

SOFTBRANDS CREATES DEDICATED BUSINESS UNIT TO MEET DEMAND FOR FOURTH SHIFT AND SAP® BUSINESS ONE ERP ALLIANCE

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PRESS RELEASE

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* First order placed by Control Products, Inc., of Minnesota

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An important development arising out of the recent announcement by SoftBrands to enter a significant partnership with SAP® America, Inc., is the formation by SoftBrands of a dedicated business unit to pursue and manage sales opportunities in the worldwide marketplace.

The result of the alliance, a new and highly competitive enterprise resource planning (ERP) product line known as Fourth Shift Edition for SAP Business One, integrates SoftBrands' Fourth Shift manufacturing management software with the SAP Business One system.

Veteran industry executive, Phil Moen, has been brought in by SoftBrands to lead the unit as vice president and general manager. Already, the alliance between SAP and SoftBrands has resulted in the first order for a system, placed by Control Products, Inc., of Minnesota.

"This new and challenging enterprise resource planning product initiative will offer small to medium-size enterprise (SME) manufacturers around the world the proven strength and resources of SAP, combined with the specialised competency of Fourth Shift's long experience in the manufacturing industry," said Moen at his appointment. He is responsible for Fourth Shift's worldwide operations for the Fourth Shift Edition for SAP Business One, including product launch, sales, services and the alliance relationship with SAP America and its global network of channel partners for SAP Business One.

Moen is a long-time executive in the enterprise software arena with in-depth knowledge of several business software firms in the mid-market including Epicor, Dataworks and ROI Systems. He is qualified in production and inventory management through the American Production and Inventory Control Society (APICS). Moen will be based at SoftBrands' headquarters in Minneapolis.

"I am very excited about this opportunity and in my 20 years of experience in this

market have rarely seen a combination as powerful as SAP Business One and Fourth Shift," Moen said. "We are working together aggressively in key markets and in the short time since our companies have announced the intention to enter this strategic relationship, we've seen substantial interest among manufacturers in the SME space. I am confident we are going to license a lot of software together with SAP."

Gadi Shamia, vice president of solution management for SAP Business One, SAP, said "The combination of SAP Business One and Fourth Shift will address a need among small manufacturers to manage their operations in a seamless software solution that gives them the same advantages of larger companies. This new offering will give our distribution partners a powerful new tool to offer their customers with manufacturing operations."

Randy Tofteland, president and chief operating officer (COO) of SoftBrands added, "We believe this unique product and alliance is a great opportunity for our company and SAP to reinforce our respective positions as leaders in the 21st century manufacturing environment for small and midsize businesses. For us to maximise this opportunity requires a new go-to-market structure for Fourth Shift and SAP Business One that reaches our key customer segments, hence the formation of a new and dedicated business unit."

In addition to offering customers traditional "push-based" enterprise resource planning (ERP) software, the Fourth Shift Edition for SAP Business One also incorporates sophisticated lean enterprise automation capabilities. These functions, developed by another SoftBrands business unit, Demand Stream, will provide manufacturers that are implementing "pull-based" production systems, with next-generation software to enhance their lean manufacturing methods.

Demand Stream has announced that a new customer in the USA, Friedrich Air Conditioning, has selected the lean automation software to further facilitate the latter's transition to lean manufacturing. Demand Stream is designed to minimise inventory levels, reduce production lead times and synchronise manual shop floor functions with purchasing and planning functions.

FIRST CUSTOMER WIN FOR SOFTBRANDS / SAP ALLIANCE

Within four months of SoftBrands and SAP creating their alliance, Control Products, Inc., of Chanhassen, Minnesota, is the first manufacturer in the world to select the Fourth Shift Edition for SAP Business One product as its enterprise resource planning (ERP) system.

The business management and manufacturing system from respectively SAP and SoftBrands is tailored to meet the needs of small and middle-market manufacturers. Control Products, Inc., designs and manufactures custom embedded electronic controls. It provides these services to a number of industries and markets including

food service equipment, convenience stores, supermarkets, vending, refrigeration, HVAC, medical, scientific, industrial, residential security, and freeze protection.

Bob Bruce, director of IT for Control Products said, "We believe the Fourth Shift Edition for SAP Business One will give Control Products better business information to make decisions and enhance our competitive position. We also expect the system will contribute to efficiency and productivity gains in the areas of manufacturing, materials management, engineering, customer service and finance.

"The Fourth Shift Edition for SAP Business One was the best solution for two major reasons; first was the robust integrated capabilities linking plant floor operations through to distribution and finance. Second was the intuitive user interface which will allow a smooth implementation for manufacturing, engineering and management," said Bob Bruce.

INFORMATION ABOUT SOFTBRANDS & FOURTH SHIFT EDITION OF SAP BUSINESS ONE

The Fourth Shift Edition of SAP Business One provides broad functionality and extensive capabilities to SME manufacturers. Fourth Shift is a unit of SoftBrands Inc., a global supplier of enterprise application software currently focused on the hospitality and manufacturing industries. With more than 5,000 customers in over 60 countries now actively using its Fourth Shift, evolution, Demand Stream, PORTfolio, Medallion and RIOGrand products, SoftBrands has established a worldwide infrastructure for distribution, development and support of enterprise software. The company, headquartered in Minneapolis, Minnesota, has approximately 500 employees with branch offices in Europe, Asia, Australia, the Middle East and Africa. Additional information about SoftBrands is available at www.softbrands.com.

ABOUT CONTROL PRODUCTS, INC.

Since 1985, Control Products, Inc., has been a leader in electronic control solutions specialising in technology, design, embedded communications, Internet connectivity, and manufacturing. Its products are used in many commercial and consumer applications around the world. Application examples include controls and embedded communications for food service equipment, HVAC, medical, industrial, residential security, and freeze protection. To learn more about all the devices and services offered by Control Products, Inc., visit the company online at www.controlproductsinc.com .

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