



PRESS RELEASE

Software Mining agrees Global Distribution Agreement

New Company addresses Legacy Modernization space - COBOL Crisis will affect more than 200 billion lines of business critical program code.

London and Guildford, UK – June 8th 2009 – Software Mining Ltd and IPROS Software Ltd today announced that they have signed a global licensing agreement establishing IPROS as the exclusive distribution entity for the legacy modernization technologies developed by Software Mining. The new venture will use the softwaremining™ brand under exclusive license and continue to develop the technology.

The need for the softwaremining solution is driven by the imminent COBOL Crisis. While the majority of Fortune 500 companies have legacy systems written in COBOL, which was the programming language of choice from the 1960s to the late 1980s, the programmers who wrote and maintain this code are part of the baby boomer generation and they are now retiring. Industry analysts estimate that there are more than 200 billion lines of COBOL code in existence today and research by Gartner Group suggests that 85% of this program code will need to be migrated to new languages.

Software Mining Ltd, founded and led by Dr Cyrus Montakhab, has developed a unique technology based on Artificial Intelligence techniques which Dr Montakhab developed to enable programs based on the COBOL language to be effectively converted to more modern environments such as Java and Microsoft .NET. The softwaremining technology transforms the program code using unique software which enables the analysis of business rules buried in legacy COBOL and the generation of scalable modern program code. This enables the deployment of mission critical systems across lower cost and more adaptable systems platforms without requiring wholesale organisational disruption.

Dr Montakhab will join the Board of ISL along with John Botten, who is a participating investor and experienced executive, having previously been on the main Board of IBM UK as Commercial Director and Head of Large Systems for EMEA. Investing alongside him is Richard Last, the founder of Lynx plc and Chairman of Arcontech Group plc.

With this transaction, the softwaremining company is effectively positioned to realize the market opportunity presented by this innovative technology which has also been supported by the SETsquared Partnership, the research and enterprise collaboration of the Universities of Bath, Bristol, Southampton and Surrey. The company is based at the Surrey Research Park, aligned to the University of Surrey in Guildford, UK.

"I am very excited about working with the great team of investors" said Dr Montakhab, founder of Software Mining Ltd. "I very much appreciate the input from Rob Anderson and Geoffrey Planer of IPROS plc who led the investment process and Rob is now CEO of the new company."

"I believe that this creates a win-win situation for all of the parties involved in this transaction," said Rob Anderson, CEO of the new company. "Software Mining customers will benefit from a growing development base and the outstanding technology developed by Cyrus now has a clear and well-funded path to market."

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Background: Softwaremining Solutions for Enterprise Legacy Modernization

COBOL was the first widely applied commercial computer programming language, having been developed in the late 1950s and celebrating its 50th birthday in 2009. It is, however, an elderly language no longer widely taught at Universities and many of the original programmers are now retiring. With this diminishing pool of COBOL development resources the maintenance of COBOL systems is reaching crisis point. Technology has moved on at tremendous speed in the past few decades and, although these systems house many organisations' mission-critical functions, they are outdated and inflexible. There are many competitive and financial advantages in modernizing these legacy applications to newer computing languages such as Java and C#. Industry analysts estimate that the cost of manually rewriting a legacy application is 7-23 US\$ per line of code, however they also estimate that the odds against the successful completion of such a manual rewrite are 70%.

Softwaremining has developed a set of tools and services for the automated conversion of COBOL legacy IT applications into Java and C#. These solutions, representing more than 40 man years of R&D, significantly differ from other vendors in this market by offering clients either a product or a service, thus providing a low cost and low risk strategy for complete migration away from COBOL language. Compared to a manual rewrite, this automated approach takes approximately half the time and eliminates up to 90% of human error risks. Manual rewrites are notoriously high risk - a US credit card company reported a failed manual rewrite project costing \$80M USD. Softwaremining has already successfully delivered modernization projects with a US State government Tax Office and one of the top four Canadian banks.

For more information please visit www.softwaremining.com.

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