multiple mobile devices, including laptops, to these phones will likely put pressure on WiFi revenue in business-oriented accommodations.

In a recent survey, 54% of hoteliers polled indicated they would most likely see a reservations wizard in the next upgrade to their PMS, and 46% indicated they expected to see a room management grid. Over half reported that data migration between systems was their biggest PMS integration challenge – much as data translation and integration remains the largest challenge in many other enterprise silos. PCI compliance also remains a concern in the hospitality industry. In a recent survey, 25% of respondents cited cost considerations as a major impediment while a full 45% cited difficulties understanding the requirements themselves as creating a challenge to meeting PCI compliance.

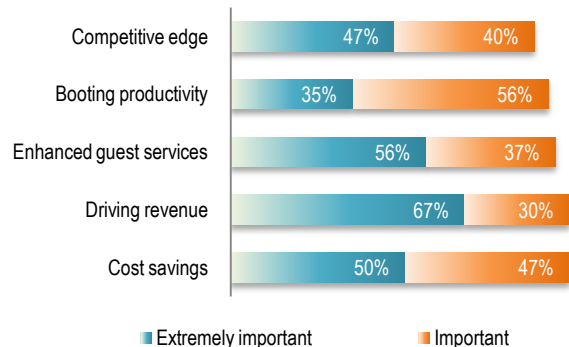
Sources: First Annual Lodging Technology Study; HT Magazine

Hospitality Technology Spending Priorities

IT Spending in Hospitality

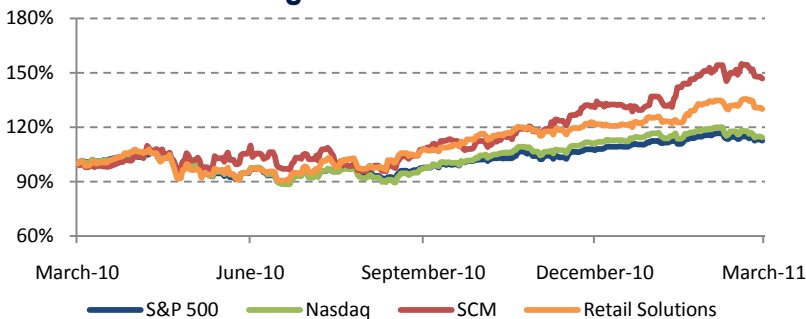


Technology Spending Goals



Sources: First Annual Lodging Technology Study; HT Magazine

Public Market Trading Performance



Source: Capital IQ as of March 15, 2011

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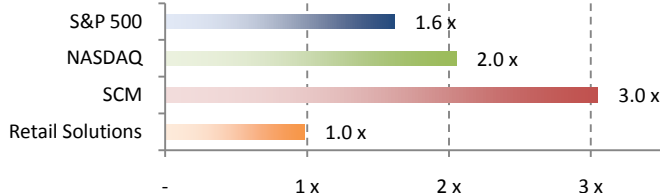
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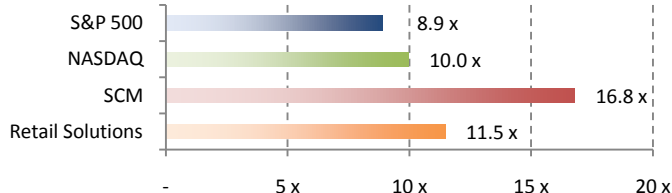
Public Company Valuation and Performance – Retail Solutions

Company Name	Stock Price 3/15/2011	% of 52-week		Market Cap	Enterprise Value			EV / Revenue				EV / EBITDA				P/E Ratio		
		High	Low		Value	Cash	LTM	LQA	CY2010 E	CY2011 E	LTM	LQA	CY2010 E	CY2011 E	LTM	CY2010 E	CY2011 E	
MICROS Systems, Inc.	\$46.93	94.3 %	151.6 %	\$3,875	\$3,218	\$662	3.4 x	3.3 x	3.4 x	3.0 x	15.6 x	14.9 x	15.0 x	13.1 x	29.9 x	28.2 x	25.1 x	
Wincor Nixdorf AG	79.63	89.8	133.0	2,593	2,711	128	0.9	0.8	NA	NA	8.6	7.6	NA	NA	16.9	NA	NA	
NCR Corp.	18.37	89.1	162.6	2,962	2,510	496	0.5	0.4	0.5	0.5	11.9	5.5	9.3	7.2	26.6	12.6	10.6	
Radiant Systems Inc.	15.78	76.3	125.6	632	572	75	1.7	1.6	1.7	1.5	11.5	10.8	11.2	9.5	26.7	16.8	16.0	
Bematech SA	4.57	73.8	100.9	240	222	32	1.1	1.2	NA	NA	5.3	8.4	NA	NA	10.9	NA	NA	
Retailx Ltd.	13.67	83.6	121.2	330	201	134	1.0	0.9	NA	NA	10.9	11.9	NA	NA	31.1	NA	NA	
GK Software AG	61.53	75.4	112.2	112	109	11	2.8	4.1	NA	NA	10.6	33.1	NA	NA	16.0	NA	NA	
PAR Technology Corp.	5.07	69.2	108.3	77	75	7	0.3	0.3	0.3	0.3	10.4	9.3	10.8	8.5	24.1	30.1	25.6	
Mean		81.4 %	126.9 %				1.4 x	1.6 x	1.5 x	1.3 x	10.6 x	12.7 x	11.6 x	9.5 x	22.8 x	21.9 x	19.3 x	
Median		79.9	123.4				1.0	1.0	1.1	1.0	10.7	10.1	11.0	9.0	25.4	22.5	20.5	

EV/Revenue Multiples (LTM)



EV/EBITDA Multiples (LTM)



Source: Capital IQ, as of March 15, 2011.

Amounts in millions of U.S. dollars, except per share data

Recent M&A Activity in Retail Technology

Date	Target	Acquirer	Value	Revenue	EBITDA	EV / Revenue	EV / EBITDA	Description
Jan 11	SofTechnics, Inc.	RedPrairie Corporation	-	-	-	-	-	Mobile price and inventory management solutions
Dec 10	Applied Intelligence Solutions, LLC	DemandTec, Inc.	\$3.0	-	-	-	-	Allocation and inventory optimization
Oct 10	Fortech Italia srl (nka:MICROS-Retail Italia)	MICROS Systems, Inc.	-	-	-	-	-	Retail and sales force automation management applications
Feb 11	Escalate, Inc.	RedPrairie Corporation	-	-	-	-	-	In store and eCommerce cross channel commerce solutions
Jan 11	Art Technology Group Inc.	Oracle Corp.	\$883.0	\$193.9	\$27.4	4.6 x	32.2 x	eCommerce software solutions
Jan 11	CMAC, Inc.	Decisionpoint Systems, Inc.	\$3.2	-	-	-	-	Logistics consulting and systems integration company
Jan 11	SPC, Inc. (nka:TSYS Merchant Solutions)	Total System Services, Inc.	\$346.1	-	-	-	-	Payment processing services
Dec 10	Loyalty Lab, Inc.	Tibco Software Inc.	\$23.0	-	-	-	-	Customer management solutions
Dec 10	E Xact Transactions Ltd.	DataDirect Holdings Inc.	\$2.8	\$2.8	\$0.2	1.0 x	14.1 x	Financial transaction processing services
Oct 10	Unica Corp.	IBM Corp.	\$474.4	\$109.2	\$10.2	4.3 x	46.3 x	On-demand marketing solutions
Aug 10	Coremetrics Inc.	IBM Corp.	-	-	-	-	-	Web analytics and marketing optimization solutions
Jul 10	Galaxy Technologies Inc.	Administaff Inc.	\$10.2	-	-	-	-	Labor and workforce management systems
Jul 10	iTradeNetwork, Inc.	Roper Industries Inc.	\$525.0	-	-	4.2 x	11.7 x	Supply chain automation solutions
Jul 10	Evolution Robotics Retail, Inc.	Datalogic Scanning Holdings, Inc.	\$25.5	\$5.1	(\$2.7)	5.0 x	NM	Retail loss prevention solutions
Jun 10	GXS Inc. (Active Catalog Assets)	Intertrade Systems Corporation	-	-	-	-	-	Catalogue service provider
Jun 10	Inovis, Inc.	GXS, Inc.	\$279.2	\$137.1	\$44.6	2.0 x	6.3 x	On-demand business community management solutions
May 10	Sterling Commerce, Inc.	IBM Corp.	\$1,400.0	\$633.1	-	2.2 x	-	Integration solutions and supply chain applications
May 10	Argility Limited	UCS Group Ltd.	\$5.9	-	-	-	-	Merchandising management and POS solutions
May 10	VendorNet, Inc.	GSI Commerce Inc.	-	-	-	-	-	On-demand supply chain solutions
Apr 10	Intershop Communications AG	GSI Commerce Inc.	\$52.1	\$43.4	\$5.2	1.2 x	10.0 x	eCommerce solutions
Apr 10	Porthus N.V.	Descartes Systems Group Inc.	\$35.3	\$31.7	\$4.5	1.1 x	7.8 x	Global trade and supply management solutions

Source: Capital IQ and public company filings
Amounts in millions of U.S. dollars

Mean	2.9 x	18.4 x
Median	2.2 x	11.7 x