



# THE WAKE UP CALL

## Software, e-Commerce

July 17, 2001

### INTRINSYC SOFTWARE INC. (ICS \$1.87, TSE)

Recommendation: **2-BUY (FROM SPECULATIVE BUY)**  
12-Month Target: **\$4.50**

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Previous Day's Volume	21,690
12-Month High-Low	\$3.45- \$1.12
Shares Outstanding	32.3 million
Market Capitalization	\$60 million
Float	57 million
Float Value	\$61 million
Index Member	None
Full Report Issued	November 2000

### ***Intrinsyc Announces Licensing Win with BEA Systems; Increasing Recommendation***

**EVENT:** Intrinsyc Software (Intrinsyc) announced that that BEA Systems, Inc. (BEAS, NASDAQ) has selected Intrinsyc's J-Integra development toolkit for inclusion in BEA WebLogic Server. In addition, Intrinsyc will provide support and develop additional features as required.

BEA's WebLogic Server is the leading Java enterprise application server and represents the core of BEA's e-business platform. The WebLogic platform supports complex web services such as business process automation, transactional integrity, sophisticated security and multiparty long-running transaction support. BEA has over 10,000 customers and reported revenue of US\$257 million in its most recent quarter.

Obtained through the Linar acquisition in early January, J-Integra is a bi-directional Java-Component Object Model (COM) bridge written entirely in Java. Less technically, J-Integra allows Java-based products and Microsoft-based products to communicate easily. Furthermore J-Integra allows software developers to work in one environment and re-use software written in the other. The product has both enterprise and industrial applications.

**COMMENT:** The sale represents Intrinsyc's second major J-Integra licensing win and Intrinsyc's largest single software licensing contract to date. While we are not adjusting our existing forecasts we believe this sale offers some comfort that Intrinsyc will achieve our near-term forecasts. Furthermore, we believe potential upsale opportunities exist with this new partner given Intrinsyc's demonstrated ability to sell further into its existing partners.

**CONCLUSION:** We continue to believe that Intrinsyc represents a good opportunity for investors seeking a small-cap, well-capitalized growth story. The company has executed its business plan in a challenging economic environment and we believe several large market opportunities still exist for the company. Based on the firm's success to date and our confidence going forward, we are raising our recommendation on Intrinsyc from a Speculative Buy to a 2-Buy. We rate Intrinsyc a 2-Buy with a \$4.50 target.

Intrinsyc Software, Inc. Selected Summary	Year-end August 31			
	1999	2000	2001E	2002E
Revenue (mm)	2.3	2.9	10.3	22.0
Price/revenue			6x	3x
Earnings (loss) per share	(\$0.11)	(\$0.16)	(\$0.13)	(\$0.02)

#### **Intrinsyc develops device and network level solutions for the pervasive computing market**

Yorkton Securities has acted as agent for financing of or financial advisor to Intrinsyc Software, Inc. within the past three years.