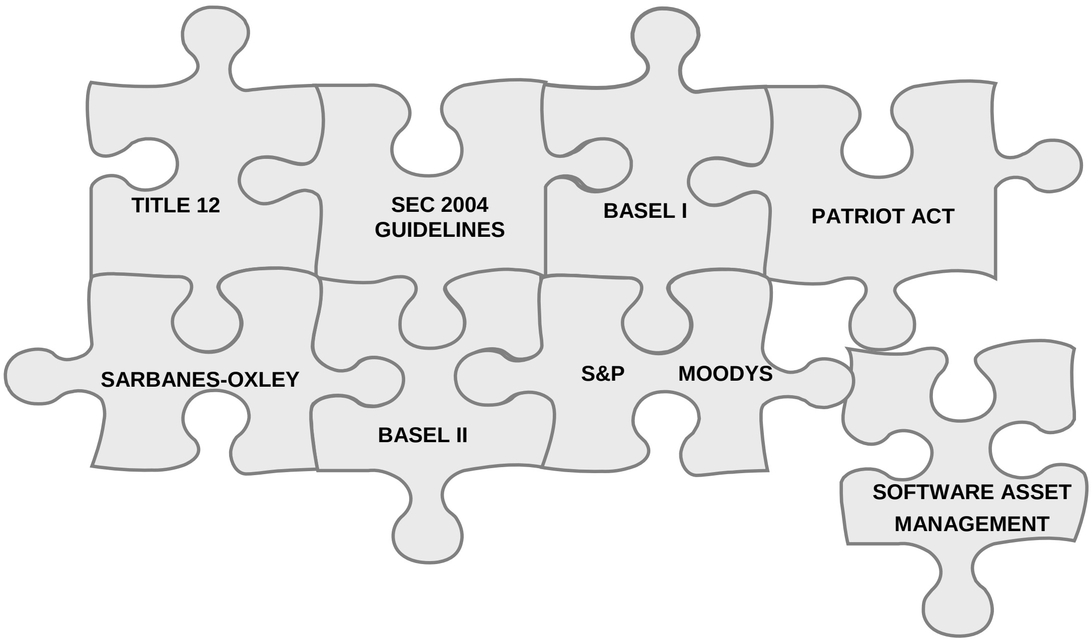
SOFTWARE MANAGEMENT SYSTEMS, INC.™

HOW SOFTWARE ASSET MANAGEMENT FITS IN THE BANKING REGULATORY ENVIRONMENT



Banks are no strangers to regulatory compliance. Basel, Sarbanes-Oxley, The Patriot Act and Basel II are being joined by private ratings institutions who peer deep into relationships with customers. Guidelines coming from the SEC and Standard & Poor's "suggest" banks develop policies for analyzing and documenting customer's objectives on regulatory issues. According to Moody's Corporate Governance is increasingly a consideration in bank ratings. Banks are being set up to monitor their customer's Corporate Governance. The risk is being shifted to banks by requiring they police corporate customers.

With one in three companies reporting material weaknesses, and 37% of deficiencies directly related to IT, banks have their work cut out for themselves. When an organization is found using unlicensed software, they risk regulatory non-compliance on two counts: (1) contractual risk by breaching use of software licenses and (2) legal risk of violating federal copyright laws. Banks have a third risk – reputational risk.

Software Management Systems, Inc. approaches software asset management from the perspective of how it fits into the larger IT Governance picture. Software is an asset that should be counted, accounted for, treated, managed, protected and valued the same as other corporate assets. SMS, Inc. takes a best practices approach to enable businesses to understand their assets and value them appropriately.

Non-compliance costs businesses hard cash. It determines the interest rates for borrowing money, credit ratings, debt instrument covenants, D&O coverage and premium fees; and it affects financing activities, M&A transactions and valuations. *The adoption of a comprehensive software asset management program is essential to good governance, reduction in risk exposure and continued compliance with corporate accountability measures.*