



3. Market focus

Micro Focus delivers value through Enterprise Application Management in four principal areas. Our strategy review identified significant opportunities for further penetrating the Global 2000 market space. To support this drive, we will continue to partner effectively with key System Integrators (“SIs”) to service new demand. In addition, our focus on Independent Software Vendors (“ISVs”) will bring additional offerings to small and mid-sized enterprises (“SMEs”).

“The sales team has been strengthened and we will continue to invest to drive the business forward. Our approach to marketing and sales has been refined, including a strong focus on developing senior level contacts within our target customers.”

Stephen Kelly Chief Executive Officer

Micro Focus delivers value through Enterprise Application Management in four principal areas:

Global 2000

We continue to focus on the increasing need for businesses to re-energise and maximise the inherent value in their existing enterprise applications, more than 75%* of which run on COBOL technologies. In the case of the Global 2000, this means understanding the complexity of existing applications and the value they bring to the enterprise. Many large organisations, driven by the reduction in application knowledge and disappointment in the promised “packaged solution”, need a pragmatic means of retaining, and building on, the best of what they have while achieving flexibility and agility to enable them to move forward. As a result, there are significant opportunities for Micro Focus, particularly in the Financial Services, Retail and Manufacturing sectors.

Systems Integrators

Systems Integrators present one of the most important of our opportunities, and many large companies are turning to them to better understand their existing IT environment, and to devise the most effective strategies to improve the IT support for their businesses. For many, SIs now manage the outsourced IT staff and applications which are already using Micro Focus technologies.

Independent software vendors

Independent software vendors ("ISVs") are at the core of Micro Focus' business. We continue to help ISVs deliver more value to their customers through new functionality, system interoperability and modern user interfaces.

Small and mid-sized enterprises

SMEs present a considerable business opportunity. Many SMEs are seeking ways to adapt applications and make them work better within their existing IT environments.

With more than 70%** of their IT budgets allocated to the operation and maintenance of existing applications, many organisations are looking to Micro Focus for tools and solutions to release the valuable resources they need to invest in the IT innovation which will give them competitive advantage.

* Gartner ** Forrester

Acquisitions

Micro Focus has completed two acquisitions to enable it to increase its ability to meet the market's need for Application Development and Application Portfolio Management – two key solutions within our enterprise application management portfolio.

In November 2006, we acquired HAL KS, the leading developer of Application Portfolio Management ("APM") technology. The addition of HAL KS's APM expertise puts us in a unique position to meet organisations' needs to understand, assess and extend the value of their existing applications.

In May 2007, we acquired Acucorp, Inc. This acquisition gives us additional software to address the specific Application Development needs of the broader ISV and SME markets.

Partners

No single company can provide a complete solution for every customer. To enable us to meet our customers' needs more comprehensively and effectively, we work with a selection of partners around the world, from strategic partnerships to key SI and ISV relationships through our consortium of partners, each of which has its own particular skills and area of specialisation.



"Micro Focus' modernisation expertise is not only helping us maintain the momentum behind this strategic IT project, but is also playing a key role in the development of our United States presence. This project will help us meet our goal of opening our first store in 2007."

Colin Cobain Group IT Director, Tesco