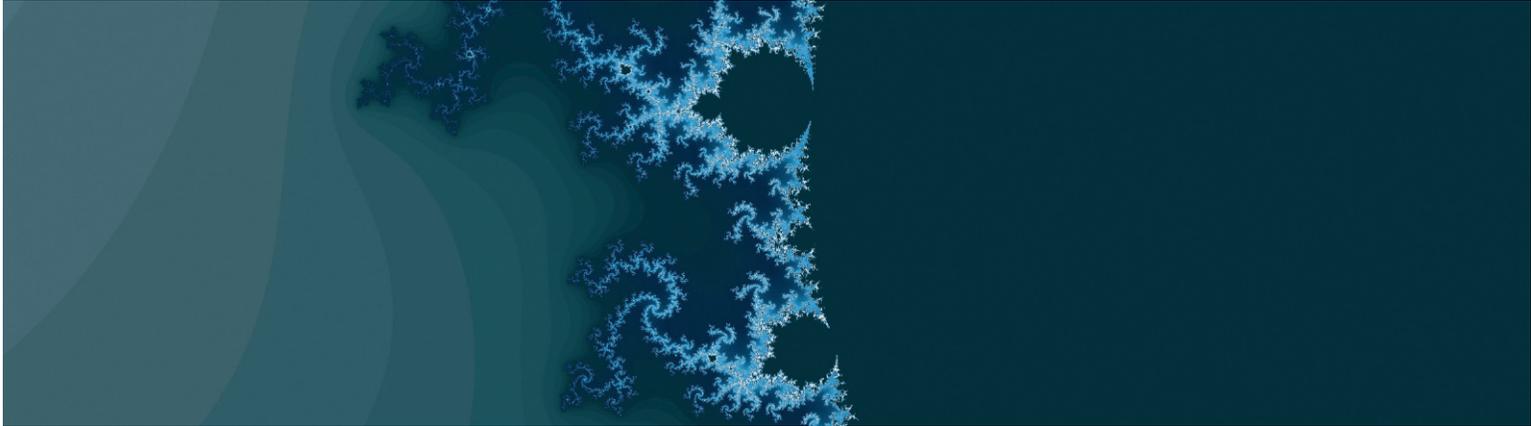




# Crossgate, Inc.

## Corporate Overview



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# Corporate Overview

In today's global marketplace the speed of business-to-business (B2B) transactions is dizzying. More than \$1 million in e-commerce transactions takes place every six minutes. More than \$1 billion in global trade occurs every hour. The U.S. patent office receives a new application every 2 minutes, and every 3.5 minutes sees a new consumer product launched. The global marketplace has become a bustling sea of business partners where successful collaboration is essential.

Operational efficiency in today's high-speed global economy depends on clear communication among all parties involved—suppliers, producers, assemblers, integrators, distributors, wholesalers—as disconnected processes can quickly cause major problems. Although technology has been a key driver in supporting the transformation of business processes, the solutions used to connect trading partners have not progressed accordingly, and the vast majority of business transactions are still paper-based. Effective B2B communications is critical for businesses to survive and grow, yet B2B technology has not evolved to keep pace with the speed of change.

What if electronically integrating any business partner was as spontaneous and affordable as simply downloading a song from iTunes to your iPod? What if you could connect instantly with anyone, anywhere, for a fixed cost? This is Crossgate's mission.

## The Speed of Business Has Accelerated

Business leaders are being forced to reconsider their operational models as the speed of business accelerates. No longer can innovation and competitive advantage be shielded inside the four walls of an ivory tower. Today's market leaders are learning from the past and preparing to deliver faster innovation to customers at lower costs by sharing investments, assets, and ideas with a collaborative business network. Four fundamental economic shifts are contributing to the speed of business:

*Businesses must change their operational models to keep pace with the speed of change*

- **Deregulation.** Since the mid-20<sup>th</sup> century, deregulation in many industries has opened up markets that have long been protected. Companies that have operated complacently for decades without facing competition have had no choice but to overhaul their business strategies to compete for customers.
- **Globalization.** Low-cost competitors have entered the playing field in many markets, forcing companies to re-evaluate their approaches to manufacturing, marketing, and customer service—not only to attract new customers, but also to retain their existing ones and compete with lower-cost alternatives.
- **Technology.** Throughout the last decade, software, hardware and voice technologies have advanced with unprecedented speed, meaning that work can rapidly transfer from one business partner to the next. The amount of data has grown exponentially, and advances in technology enable information to be easily accessible and immediately available in real time.
- **Commoditization.** Goods and services today are widely available and interchangeable among companies, a development that has both positive and negative results. Fierce competition has increased market consumption, but it has also challenged margins and threatened individual brands and markets.

## Businesses Must Transform and Adapt to Change

In years past, companies were "built to last" by ensuring that they were efficient within their operational silos. Organizations focused on commanding and controlling the individual segments of their business to keep operations consistent and predictable. Research and development took place internally, and processes were based on uniformity and adherence to a standard mode of operation.

The accelerating speed and globalization of business has forced companies to entirely transform their approach from "built to last" to "built to adapt." Vertically integrated enterprises have given way to increasingly disaggregated models of specialized businesses that interoperate to create end-to-end deliverables. Rather than trying to command an industry by building a monolithic isolated enterprise, today's businesses have learned to become fast, nimble aggregates that connect with partners to collaborate and deliver innovative products and solutions to a diverse audience of customers.

*Companies have been forced to make changes to adapt to doing business in a global economy*

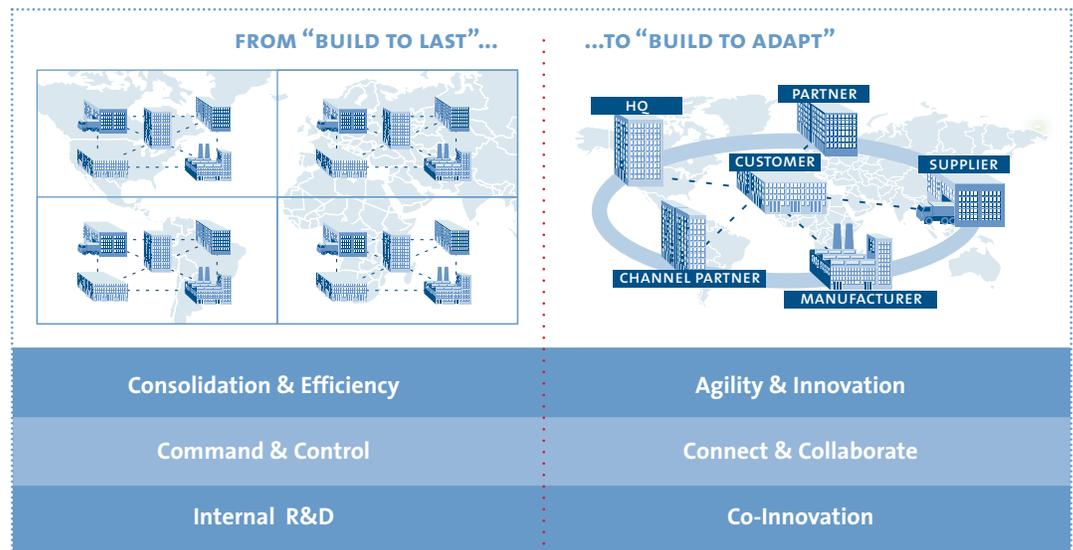


Figure 1: Network-Readiness and Partner Collaboration is Mission-Critical.

One of the clearest examples of this trend can be seen in the computer industry. In the mid-20th century, a handful of giant corporations—IBM, Fujitsu, Honeywell, NCR, Univac, and others—met the computing needs of businesses by supplying complete systems of hardware and software built on proprietary architectures with closely held technology. This model of exclusivity carried through into the first generation of microcomputers, with another lineup of corporations such as Wang, Digital Equipment Company, and Data General manufacturing proprietary systems while struggling to sustain enormous costs for individual research and development.

In the late 1970s, with the development of the relational database and the personal computer, the landscape of business computing technology changed forever. The status quo of giant computer companies designing expensive, proprietary systems gave way to scores of specialized providers designing micro-processors, operating systems, hardware, networks, databases, application software, and standardized interfaces. By disaggregating enterprise computing, innovation and design could evolve independently, and the computer industry as a whole advanced the progress of technology much more quickly than individual companies would have been able to. Similar business models can be seen in many industries including Automotive, Consumer Products, Aerospace & Defense, Chemicals, Pharmaceuticals, and Oil & Gas, among others.

*Sticking to the status quo  
brings business growth  
to a grinding halt*

## IT Strategies Must Keep Up with the Speed of Business

As business environments have evolved through the years, key technologies have changed to keep up, helping businesses to be as effective and efficient as technology would allow.

### Voice Communications:

- In the late 1980s, all telephone transactions took place via landlines. But as businesses began to demand more agility and flexibility in telephone communications, the voice communications system that had existed for decades was no longer sufficient.
- Technology had to advance to meet those demands, so by the late 90s business had become mobile, thanks to cellular phones. Business people could take their work with them in the car, on the subway, or across the country—anywhere they could get a signal.
- Voice communication technology continued to evolve into the 2000s, first with the creation of the Blackberry and then with handheld computers and other devices that allowed users not only to communicate by voice but also to send data with the same device.
- In the telephone communications industry, going beyond the status quo enabled businesses to become more mobile and efficient than ever before.

### Enterprise Software:

- In the late 1980s, enterprise resource planning (ERP) systems consisted of individual client/server applications that separately managed various financial processes within an enterprise. Business processes such as customer relationship management (CRM), human resources (HR), project management, accounting, and financials were accomplished using disparate and specialized software applications.
- As the business world moved into the late 1990s, software developers gathered ERP software solutions into business suites—collections of applications offered in one silo from the same vendor, working in concert to manage all business processes.
- By the 2000s, business suites had evolved still further beyond the status quo, with developers offering pre-integrated process platforms of applications working together as one. ERP systems today are service-oriented and reusable, giving business owners more power to control information and orchestrate their processes to suit the demands of their organization.

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## Trading Partner Integration Still Operates at the Status Quo

As the previous examples show, many key business technologies have been routinely reinvented to keep up with the speed of business. However, the transfer of information through B2B partner networks has stayed essentially the same for several decades.

Companies accomplished electronic data interchange (EDI) in the late 1980s by turning standardized document forms into digitized files that could be exchanged between computer systems. E-marketplaces emerged in the late 1990s to make it easier for trading partners to access the business community via the web, and a few years later, XML arose as a new data standard for digital files using markup tags to specify format regardless of viewing platform.

Clearly the *form* of the data being transferred between businesses has changed through the years, but the *integration and translation* of that data remains burdensome and expensive. In response to the expensive integration projects created by previous solutions, companies attempt to divert this expense by using non-automated portals or through the use of offshore mapping resources. The simple truth is this: the real expense lies in actually creating and maintaining that mapping between partners. This cost factor has always been the main inhibitor to furthering the use of e-business technologies.

*Crossgate's solution simplifies connectivity without the high cost associated with other technologies*

### ● ► Partner Collaboration Must Evolve

Companies operating at the status quo impact their speed of business and increase their cost of technology, operations, and innovation by resisting change. On average, fewer than 20% of a company's partners are automated, and change management is costly when it is not aligned with internal enterprise resource planning (ERP) strategies. For example, it can take up to 37 days to automate a partner and up to \$5,000 to integrate one partner process (i.e., a customer sales order). Even though the average cost of processing an electronic order is \$5, as opposed to the average \$100 cost of a manual purchase order, the majority of smaller partners have not evolved to an electronic system because the technology is too costly and difficult to implement.

This reliance on paper for more than 80% of all business transactions causes delays in shipping, over-inflated inventory-on-hand carrying costs, and the inability to track demand and supply expenses accurately. Manual business processes increase the risk of human error and lost or damaged data, resulting in slower response times and therefore less efficient customer service. Maintaining "business as usual" by not automating and streamlining B2B transactions is not only costly, it also hampers growth and success.

## The Global Network: Reinvented and Ready for Business

The key to streamlining B2B communications lies in breaking out of the status quo to improve the way data is integrated, not just the way businesses deliver it. The global network must be reinvented and made ready for business, so that when a company needs to connect to a new trading partner electronically, the connection will be as easy and spontaneous as downloading a song from iTunes—select a partner, select a business process, pay a single and simple activation fee, and instantly begin sending electronic messages.

How can B2B integration evolve to keep pace with the changing face of business? Crossgate's Business-Ready Network provides the answer—by simplifying connectivity and eliminating costly mapping and integration projects. Crossgate makes it easy for businesses to connect and communicate quickly and efficiently with their global network of trading partners. The Business-Ready Network maintains a centralized profile database of more than 40,000 pre-integrated business partners worldwide, providing a service repository of B2B processes for all major trading partners and industries. Crossgate's solution reduces integration touch points, provides universal translation services that are agnostic of data format or communication protocol, and works seamlessly with any back-end system including ERP solutions from SAP, Oracle, IFS, Sage, and Infor. With the Business-Ready Network, organizations can connect to any global business partner including suppliers, customers, logistics providers, government agencies, and banks in a matter of days or even hours, so that organizations begin to realize value from that connectivity as quickly as possible.

*Crossgate's Business-Ready Network  
simplifies B2B communication  
for trading partners in all industries*

*“With Crossgate we were able to exceed our B2B integration targets. Because the service is consumption-based, it can be easily adjusted, and it was important that we find a solution compliant with our SAP strategy. We now get more built-in value from our SAP software without an investment in separate EDI software.”*

— Martin Limpert, CIO, Preh GmbH & Co. KG

Once connectivity is established, a company can collaborate with hundreds of partners in the network, and Crossgate works to increase ongoing visibility and improve processes to effectively manage the flow of information. Instead of having to write hundreds of point-to-point maps, an organization can connect to the network once using a reusable Universal Meta-Interface. Most importantly, everyone benefits from the economies of scale generated by the networked community.

*Business collaboration  
using a single platform  
simplifies integration*

➤ **Connectivity as a Foundation**

Within the Crossgate solution, all incoming and outgoing business processes are automated. Regardless of the technology involved—paper, fax, EDI, XML, e-mail, or even a Web portal—businesses can collaborate using a single platform. Instead of deploying very large time and materials projects to integrate back-end systems to trading partners, a business can connect once to the Business-Ready Network to have instant access to the benefits of the Crossgate solution.

The primary focus of enabling B2B enterprise connectivity is to simplify integration. Crossgate has established an easy way for organizations to use their existing SAP® Business Process Platform to connect to Crossgate's Business-Ready Network without having to acquire additional third-party software. Companies can easily connect and integrate with partners in the network using the SAP landscape they have already invested in. The partnership between SAP and Crossgate ensures complete compatibility with any SAP R/3 version, from 3.1i to ECC 6.0, All-In-One, Business One and SAP ByDesign installation. Every part of the network integration—project management, deployment, conversion, and communication—is handled within the core Crossgate B2B 360° services.

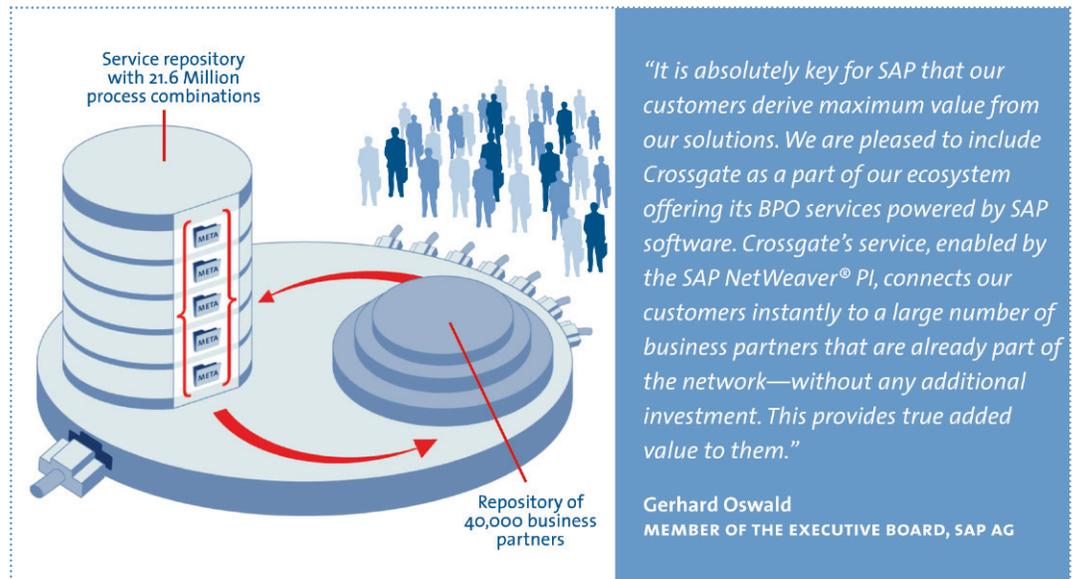


Figure 2: Crossgate Partner Profile Repository.

🔗 ► **Eliminating Mapping Simplifies Integration**

One of Crossgate’s primary goals is to eliminate the redundant mapping and point-to-point integrations required to collaborate with trading partners. All other current EDI translation solutions offer only time and materials services or templates, and companies are left to their own devices to perform point-to-point partner integration, which can cost as much as \$15,000–\$20,000 per partner. Current EDI strategies offer no standardization and no reusability, and as a company’s partner network increases, so do the costs for integrating new partners. With standard EDI solutions, point-to-point integrations can be complex, time-consuming, and expensive.

*“We needed a solution to integrate electronic data interchange (EDI) with as many as 50 business suppliers and customers. This solution works with our SAP software to make it fully EDI compatible, and we benefit from our partner’s extensive transaction network, free of risk and investment costs.”*

— Kai Sievers, CIO, Argo-Hytos

The Crossgate Business-Ready Network separates the customer integration from the partner profile integration using a Universal Meta-Interface that already contains more than 40,000 pre-integrated business partners worldwide. The Meta-Interface contains trading partner profile information for global business leaders such as Wal-Mart, Target, General Motors, Costco, Best Buy, BMW, and thousands of other partners—each one using different systems and processes—and Crossgate has standardized their processes into one canonical form for each transaction type. Crossgate’s centralized Partner Profile Repository contains all of the process rules, data formats, and communication protocols used by network partners. For example, if a company connects to the Crossgate network for invoices, they can easily activate the profile link for invoices with any partner on the network. More importantly, there are no hidden fees. Much like iTunes, a simple and fixed activation fee covers all project and enablement activities to ensure a working and tested connection with any partner. Finally, executives can predict the real cost and benefit of their B2B Network.

*Standardization and reusability  
make partner integration  
easier and less expensive*

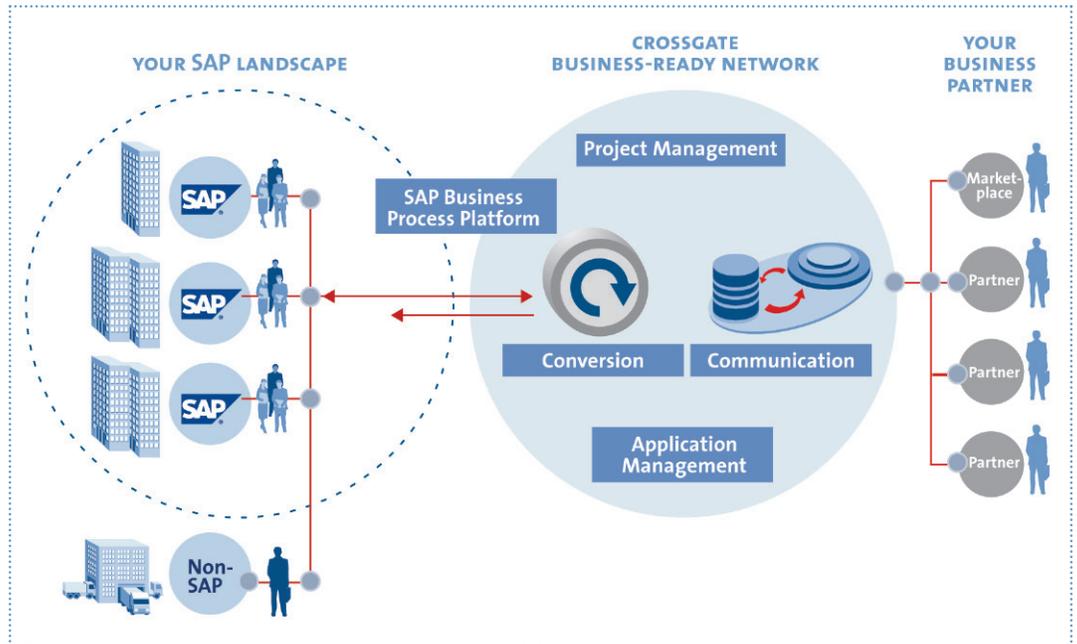


Figure 3: Enterprise Connectivity Simplifies Integration. The core Crossgate Business-Ready Network handles every part of the network integration—project management, deployment, conversion, and communication.

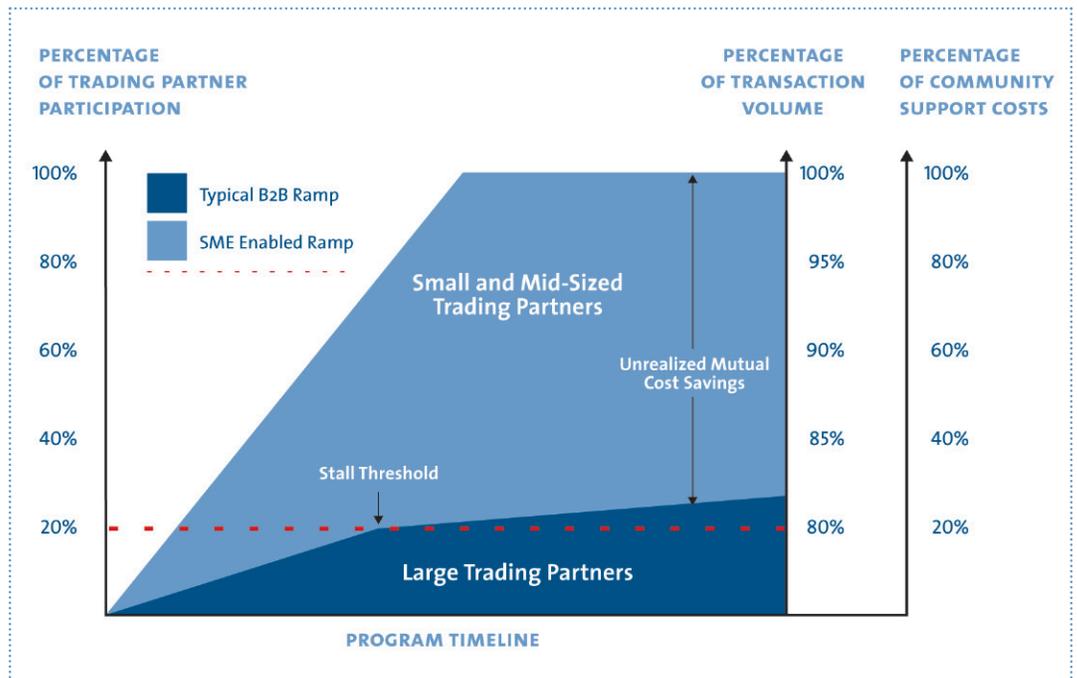


Figure 4: Enterprise Connectivity: 80/20 Rule.

🔗 ► **Enabling Small Partners through a Community Client**

With existing EDI solutions, the two biggest inhibitors to enterprise connectivity for small-to-midsize businesses are the costs for participation and the time required for integration. For this reason, B2B enablement projects typically stall at around 20% of partners, leaving more than 80% of partners submitting orders and invoices on paper or over the phone.

But the Crossgate Business-Ready Network offers a Community Client that provides small business trading partners a fixed-cost, simplified way of exchanging information using one common interface that is intuitive and easy to learn. Because of the pre-integrated network of trading partners, the exchange is not a one-to-one communication like many of the industry exchanges and supplier portals—it is a one-to-many transaction, eliminating the need for multiple portals.

*Small businesses can access  
a global catalog of partners  
simply and economically*

Imagine if you had to buy an iPod for every song you wanted to listen to. How many people would buy 50 iPods for 50 songs? Amazingly, this has been the status quo in Web portals—push the burden down to the smaller partner. The Business-Ready Network's Community Client eliminates this issue and gives each small partner the ability to access a global catalog of partners and industries, thereby encouraging adoption and participation.

Another benefit of the Community Client is that customers pay for only the services they actually use, similar to the system used by a post office or shipping service. Companies can manage their partner collaboration without a costly up-front investment, they pay for only the partners they connect to, and they can expand their connectivity as their business needs change and grow. By eliminating an up-front investment, doing away with multiple Web portals, and simplifying the ongoing cost model, Crossgate overcomes past burdens and provides economic incentives for small partner adoption.

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🔗▶ **Removing the Burden of Processing Paper**

Despite the increasing adoption of automated processes by businesses of all sizes, there will probably always be companies that continue to use paper for their business processes. According to Aberdeen and AMR Research, approximately 80% of all invoices from suppliers to purchasers are still handled on paper.

For a fixed cost per document, Crossgate will take scanned images of an invoice, validate the data, trigger a Web-based approval process to resolve any discrepancies, integrate directly into SAP® R/3, and store the image file in the SAP system archives. This electronic and legal processing ensures compliance, consolidates formats, and provides the capability for managing exceptions. Not only does the Crossgate Invoice Factory simplify B2B transactions, it also translates to significant cost savings in accounts payable departments by reducing or eliminating data entry requirements.

*“The scalability and flexibility of the system has convinced us: We are—like our industry—always in motion and we therefore need a solution that is quick and easy to adapt and expand. Especially here we profit from Crossgate’s expertise.”*

— Holger Geroneit, head of Accounts Payable, LANXESS

🔗▶ **Enterprise Collaboration Services**

The enterprise connectivity foundation of the Business-Ready Network is the basis of Crossgate’s Enterprise Collaboration Services, which give organizations the power to expand their e-business community, monitor activity and transactions, and improve on processes such as electronic invoicing and supply chain exception management.

Crossgate’s turnkey enablement, called B2B 360° Services, is an end-to-end solution that covers program development, project management, ongoing support, and change management for B2B rollouts. Customers can clearly define milestones and achieve them effortlessly—all for one simple, fixed cost. The services also help organizations with process enablement such as e-invoicing, both outbound and inbound, to help organizations eliminate paper invoices and get up and running quickly with their global trading communities.

*B2B 360° Services:  
end-to-end solutions  
and one simple, fixed cost*

Crossgate also utilizes collaboration tools such as the Partner Repository, a centralized database containing more than 40,000 accessible partner profiles and ERP profiles, as well as the Relation Manager, a community portal that provides online visibility into the status of partner relationships. Customers can access the partner catalog, search and view information about network partners, and easily download the information and integrate it into their e-business systems.

Crossgate also provides customers with closed-loop activity and transaction monitoring, accessible online in real time. A SAP-specific IDOC monitor gives customers access to a detailed overview of position data that is searchable by type, status, or partners. The Crossgate solution is NetWeaver-compliant, making it easy for customers to integrate data into SAP Analytics, Business Warehouse, or Business Objects, where they can work with it in greater detail.

## Simple, Affordable, Future-Proof, and Risk-Free Connectivity

The Crossgate Business-Ready Network is the largest B2B transaction network in the world and is available to businesses of any size, in any industry, and in any country. Crossgate has packaged the tools provided by the solution into one collaborative standard in order to simplify onboarding and provide the greatest value to end users. There are no hidden charges, no time-and-materials based services, and no additional investment of time or money will be required in the years to come—just one simple and predictable fixed cost.

*Standardized B2B transactions*  
*No hidden charges*  
*No additional investment*

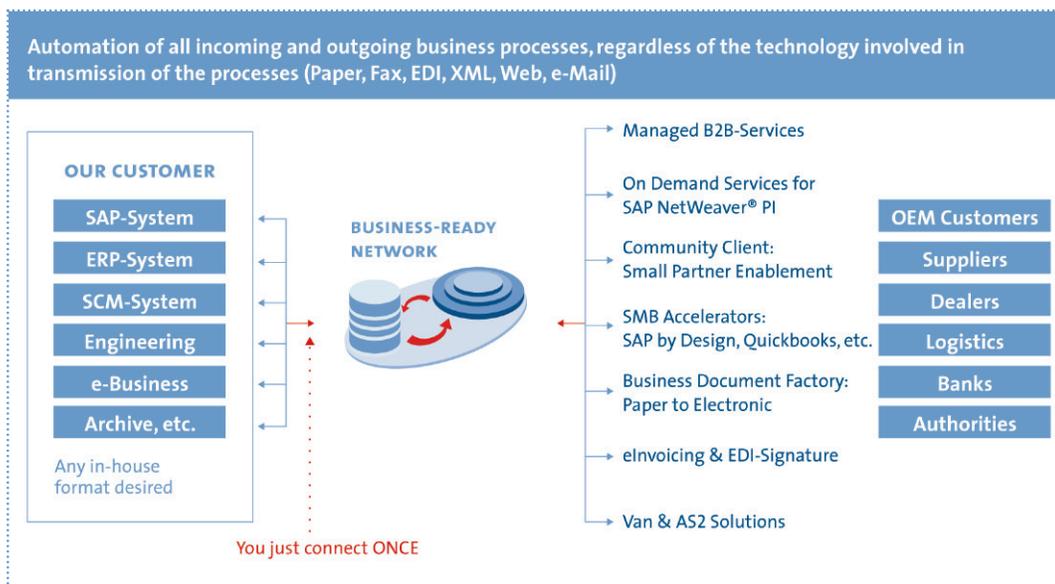


Figure 5: Crossgate Enterprise Connectivity.

Crossgate’s Business-Ready Network is certified by SAP® as being part of SAP’s Business Process Platform strategy, with NetWeaver as the standardized way of connecting into the network. The network enhances the capabilities of a customer’s existing SAP® system (SAP NetWeaver® PI, SAP® Business Suite, SAP® Business All-in-One, SAP® Business ByDesign, and SAP® Business One).

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## 📍 ► About Crossgate

- Founded in 2001 with the sole purpose of changing the status quo for B2B integration.
- #1 B2B transaction network in the world.
- Since its inception, the company has pre-integrated its network with more than 40,000 trading partners, who conduct over 1.3 billion transactions annually on the network.
- Industry-specific knowledge (automotive, trade, consumer products, technology, pharmaceutical, chemical, process industry)
- Crossgate currently serves 2,600 customers in North America, northern Europe, and the Middle East through offices in the United States, Germany, UK, France, and Italy.
- Dietmar Hopp, the original co-founder of SAP, is a major shareholder in Crossgate AG.

*“Our engagement at Crossgate is focused at supporting the international growth in the international market for electronic data exchange of business critical information. The business model is convincing: A central platform for B2B Data Exchange rather than redundant individual communication and integration platforms. Similar developments have taken place in the utility and telecommunication sector.”*

— Dietmar Hopp

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