NOT APPLE – BUT A SOFTWARE COMPANY JUST AS DIVINE

Hubert Setzler
Johnathan Munn
Francis Marion University

Growth is the second stage of the business life cycle; therefore, any business that survives the Introduction phase subsequently explores expansion opportunities. In this case a southeastern church management software company, ACS Technologies, achieved growth by acquiring small competitors that did not have the drive, desire, or resources to adapt to a changing consumer market. They acquired numerous companies solely for their market share. Once the new customers had been transitioned, the acquired company was shutdown. ACS continued to look for opportunities that would expand their market and product line when a new but potentially dangerous opportunity arose.

This new opportunity was Parish Data Systems (PDS). The potential rewards and challenges would be unlike any acquisition that ACS had made before. The increased market share from merging with this company could spring ACS forward as an industry leader. However, the increased financial burden of this decision could also drive ACS to ruin. Based on the multitude of complex issues, should ACS merge with PDS?

INTRODUCTION

Father Mike sat praying at the desk in his home. He always brought work home with him but this was different. He was a Catholic Priest in every sense of the word, a small thin man in his seventies with very sharp features. He pondered about how he and a high school kid started a software company to provide Catholic churches/diocese with administration and accounting software, Parish Data Systems (PDS). However, he was tired of the business, tired of the competition in his market, and after 25 years of running PDS, ready to turn over the reins. Father Mike knew they had to upgrade, knew they needed to change business models, and knew they did not have the resources to get this done alone. How was he going to take care of his employees, take care of his customers, and take care of his churches? He had dedicated a life to these pursuits. Perhaps Father Mike saw the light at the end of the tunnel. He saw a possible way out. It was the end of 2003, and he was about to get on a plane to travel from Phoenix, AZ to Florence, SC and visit his friends from ACS Technologies (ACS).

Alex Miller, the president of ACS, was anticipating the visit from Father Mike. Miller and Father Mike had known each other for years, first meeting on the trade show circuit. Miller was an illustrious warm looking man in the prime of his career that had led ACS though a very prosperous decade of growth and expansion. ACS had bought out four competitors. This, in conjunction with aggressive sales, had vaulted ACS from 2,400 customers to 12,000 customers in just under 10 years. ACS developed administration and accounting software for Episcopal churches. Now Miller and ACS were contemplating teaming up with Father Mike and PDS. This would not only be ACS's biggest acquisition, but it would also occur under terms that were completely different from their prior purchases. Step one would be to impress Father Mike during his visit to the ACS facility and get him to agree to the merger. Step two would entail Miller and ACS deciding whether they really wanted this merger. Were they, ACS, ready to jump into this new Catholic market? Were they ready to take on more staff, particularly since this new staff would be located on the other side of the country? Were they ready to purchase more overhead and a new product? And possibly most importantly, were they ready to take on a distributorship model at PDS that was completely different from ACS's core business model? Miller was going to make the decision based in large part on the findings and due diligence of Cameron Brown, the General Manager of ACS.

CORPORATE PROFILE – ACS TECHNOLOGIES GROUP, INC.

Alex Miller was one of the original investors and principle shareholders of Computer Dimension Inc. (CDI), the present day ACS Technologies. He was a very distinguished looking business man that had a very strong background in business. He became an entrepreneur after a very successful term as agency manager to a major insurance firm. Back before churches knew they would need administrative software, Miller had the foresight. He also understood that service was going to play a major role in this industry. Miller was a very good networker and was involved with his church and many other civic organizations in Florence, SC.

Cameron Brown, another key decision maker/influencer at ACS, earned his undergraduate degree at Furman University and acquired an MBA from Wake Forest University. He spent four years as a consultant at Arthur Anderson, now Accenture, before joining ACS in 1983. He wrote much of the code of the original Digital Operating System (DOS) based program which was ACS's main product. Brown was instrumental in cultivating and expanding the programming department. He took over as program manager and by 1998 he became vice president and general manager.

COMPUTER DIMENSIONS

Computer Dimensions, Inc. was founded in 1978 and is still a privately held company. It was created and still headquartered in Florence, SC. In the early 1990S, Computer Dimensions was a struggling software company providing administration and accounting software to roughly 2400 customers, made up of churches, schools and other faith-based organizations. Their major offering was Automated Church Systems (ACS). ACS was how most of the customers and competitors knew the business, so the company name was changed to ACS Technologies Group, Inc. Aggressive growth in the 1990's positioned ACS into a leader in the church management software industry. In 2003, on the doorstep of their 25th anniversary, ACS was flourishing and was posed with a decision that may have vaulted ACS forward as an industry leader in the church management software market. However, this decision could also impose significant financial consequences. Alex Miller was asked in 2004 to expound on the state of ACS. He stated, "our company has flourished over the past 25 years, evidenced by our loyal clients. Our personal relationships with our clients—many of whom have become close friends - separate us from other software companies. Holding to our vision to serve the church and faith-based nonprofit market keeps us moving forward and growing strong."

In the life cycle of an organization, ACS would have been considered mature. They had professional management. Their processes were formalized and efficient. ACS was definitely trying to keep the entrepreneurial spirit, but they had definitely moved out of the startup stage. With an employee base of 200 strong, there were well defined borders of authority and separation of duties. The service department was strictly service. The sales department was strictly sales, and the production department was strictly development. Although there was a sense of unity at ACS, the size, formality, and success of the company changed the culture of what was a small struggling company banding together to stay afloat into a more structured organization that was a leader in the field. A commitment to accomplishing short term goals while also developing long ranged plans was a major reason for their success.

PRODUCT AND INDUSTRY PROFILE

There were over 300,000 Protestant Churches in the US and 19,000 Catholic parishes. Those 300,000 churches served around 55 million weekly church goers and those 19,000 parishes claimed over 68 million members. The estimated size of the church management software market was $100,000,000. More and more churches are acquiring this type of software; however, the industry is going from a product base consumer market to a service based consumer market.

Church management software has been around since the 70s. This type of software helps churches and schools handle accounting, donation tracking, service attendance, membership and more. Faith-based organizations are better able to track resources and sacraments, manage contacts, and promote communication through social media between administrators, staff, ministry leaders, members and visitors. These systems help organize and automate many of these functions. Comprehensive packages help churches reduce costs associated with operations, track increased growth, allow for multi-user access, and create database to store institutional knowledge. The initial offerings were stand-alone software systems on networks that were housed in the churches. A shift in paradigm would come. Many companies, but not all, started housing the software at their facility and charged fees for use and support. The evolution of personal computers, operating systems, and data networking drove the different development stages of church management software. Some church software companies started out as data clearinghouses and/or provided mainframe systems for churches. The adoption of the personal computer (PC) and Digital Operating System (DOS) drove the next developments in church software. The new reduction in cost and complexity increased market size through the 80s. The next pivotal event in the industry was the rollout and ultimate acceptance of MS-Windows during the early to mid-90s. This impact was so great because it forced church software companies to upgrade their products to the Windows operating system or exit the market completely. During this time many companies were looking for ways to cash out before being forced to fold up completely. This was a time of buying and selling these church software companies. ACS was a buyer.

Churches have a tendency to resist change; however, the software industry is fueled by change and innovation. Although the software industry is very forward thinking and progressive, the pace with which churches make decisions and adapt to change is not. Churches were going to adapt to new technology. They were just going to do it on their own time. ACS knew they had to stay technically relevant and still cater to the slow pace of churches. They stayed ahead of the technology curve and gave churches plenty of time to migrate over to the new programs.

ACS Technologies had become a leader in the US church software market (see Table 1). Its main competition was PDS, Servant Keeper, PowerChurch Software, Shelby Software, and Suran Systems. Although these were the by far the biggest, there were dozens and dozens of other competitors (see Exhibit 1 and 2).

ACS TECHNOLOGIES EXPANSION STRATEGIES

In the early 1990's ACS was still in startup mode. Even though it had been around for over a decade, they were barely staying viable as an organization. They had 2400 customers and used a reoccurring revenue stream model. This model consisted of selling the software to churches and billing them monthly for service and support. ACS started to see themselves as a service organization not simply a programming house when Church Information Systems (CIS), a division of Southern Baptist Denomination, called them in 1992, looking to make a deal. This was the furthest thing from ACS's mindset. Exhibit 3 illustrates the customer growth of ACS. "We were eking out a profit. Not much—just enough to keep going. We were just keeping ourselves above water," Brown described.
They were just "keeping themselves above water," but CIS was drowning. They were already losing money and to make matters worse, the computer industry was transitioning over from DOS to Windows. CIS had a solid customer base but had no capital to invest in upgrading their product. CIS needed an exit strategy that put the needs of their customers at the forefront.

The other companies interested in purchasing CIS made very bold promises and statements; however, ACS's president, Alex Miller, chose a different and ultimately successful tact. He soft peddled. He expressed to CIS that he was hesitant. He wanted to make sure that not only could he take care of CIS's customers, but there would also be no drop off in the customer service level for their existing customers. He also mentioned the small matter of ACS not really having enough money to purchase CIS outright. Miller's obvious concern for both sets of customers as well as his honest assessment of the situation made an impression on CIS. CIS picked ACS. The plan was for ACS to transition the CIS customers, around 1200, over to the ACS product over a two year period. ACS kept a couple of the CIS support staff to help with the transition, but the key to the deal was that CIS let ACS pay over time. ACS had just moved into their new building in 1992. It was an exciting time, but the new complex was a significant investment. Miller and the others on the executive team brought all 34 employees to the top floor of their brand new building and announced the purchase of CIS. There was dead silence and stunned expressions washed through the crowd. ACS was barely scraping by, and the common thought of all the employees was "how are we going to handle this." Despite this trepidation the merger was successful due primarily to the good relationship between CIS and ACS and the ability to pay off the purchase over time. Hence, the initial acquisition model of ACS was born. The model basically consisted of ACS buying the customers from CIS and then the CIS division would dissolve. An opportunity that just fell in the laps of ACS worked out well.

Now that Windows had really started to take off in the early nineties, more companies that had DOS based systems were looking for an "out". How to go out of business, take care of their customers, and still make a little money? With one successful merger under his belt, Miller increased his networking activities and made contact with many of ACS's competitors. In 1996 he bumped into Rob Effinger, a banker and founder of Omega, a Chicago based competitor. Omega had a DOS system and Rob knew he could not take Omega to the next level in Windows, so he also was searching for an exit strategy. Coming off the heels of the acquisition of CIS, Miller felt confident that this would also be a good deal for ACS. The terms were similar to that of CIS. No overhead was purchased, only customers. The purchase price was spread over time, and the transition of the Omega customers would be 1.5 years instead of the 2 years for CIS. It worked, and ACS acquired about 1000 more customers. This second triumph put ACS into acquisition mode. In short order even more companies sought out ACS.

One year later in 1997 one of the original service company competitors, Membership Services Inc. (MSI), came calling. There offering was not very popular among their 800 customers. Brown commented, "They started out as a service bureau, but then they ended up with a package. They called it LOVE-IT. The clients didn't love it." MSI was not making any new sales. They knew they were not going to be able to upgrade their software to Windows. They needed an exit strategy and recognized that ACS was in the market. They did not know that the ACS strategy was going to change slightly.

ACS, through two very successful buyouts, had essentially doubled their client base while not acquiring any additional overhead from the companies. They did have to expand their own customer support staff to accommodate the new customers. Things at ACS were going extremely well when this new opportunity presented itself. Purchasing new customers was old hat, and ACS was in a much stronger position when negotiating with MSI. They outlined a new customer procurement model. They told MSI that they would not purchase their company or their customers. The compensation for MSI was wrapped up in the migration pattern of customers over to ACS. Each customer would be charged a migration fee of $600 to switch over to ACS. ACS would split the migration fee with MSI. This was a wonderful deal for ACS. They got the customers for free. Actually, they got paid a $300 migration fee for each customer that migrated over, an ingenious idea. There was virtually no risk for ACS. No out of pocket money was spent, and every customer that transferred paid the migration fee.

The final acquisition of the 90s was a company out of New Orleans called Episcopal Accounting Software made Easy (EASE) which consisted of 500 Episcopal customers. The owner Brian Bell, a former platoon leader in WWII, was a New Orleans entrepreneur that partnered with his son-in-law to develop administrative and accounting software for Episcopal churches. The previous "riskless" purchase of MSI was so fruitful that ACS used that strategy again. Brian saw the end coming for his company. He, just like MSI and Omega before him, recognized that he could not make the transition to the Windows platform.

ACS knew all too well the conversion issue of upgrading to Windows. It was a frustrating time for them as well. They had a really good, smoothly running, optimized DOS base program, but at all the trade shows in the mid-90s if you did not have a Windows based program, people moved down to the next booth. ACS understood that they had to upgrade or be liquidated themselves. Five programmers were tasked with that project. They worked tirelessly until finally the Window based program emerged. This put them into position where they procured competitors, survived, and even grew stronger.

When Brian Bell contacted Alex Miller, Miller knew exactly how he wanted the buyout to happen. It would be just like the MSI purchase. The only difference this time was that EASE would get half of the $500 migration fee charged to the EASE clients that wanted to transition over to the ACS product. The deal went through, EASE ceased to exist, and ACS had picked up another 500 customers. A very prosperous decade of growth and expansion, through their acquisitions, their own sales force, and their farsighted development, had ACS servicing nearly 12,000 clients early in the new millennium. It was a very busy decade of expansion as summarized in Table 2.

PARISH DATA SYSTEMS ENTERS THE PICTURE

Father Mike Boyle, described as the prototypical/stereotypical catholic priest, with the help of Joseph Gordon, who at the time was a high school student, developed PDS in order to meet the needs of his parish back in 1978, the same year CDI was founded. He had been committed to meeting the needs of the churches, schools and dioceses that PDS served. He was not, however, enthusiastic about the highly cutthroat competitive environment and had little interest in the day-to-day operations. He was, though, a wonderful face of the company and his customers, the churches PDS served, biggest advocate.

Parish Data System, Inc. (PDS), a privately held company, founded by Father Mike Boyle, had been creating software programs for churches and schools since 1978. It was a privately held company. PDS had gained Catholic market leadership from its development and service to over 9,000 parishes with its software programs: Church Office Management, Formation Office Management, School Office Management, Ledger, Ledger/Payroll, Facility Scheduler, and Focus Correction (Pre-Marriage). PDS is based in Phoenix, Arizona. The 90's was a tough decade for PDS. While their volume of customers exploded, PDS did not realize tangible profits. They employed a business model whereby they focused on product development and partnered with independent distributors to market and sell most of the product. The nature of the arrangement meant that PDS missed out on the lion's share of revenue, from not only sales, but also reoccurring fee based revenue. In addition, PDS essentially provided free customer service for the distributors. Father Mike's primary concern was servicing his clients. The other aspects of running a business did not interest him much at all. In the early 2000s, PDS was in need of more service staff and a product face lift. They had been running in the red from 2001-2003. With no resources on hand and no real means to access any, PDS was looking for a way out, an exit strategy. The only question was to whom do they sell?

PDS had been in business for 25 years; however, had never really grown out of the startup stage. They were a small organization that felt like a tight knit family. ACS was 100% dedicated to customer service. Father Mike and all the employees at PDS were emotionally invested in the company mission and each one of the parishes. They were not that tied into the distributors, and even though the distributors were to provide support to the clients, PDS allowed the customers to bypass the distributors and call PDS directly. This kept PDS's four support people overtaxed and in very high demand, and at lunch you could not get in touch with any of the support personnel. They were all friends, and all went to lunch at the same time taking the phones off the hook. Work was done ad hoc, and there were few formal procedures in place. Work was done as a response to problems or new ideas. The pace of work and change was very slow. It was hard for PDS to work on or even have long term goals. The short term objectives were a bit overwhelming, but in any aspect of the software/computer industry, if you do not have long term plans, you are not likely to last.

PDS INTRODUCES DIFFERENT EXPANSION REQUIREMENTS

Father Mike and Miller had run into each other for years at the National Association of Church Business (NACBA) and various other trade shows. The relationship they built over time led them to hatch the idea of ACS acquiring PDS. ACS Technologies had been in the midst of a decade long aggressive growth campaign and Father Mike was ready to get out of the business; however, Father Mike was extremely concerned for the welfare of his existing customers. He had considered selling to other competitors such as PowerChurch or ParishSOFT. Father Mike was determined to sell, no matter to whom. However, the seed of an idea that was germinating between PDS and ACS took full root when ACS gave Father Mike, what they called, "the shock and awe tour" of the ACS campus in Florence, SC in early 2003. Their size and available resources convinced Father Mike that ACS would be able to address his concerns. Father Mike and Miller were discussing each other's organizations. Father Mike proclaimed,

> *"ACS Technologies respects and appreciates the quality products and relationships that PDS has developed over the years. We are excited to join with them to enhance our products and overall product line…with the largest Support and Training Departments in our market, ACS Technologies will walk along side of PDS partners helping them use their PDS products to even greater benefit."*

Which prompted this response from Miller,

> *"(We) should find ways to combine our efforts to better serve the faith-based community. There are so many similarities between us and our companies that it seemed only natural to join together. There is no doubt that combined, we can offer more solutions to churches than ever before and helping churches is what we have always been about."*

While Father Mike felt assured that a deal was in the best interest of all parties, not everyone was as sure. A major hesitation for ACS was that their existing acquisition strategy would not work in this situation. ACS had spent the better part of 10 years essentially buying the customers from competitors that were simply looking for ways to exit the market or the industry. This merger would be structured completely different. Father Mike needed for his customers to be supported but also for his employees to be protected. A gentlemen's agreement was struck that any deal would have to put the PDS customers and employees first. There were some very significant differences between the PDS and ACS products. The Catholic Church with its Dioceses was a much more hierarchical system. Families were tracked, not simply individual church members. Sacraments were tracked closely, and there were also some accounting differences. Although the two software packages had the same functionality in spirit and were classified in the same group, it was clear that they were two structurally different products that were not compatible at that point in time. Miller had to really do some soul searching.

Miller understood very well that it would not be that easy. He had read a business week article that had outlined the business case against mergers and acquisitions (Zweig, 1995, p. 122). Instead of buying a company's clients he would be taking ACS down an uncharted road. In addition to getting PDS's 9000 customers, of which they thought they would keep roughly 8000, he would be acquiring a building (really a house) in Phoenix, an operation with support staff, a network of distributors (which he did not want at all), and a new product. In addition to all of this, and even though they were in a very good financial position at the time, ACS would be spending hard cash dollars on the purchase of PDS, something they had not done since the purchase of Omega seven years earlier. Miller looked to Cameron Brown to perform the due diligence and hash out the numerous issues and possible pitfalls this deal may have presented. Exhibit 4 illustrates both the customer density of ACS and PDS at the turn of the Millennium.

DUE DILIGENCE

To date, four church software companies or divisions had gone out of business with the assistance of ACS. The four companies employed a good exit strategy and all their customers had a place to land. ACS had perfected a zero risk strategy for acquiring these customers and increasing their market share. Because of Father Mike's stipulations, the PDS deal would be a merger in the truest sense of the word. Cameron Brown would have to look at all the in's and out's of the proposed deal.

The lure of 8000 to 9000 customers and entering into a fairly new market was enticing. ACS had some Catholic Church customers but nothing compared to the market presence of PDS. ACS was a service provider in addition to a software developer. They developed and provided software to their customers, but generated continuous revenue streams through service contracts. PDS did not. They simply sold software through their distributors with no continuous revenue streams. Their customers were very happy and fiercely loyal to PDS; however, the strategic mistake of letting the distributors provide customer support and receive the support revenue led to three straight years of losses. PDS did not have enough support staff to answer the phones, no internal sales staff, or programmers to keep up with program maintenance much less upgrades. They had low overhead expense only because they could not afford the technical infrastructure need (phones, computers, network, etc.) If the merger were to go through, ACS would have to bear the burden of this upgrade cost.

ACS would have to phase out all the PDS distributors over time and incorporate their own distribution and service model. This would be no easy task. The distributors were very happy with the arrangements as they were. A completely new business model would have to be adopted by PDS. This may not be that easy. In a conversation between Brown and Maria Treptow, the office manager of PDS, she expressed the thought that, "PDS customers will never pay for support."

Even thought PDS had been in business for 25 years, they still had many of the same characteristics of a startup company. They did not have professional management in place, were a bit looser as an organization, and had a very informal office atmosphere and relationship with their customers. They felt they knew the market and their customers. ACS would have to get the folks at the Phoenix office to "buy in" to the concept. They would also have to integrate new support staff as well as develop support for this new product that ACS would be getting. There could possibly be clashes of corporate culture, not just with the new support staff, but also with the existing employees in the Florence office. ACS, in contrast to PDS, was further along in the organizational life cycle and, although very congenial in the office, had a much more formal organizational structure and processes.

This merger had much more risk than ACS's previous purchases. The large capital expenditure (5 times more expensive than CSI and almost 2 times more expensive than OMEGA), investment into infrastructure (estimated $75,000), and investment in support personnel gave ACS pause. Additional issues such as breaking up with the distributors, supporting a new software package, and possible culture clashes about process and support issues also made

ACS review this proposal even harder. Even though Brown estimate that ACS might lose up to 25% of their current member, he was excited about the prospect of picking up almost 50% of the Catholic market and acquiring a very solid software suite that could raise his customer base by 60% to 75%. Brown and the others on the due diligence team put together there package of benefits and risks and took them to the board.

APPENDIX

TABLE 1
Top Industry Competitors

Rank	Firm	Churches	Market Share
1	Membership Plus	16,000	29%
2	Power Church	12,000	22%
2	ACS	12,000	22%
3	PDS	9,000	16%
4	Shelby Software	3,000	5%
5	Servant Keeper	2,500	5%
6	Suran Systems	1,000	2%
Sum		55,500	

TABLE 2
Summary of ACS Acquisitions in the 90s

Firm	Year	Clients	Terms
CIS	1992	1200	Bulk payout over time and a 2 year migration period
Omega	1996	1000	Bulk payout over time and a 1.5 year migration period
MSI	1997	800	$600 per customer migration fee split
EASE	1998	500	$500 per customer migration fee split

EXHIBIT 1
Church Management Software Major Competitors (Clergy Journal 2004)

Company	Software Name	Price	Operating Platform	Min. Hardware Requirements	Features
ACS Technologies Florence, SC 800.736.7425 *www.acstechnologies.com*	ACS 6.0	$500+ (special pricing for small churches)	Win 98, 2000, XP, NT,	Pentium II/Celeron 300, 64 MB RAM	People Management, Event Planning Mailings, Fund-Accounting, Volunteer Management.
By the Book Highlands Ranch, CO 800.554.9116 *www.bythebook.com*	Roll Call	$59–$1,695 (pay as you grow)	Win 98, NT, 2000 XP, Mac OS 9.1, OSX	Pentium, IMAC	Full Membership Tracking/Involvement, Donations, Pledges, Receipts, Customized fields.
Computer Helper Publishing Columbus, OH 800.533.5227 *www.churchwindows.com*	Church Windows	$129–$890	Win 95, ME, NT, 2000, XP, Novell	Pentium II, 64 MB RAM, CD-ROM	Membership, Contributions, Financial, Payroll, Classic or customized for some denominations.
Greentree Applied Systems, Inc. Lexington, KY 800.225.0137 *www.churchmembershipsoftware.com*	Greentree Church Office Suite	$295 $150 per accounting module	Win 95, 98, 2000 ME, NT, XP	Pentium PC 32 MB RAM, 100 MB drive space	Membership, Contributions, Sunday School/Activity Attendance, Accounts Payable, Fund Accounting, Payroll.
LOGOS Management Software Santa Paula, CA 800.266.3311 *www.logoslbe.com*	LOGOS Management Software	$600–$3,000	Win 98, OQ, XP ME, NT, 2000, Novell	Pentium	Membership, Accounting School, Scheduler, Ministry Scheduling.
Parsons Church Group Omaha, NE 888.459.3463 *www.memplushome.com*	Membership Plus 7.0 Deluxe	$299.95	Win 95, 98, 2000, NT 4.0, ME, XP	16 MB RAM, 40 MB drive space	Membership, Contributions, Calendar Module, Financial. Exports data to Palm handheld devices.
PowerChurch Software Asheville, NC 800.486.1800 *www.powerchurch.com*	PowerChurch Plus	$395	Win 95 & up Win NT 4 & up	Pentium 32 MB RAM, 50 MB drive space	Contributions, Pledges, Accounts payable, Payroll. Membership for up to 100,000 families, including photos.
RDS Publishing Oklahoma City, OK 800.337.6328 *www.RDSAdvantage.com*	RDS Advantage	$2,595 (includes training & accounting set-up)	Win 98, NT 2000, XP, 2003	Pentium	RDBMS for ministries & activities, Accounting, Payroll. Event scheduling, phone messaging.
Servant PC Resources, Inc. Lock Haven, PA 800.773.7570 *www.servantpc.com*	Servant Keeper	$250 small church (up to 250 individuals), $499 unlimited	Win. 95, 98, ME, NT, 2000 XP	32 MB RAM, 70 MB drive space, Pentium	Contributions, Attendance. Customizable. Fast and easy data retrieval. Data for bulk mail, e-mail.
Shelby Systems Cordova, TN 800.877.0222 *www.shelbyinc.com*	Shelby 2000	$500+, special prices for small churches, pkg suites	Win 98, NT, 2000, remote access	Pentium II, 266, 128 MB RAM	Member & Financial records, Volunteer & small group mgmt. Accts. payable/receivable, photo directory, batch e-mail & PhoneTree calls.
Suran Systems, Inc. Versailles, KY 800.55.SURAN *www.suran.com*	Church Data Master Plus (CDM+)	$295 per module $795 for 3 modules	Win 95, 98,ME, 2000, XP, NT & Mac OS 8.6, 9x, 10x	Pentium or Mac 32 MB RAM, 25 MB drive space	Extremely flexible & customizable, Sold in various modules & networks, Outstanding support.

EXHIBIT 2
Software Functionality among Competitors (2002)

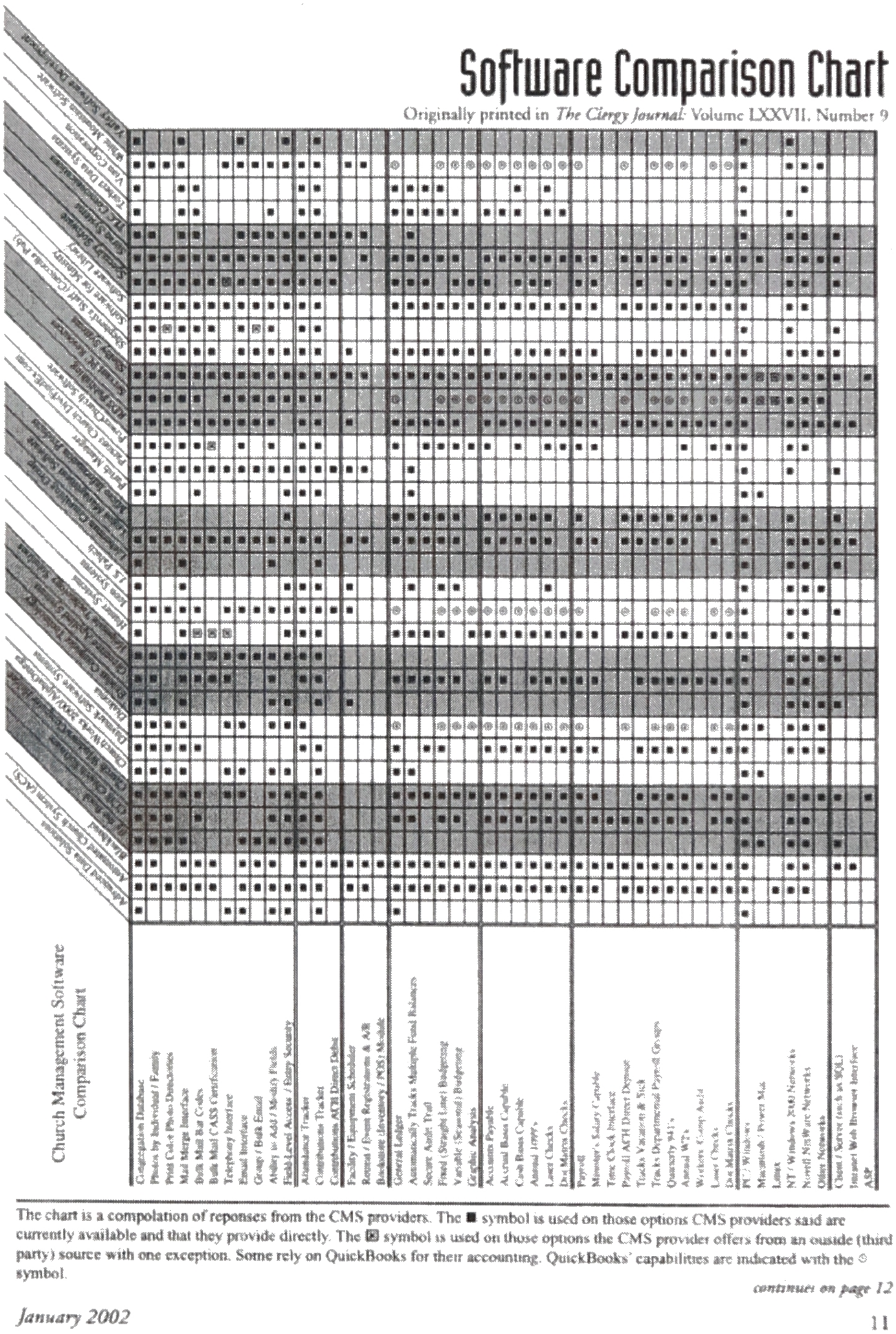

EXHIBIT 3
ACS Technologies Customer Growth (1980-1995)

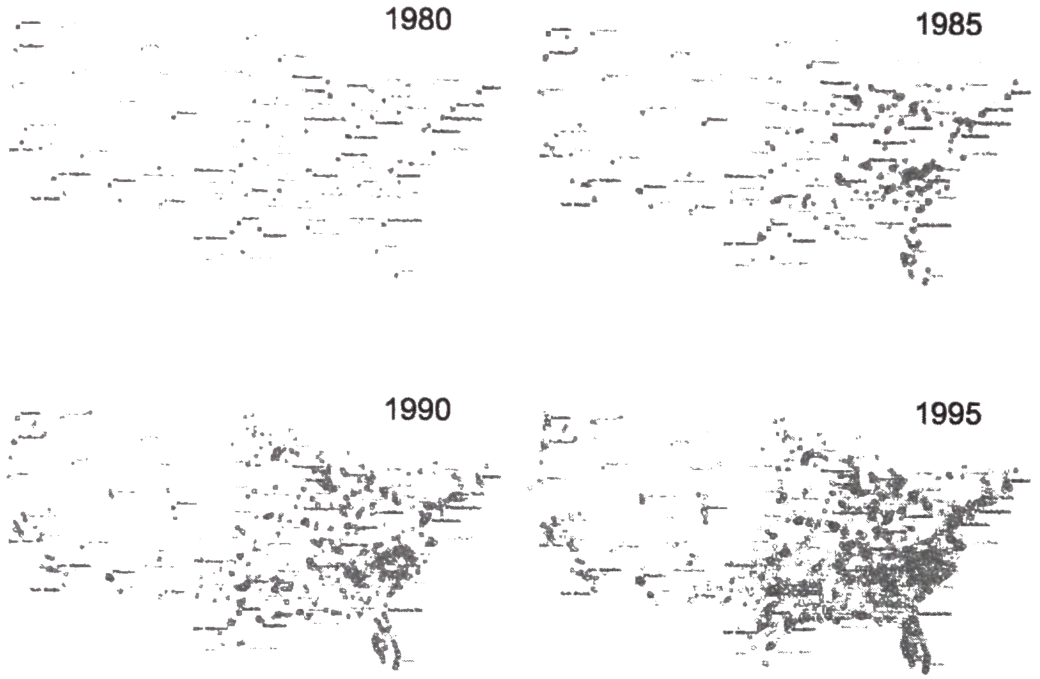

EXHIBIT 4
ACS and PDS Customer Density in 2000

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