

Magic Software's iBOLT Delivers Strong Integration Capabilities to SAP Business One

Submitted by: Marylebone Media Relations

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Bracknell, UK. 16th December, 2004 - Magic Software Enterprises (NASDAQ: MGIC), a leading provider of state-of-the-art development and integration technology, has announced that Forrester Research Inc. has issued a "Quick Take" entitled "Magic Software's iBOLT Brings SOA to SAP Business One". This recognition of the value of Magic's agreement with SAP America, Inc., the North American subsidiary of SAP AG (NYSE: SAP), under which Magic will introduce a specially designed iBOLT Integration Suite for SAP® Business One, is the second such recognition by one of the leading industry analysts within the last month.

The Forrester 'Quick Take', issued 7th December, 2004, written by Henry Peyret and Ken Vollmer, states "Magic Software's Partnership with SAP is a Win for Both Sides". Forrester highlights the significance of Magic's entering the SAP community as SAP's first comprehensive application platform partner, and the strategic implications of offering an integration solution that enables SAP partners to deliver more functionally rich solutions quicker. In the Recommendations section Forrester states that, "The choice is clear for North American customers of SAP Business One: iBOLT delivers strong integration capabilities at a reasonable price." The complete 'Quick Take' can be viewed at <http://www.magicsoftware.com/news/industry>.

Additionally, the report mentions that the recently released new version of iBOLT "has seamlessly morphed into a composite application framework that provides more tools based on metadata-driven graphical environments to empower business users."

According to Avigdor Luttinger, Head of iBOLT at Magic Software, "This 'Quick Take' does an excellent job of identifying the strengths of iBOLT in the composite application framework, and highlights our SMB strategy and determination to penetrate and gain market share in all segments of the SMB market. This agreement is another milestone that we have achieved in our implementation program."

The customised version of iBOLT complements SAP's existing arsenal of cutting-edge development tools for SAP Business One. It will enable SAP Business One customers to rapidly enhance their SAP Business One systems with a range of features - including extended workflows, composite applications, multi-channel access, unlimited interoperability and integration with other systems and platforms, as well as business activity and performance monitoring. The new iBOLT version will also open SAP Business One to the large channel of existing Magic Solution Providers, allowing them to seamlessly integrate their existing solutions with SAP Business One, streamlining the process and reducing integration time.

About Magic Software Enterprises

Magic Software Enterprises, a subsidiary of Formula Systems (Nasdaq: FORTY), develops, markets and supports software development, deployment and integration technology (www.magicsoftware.com/ibolt) that enables enterprises to accelerate the process of building and deploying applications that can be rapidly

customized and integrated with existing systems. Magic technology, applications and professional services are available through a global network of subsidiaries, distributors and Magic solutions partners in approximately 50 countries including the UK. www.magicsoftware.com.

Except for the historical information contained herein, the matters discussed in this news release include forward-looking statements that may involve a number of risks and uncertainties. Actual results may vary significantly based upon a number of factors including, but not limited to, risks in product and technology development, market acceptance of new products and continuing product conditions, both here and abroad, release and sales of new products by strategic resellers and customers, and other risk factors detailed in the Company's most recent annual report and other filings with the Securities and Exchange Commission

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