

Geac Unveils Growth Plan

By KEITH DAMSELL

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TORONTO -- Geac Computer Corp. Ltd. outlined its growth strategy yesterday, a plan that will see the business software company chasing market share in the competitive forecasting and analysis sector.

Growth via acquisitions "is top of the agenda," Charles Jones, president and chief executive officer, said after the Markham, Ont.-based firm's annual general meeting.

On Tuesday, Mr. Jones submitted a "substantive document" to the board of directors outlining potential acquisition targets, he said. In addition, the company yesterday secured a \$50-million (U.S.) credit facility from a unit of U.S. financial services giant Wells Fargo & Co. at an interest rate of prime plus 0.5 percentage points. As of July 31, Geac had \$88.6-million in cash to finance growth.

Geac's acquisition strategy is focused on large and small players in the so-called "business performance management" sector, software that enables companies to forecast market conditions and make plans accordingly. Anti-corruption legislation in the United States, a continuing weak business climate and technology that aids competitiveness have created a "perfect storm" for BPM analysis software, Tim Wright, Geac's chief information and technology officer, told investors.

Global revenue from BPM software will total about \$1.1-billion this year and the market is expected to grow at a compounded annual rate of about 10 per cent. The sector's major players include Ottawa's Cognos Inc. and Hyperion Solutions Corp. of Sunnyvale, Calif.

Geac has concluded two acquisitions aimed at shoring up its BPM portfolio. In March, the company bought Extensity Inc. of California for \$42-million in cash and about 934,000 Geac shares. Then in June, Geac acquired Michigan's Comshare Inc. for \$52-million.

"There are a lot of opportunities inside of our strategy space," Mr. Jones said after the meeting, adding that the company will move slowly when it comes to deal making.

"We are not going to suddenly leap in to doing another one. I want this to be well paced. We are going to study everything carefully," he said.

Geac's focus on BPM is an attempt to reverse the company's steep sales decline over the past three years. Revenue from the company's traditional accounting, human resources and manufacturing software has fallen because of a slowdown in tech spending and a shrinking customer base.

"We've had a sales decline issue. It's a big problem," Mr. Jones told investors.

After meteoric growth in the late 1990s, the software sector has "caught up with the rest of the world," he said. There is "stagnation" across the market, conditions that will fuel further consolidation."