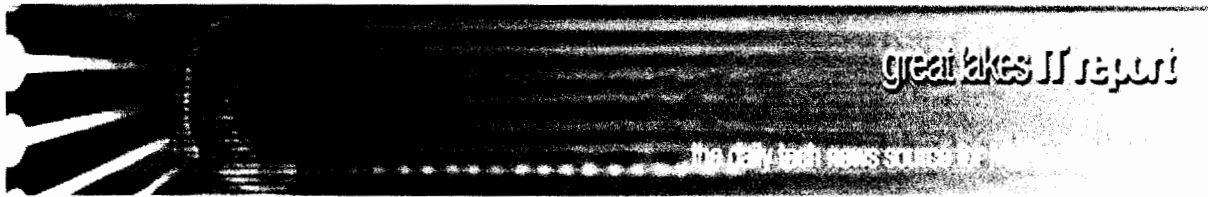


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Your report for Tuesday, April 6, 2004

Catuity predicts big fall-off in revenue
 Another computer recycler nears the 1,000 mark
 Aastrom sells \$9.1 million in stock to private investors
 ForeSee wins customer satisfaction work for Lane Bryant



RouteOne picks integration partner: Southfield-based RouteOne L.L.C., a joint automaker online finance venture, Monday said Greenwood Village, Colo.-based Ciber Inc. (NYSE:CBR) had joined RouteOne's vendor certification program. Ciber will now assist in the technical integration of participating finance sources like credit unions and banks into the RouteOne system. DaimlerChrysler Services, Ford Motor Credit Co., General Motors Acceptance Corp. and Toyota Financial Services formed RouteOne in 2002 to create a more streamlined credit application process for auto dealers and customers. The joint venture is developing a Web-based system that will enable dealers and finance sources, including captives, banks and other financial institutions, to exchange credit application and decision information online. More at www.routeone.com.

INDUSTRY

Automotive Tech: GM's Tony Scott says there's much cooler auto tech just around the next curve

Well, wasn't *this* convenient. The first Tuesday of the month is the automotive technology special section day for your *Great Lakes IT Report*, and it also just happened to be the day after a dinner with Tony Scott, Chief Technology Officer for GM's Information Systems and Services (IS&S) organization; WWJ Newsradio 950 and *Detroit Free Press* tech columnist Mike Wendland; Samuel M. Smith, regional principal for IT investment bankers Venture Management Inc.; and your humble narrator.

Most of the wide-ranging, two-hour discussion was on the record, just as we like it. (What good does it do if I learn things I can't share with you?)

Catuity predicts big fall-off in revenue: Detroit-based Catuity Inc. (Nasdaq: CTTY), a developer of loyalty card software for merchants, credit card issues and transaction processing firms, Monday predicted a dramatic decrease in revenue for the remainder of this year, due to Target Corp. ending its experiments with smart-card technology. For the quarter ended March 31, the company said it expected revenue of \$470,000, down from \$1.475 million a year earlier. The cut is expected to come from a \$1.1 million reduction in license revenue; software development and services revenue is expected to rise to \$460,000 from \$400,000. "Although it is difficult to predict the amount and timing of future revenue, we currently believe our 2004 revenue will be significantly less than that recorded for 2003 as a result of the phasing out of the Target Visa smart card program," CEO Michael Howe said in a prepared statement. "As a result of the revenue loss, we will incur a loss in 2004, as compared to our close-to-break-even 2003 results." Howe said Catuity had \$5.1 million in cash on hand as of March 31, and operating expenses for the year's final nine months will be about \$3.6 million, down from \$4.5 million a year earlier. "Our agreements with

First the biographical stuff: Tony's an Oak Park, Ill. native who was a student at the University of Illinois -- with a roommate from California. He visited that roommate and quickly fell in love with California (his first visit included a Stanford football game and trips to Tahoe, wine country and Santa Cruz, all hard places not to love). He eventually graduated from the University of San Francisco and went to work for Sun Microsystems back in the 1980s. He would stay through the early '90s, where he got to play a little pickup hockey with Sun CEO Scott McNealy, and picked up a law degree from Santa Clara University, mostly to help him with the intellectual property portions of his work at Sun.

He later worked for a warehouse and distribution software start-up, Price Waterhouse and Bristol Meyers before joining GM in 1999.

Scott is 51, his wife, Carolyn Lehr, is city manager of Keego Harbor, his sons, 18 and 21, attend the University of Michigan, and he has about three computers for every inhabitant of his house even when the kids visit -- including a music room packed with a Sun machine, Macs, keyboards and drum machines.

Scott said he wasn't sure he'd be interested in the GM job at first, but quickly grew fascinated with the challenge of reining in the tech beast at *Fortune* No. 1, as well as the chance to work for GM CIO Ralph Szygenda.

Scott's initial challenges: bring GM an "insertion strategy" for emerging technology; run a standards process for a company that had purchased "one of everything" because anybody with a budget could go out and buy any IT they wanted and install it; and design an overall "enterprise architecture" for GM IT.

Scott has cut GM's annual tech spend from \$4 billion in 1996 to a little under \$3 billion now, and pared the number of critical business systems in use from 7,000 to under 3,000.

In terms of GM's IT, Scott is now supervising a controlled rollout of secure wireless IT at GM's Renaissance Center HQ (currently it's limited to a couple of hundred people).

our current channel partners Maritz, Certegy, KESM and EMS should generate revenue in 2004 and additional revenue in 2005 as they add new retail licensees. We are also continuing to examine other expense reduction opportunities in 2004," Howe said. Howe also said most of its efforts this year will be in the use of magnetic stripe cards, rather than smart cards. More at www.catuity.com.

Another computer recycler nears the 1,000 mark: Monday you read about continued growth for Re.Source Partners, a Mount Clemens company that fixes up obsolete corporate computers and sells 'em where possible, and disposes of them responsible when a sale isn't possible. Today, meet Northville dentist James Payne, who with two friends, reconditions used computers as a hobby. As of Monday, the trio has donated 925 computers to a variety of organizations, "and nobody has paid a penny for them," Payne said. There's more information at www.jdscomputers.netfirms.com, but in a nutshell, here's the skinny on donating to Payne & Co.: the computer has to be at least a 350 MHz Pentium II or better, and does not have to work (although the monitor has to work, because fixing them is often more expensive than just pitching and buying new). The group also takes printers, scanners and other hardware. Payne and friends have helped a wide variety of groups and organizations, from Allen Terrace (a senior housing complex in Northville) to the Women's Opportunity House (a Lansing women's shelter - - and sorry, nobody has yet been helped starting with an X, Y or Z), and a bunch of inner-city and parochial schools. Payne said about three and a half years ago, he bought a computer for his office, and "every Tuesday and Thursday at 5 o'clock, you could set your watch by it, it went face down. They came out and looked at it, but they couldn't help. Well, I got a PC repair and upgrade book and understood what it was right away. And I fixed it and it never went down again. They had put a ZIP drive and a CD-ROM on the same IDE strap, with both set for master." (That strap connects the devices to the motherboard.) "When you have two devices set for master it throws one of the things away. Well, I found that the more I read about computers, the more I understood." He did an internship at a local computer shop, now called Computers Plus, until he felt confident enough to start fixing machines on his own. "More than 7,000 people have benefited from what we've been able to

He also believes voice recognition technology will soon improve to a point where there will be genuine e-mail and Internet connectivity in cars, on a voice-activated basis. His kids' generation will expect it, Scott said, although there remain economic barriers to widespread adoption.

At the same time, Scott pointed to GM's OnStar business as proof that in telematics, "simplicity wins out."

Scott also said GM isn't all that wild about open-source software from Linux – because it's more expensive to maintain than proprietary software, and because GM requires indemnification from software vendors over intellectual property issues, and Linux software is embroiled in legal disputes.

Note: For a schedule of the content of this special section, click here. Some special section sponsorships are still available. For more information, contact Wendy Baca, Great Lakes IT Report marketing director, at wjbaca@cbs.com or call (248) 455-7336.

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Delphi All-in-One audio system an industry first: Troy-based Delphi Corp. (NYSE: DPH) said Monday that a new audio system will hit store shelves this week. For a list price of \$199.99, the unit is the industry's first "all-in-one" audio package that allows listening to Delphi XM SkyFi satellite radio, regular AM and FM broadcast stations, CDs and .mp3 files. The unit requires the separate Delphi XM SkyFi receiver, which has a \$99.99 list price. The system is powered by an AC adapter or six D batteries.

New look for Automation Alley: Automation Alley, the Pontiac-based tech trade promotion group born in Oakland County, has a new logo (oh, all right -- "visual identity"). Executive Director Ken Rogers said the new logo reflects the organization's growth outside Oakland County as well as its new services. The previous logo represented just the member consortium, a cluster of technology-driven companies. Now, there are separate sub-brand logos for that member consortium, along with the new Automation Alley Technology Center coming this fall with tech demonstration and training space, the Automation Alley Export Center, and the Glima network of membership organizations for interactive professionals. The new logos will be used beginning April 19. You can check 'em out and download 'em for your edification at www.automationalley.com/new_logo/logos.htm.

do," Payne said. Cool stuff.

Aastrom Biosciences announces \$9.1 million stock sale: Ann Arbor-based Aastrom Biosciences Inc. (Nasdaq: ASTM) said Monday that it had placed 8 million shares of common stock with institutional investors. The purchase price was \$1.14 a share, for an aggregate purchase price of \$9.1 million. As part of this transaction, the Company will also issue warrants, to the purchasers, exercisable for five years to purchase up to 2.4 million shares of common stock at a price of \$1.42. The Company may require the exercise of the warrants under certain circumstances prior to their expiration date. If exercised, the warrants could generate up to an additional \$3.4 million in proceeds to Aastrom. Jesup & Lamont Securities Corp. served as placement agent. The registration statement for the securities is available at www.sec.gov. Aastrom develops the Aastrom Replicell System, a patented, integrated system of instrumentation and consumables that produces grows large quantities of human cells consistently and reliably. Those cells have applications as a variety of medical treatments. More at www.aastrom.com.