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PRESS RELEASE

Strata advises Allocate Software plc (AIM: ALL) on the £9.0m acquisition of Dynamic Change Limited.

Strata advises Allocate Software plc (AIM: ALL), the UK AIM listed workforce optimisation software company, on the £9.0m acquisition of Dynamic Change Limited, the UK-based Software-as-a-Service (“SaaS”) provider of regulatory compliance, corporate governance, risk and performance management for the UK healthcare market.

Strata has acted as retained corporate finance advisers since August 2008 to assist Allocate with acquisitions. During this time, Strata has advised Allocate on three completed acquisitions (one cross-border and two in the UK) and Allocate’s market capitalisation has increased by over 75% to some £42 million as at May 2010.

Overview of Dynamic Change and the Acquisition

- SaaS provider with over 98 per cent. of revenues from healthcare – multi-tenant hosted platform
- Customer numbers have grown from 54 as at 31 March 2008 to 125 as at 31 March 2010
- Approximately 70 per cent. of Dynamic Change’s total revenues of £3.2 million for the financial year ended 31 March 2010 are contractually recurring from subscriptions. These have grown by approximately 40% over the last financial year
- Upfront consideration of £4.9 million in cash and £100,000 in shares in the Company
- Dynamic Change is being acquired with cash balances and receivables of approximately £1.6 million, largely reflecting deferred income which arises from subscriptions paid annually in advance
- Further contingent consideration of up to a maximum of £4.0 million payable in cash and in full if Dynamic Change achieves at least 25 per cent. compound annual growth in run-rate subscription revenues in the three year period to March 2013
- The Acquisition is expected by the Directors to be significantly earnings enhancing in the first full financial year of ownership by Allocate

Commenting on the Acquisition, Ian Bowles, CEO of Allocate, said: “With this Acquisition we continue to broaden Allocate’s application portfolio for the healthcare sector which will now include regulatory compliance corporate governance, risk and performance management. We will also gain domain expertise in Software-as-a-Service. We believe this is an attractive opportunity to achieve additional visibility in our top-line growth and increase our recurring revenue base.”

Mil Milojevic and Hugh Ashley, Founders and Managing Directors of Dynamic Change, said: “The strategic fit between Allocate and Dynamic Change is excellent for both customers and staff. Regulatory compliance and business intelligence are rapidly emerging as some of the most exciting areas of the software market for healthcare and the enlarged group is well positioned to exploit this opportunity. We look forward to contributing to Allocate’s continued strong growth.”



About Allocate Software plc

Allocate Software plc is the leading workforce optimisation software applications provider for world-wide organisations with large, multi-skilled workforces. With a blue chip client base spanning the public and private sector, its key vertical markets include: Defence, Maritime, Healthcare and Government & Education.

Headquartered in London, Allocate provides services and support to its increasing international customer base through regional offices in the UK, Sweden, USA, Australia and Malaysia.

Allocate is quoted on the London Stock Exchange (AIM: ALL). For further information please visit www.allocatesoftware.com.

About Dynamic Change Limited

Dynamic Change was founded in 2001 and is based in Keele, Staffordshire. Dynamic Change is a leading provider of regulatory compliance, corporate governance, risk and performance management for the UK healthcare market. Dynamic Change has developed the “Performance Accelerator” SaaS software platform that is used by its customers to monitor and manage regulatory compliance, corporate governance, business objectives, risks and controls, performance indicators and financial targets. The platform incorporates all applicable regulatory standards and obligations for Dynamic Change’s healthcare customers and such content is maintained by Dynamic Change on an ongoing basis.

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