



i2 Technologies

The Investment Analysis Group

November 3, 2000



Agenda

- Industry Overview
- Company Strengths
- Company Valuation
- Concluding Remarks



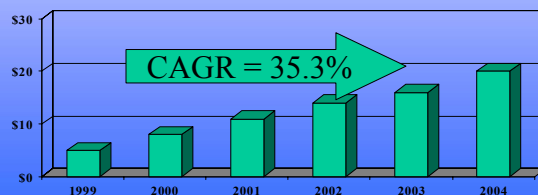
What the heck is i2?

- Global provider of eBusiness solutions
 - ❖ Collaborate with suppliers, customers
 - ❖ Respond to market demands
 - ❖ Conduct business via the Internet
- Competes in 2 broad markets
 - ❖ Supply Chain Management
 - ❖ Trading exchange platforms applications



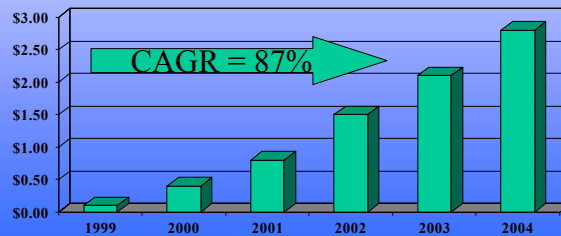
Industry Growth

- Supply Chain Management
 - ❖ \$4.4 BILLION market for supply chain automation applications in 1999
 - ❖ \$20 BILLION up for grabs by 2004



Industry Growth

- Trading Exchange Platforms Applications
 - ❖ \$124 MILLION market as of 1999
 - ❖ \$2.8 BILLION up for grabs by 2004



Supply Chain Management

- Competition on key factors
 - ❖ Inter-enterprise demand forecasting
 - ❖ Demand fulfillment
 - ❖ Collaborative product development
 - ❖ Customer management
 - ❖ Strategic planning
- i2 Kicks butt on each and every dimension!!!!!!



Trading Exchange Platforms

- Competition on key factors
 - ❖ Dynamic pricing
 - ❖ Broad auction capabilities
 - ❖ XML tagging
 - ❖ Integrated supply chain management
 - ❖ Supplier content availability
 - ❖ Open platform
- Breaking tradition, risk



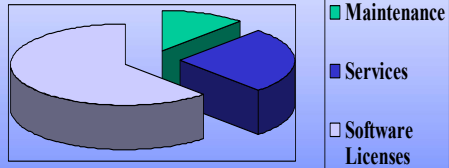
Strategy

- KILLER Value Proposition
 - ❖ Defines growth/savings as additional free cash flow ascribed to i2's products

Business Issue	Savings
Inventory Levels	Reduced by 50%
Inventory Turns	Doubled
Stock Out	Reduced by 9 fold
On-Time Deliveries	Increased by 40%
Cycle Times	Decreased by 27%
Costs/Revenues	Reduced by 20%
Revenues	Increased by 17%

Product Breakdown

- Software licenses
- Services
- Maintenance



Software Licenses

- RHYTHM Suite
 - ❖ Decision support
 - ❖ Intra-enterprise and inter-enterprise supply chains
- TradeMatrix
 - ❖ Open trading platform
 - ❖ Provides e-marketplaces



RHYTHM

- Six components
 - ❖ Product lifecycle management
 - ❖ Supply chain management
 - ❖ Customer management
 - ❖ Service assets management
 - ❖ Business process intelligence
 - ❖ Strategic planning



TradeMatrix

- Seven applications
 - ❖ Procurement
 - ❖ Commerce
 - ❖ Fulfillment
 - ❖ Product development
 - ❖ Retail
 - ❖ Planning
 - ❖ Customer care



Services

- Maintenance and product updates
 - ❖ 15% of license revenues
 - ❖ Renewable on a 2 yr. basis
- Implementation, consulting, training
 - ❖ Avg. deal size is **\$1.8 MILLION**



Customers

- Over 700 by 1999
- Decreasing dependency on limited number of sectors
 - ❖ High Tech
 - ❖ Metals/Paper
 - ❖ Apparel
 - ❖ Furniture, industrial, medical, aerospace, logistics, automotive



Want the Names?

- ❖ Ford, GM
- ❖ GE Plastics
- ❖ Applied Materials, EMC, HWP
- ❖ Barnes & Noble, Frito-Lay, Whirlpool
- ❖ Abbott Labs, J&J Medical
- ❖ US Steel, British Steel
- ❖ Sonoco
- ❖ KPMG



New and High Profile

- SIEMENS
 - ❖ Largest single deal in i2's history
 - ❖ 3 year deal
- Nokia
 - ❖ Beat out SAP for both!!!
- Caterpillar
- Kmart



Acquisitions

- Key Strategy

Acquired	Date	I2 Share Issued
Think Systems	May-97	15.4 million
Optimax Systems	May-97	5.4 million
InterTransLogistics	Apr-98	6.6 million
Smart Technologies	Jul-99	4.2 million
Aspect Development	Mar-00	44.9 million
Supplybase	Mar-00	1.8 million



Strategic Partnerships

Company	Nature of Relationship	Strategic Value
Oracle	ORCL has distribution rights	ORCL gains more complete product
Sun Microsystems	RHYTHM offered on Sun platform	I2 solutions based on open platform
Pricewaterhouse Coopers	PWC gets \$5 mil. Of i2 stock in exchange for IP	Assists in i2's implementation efforts
Ariba & IBM	Minority equity investment from IBM into Ariba & i2	I2 can deliver comprehensive solution
Broadvision	Integrate TradeMatrix with BVSN e-commerce apps.	I2 gets BVSN's installed base and revenue



What next?!!

- Four Product Announcements
 - ❖ Fulfillment Matrix
 - ❖ Outsourced fulfillment
 - ❖ Tough to execute in practice
 - ❖ Collaborative Procurement Solutions
 - ❖ Customer Order Management
 - ❖ TradeMatrix5.0
- 2 for 1 Stock Split
- Addition of Ken Lay, CEO of Enron, to B.D.



Management

Name	Office	Experience
Sanjiv Sidhu	CEO	Artificial Intelligence at TI
Gregory Brady	President	VP @ Oracle
Bill Beecher	CFO	Think Systems
Reagan Lancaster	VP Worldwide Sales	Manager @ Oracle
Hiten Varia	VP Worldwide Devel.	EDS
Sandeep Tungare	Pres. Of Demand Management	Think Systems, Nabisco



The Proof is in the Numbers!

- 3Q Earnings of \$28.8 million, or \$0.12 per share
- Compared to \$10 million, or \$0.06 per share, for year-ago
- Revenue hit \$319.5 million, up 118% from year-ago
- Signed 104 new deals



Competition

- Supply Chain Management
 - ❖ Manugistics
 - ❖ Oracle
 - ❖ Logility
- Trade Exchange Platforms
 - ❖ Ariba
 - ❖ Commerce One

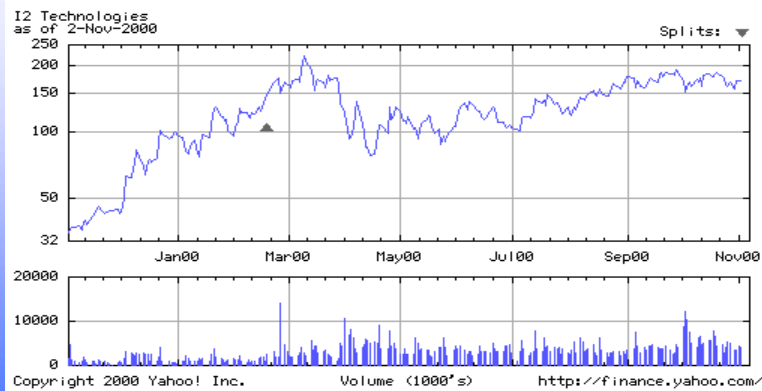


Risks

- Hate to admit it, but here they are:
- Stiff Competition
 - ❖ ARBA and CMRC more established in TEPs.
- Concentration Risk
- Jittery atmosphere over B2B and tech in general
- Sharp swings in stock price



Stock Performance



Valuation

i2 Technologies						
Company	Share Price	Sales/ Share	Price/ Sales	G (1 Year Growth Rate)	((P/S)/G)	Price/ Book
Ariba	132.88	1.43	92.923	61.97	1.499484862	6.67
CommerceOne	73	1.48	49.324	71.78	0.687159715	5.07
Ventro	4.31	2.37	1.8186	62.5	0.029097046	0.57
Manugistics	120.5	6.67	18.066	32.86	0.549785971	36.83
Oracle	30.31	1.74	17.42	25.47	0.683923841	30.81
Logility	3	2.29	1.31	35	0.037429819	1.31
i2 Technologies	170.48	5.12	33.297	43.7	0.76194222	3.87

i2 is relatively undervalued compared to its peers. To arrive at my conclusions, I posited a rather conservative growth rate.



Conclusions

- Classic Growth, Admittedly High Risk
- Excellent company
- Incredible potential
- **Recommendation**
 - BUY on a down swing in price

