



Press release 4 December 2000

TurnIT acquires IBM PALETT - HR specialist for the public sector – creates leading position in Sweden

TurnIT today agreed to acquire IBM PALETT, a leading organisation in the area of Human Resources Management (HRM), salary and staff administration for county councils and municipalities in Sweden. PALETT is the market leader in the segment, and the system is used by county councils and municipalities for more than 200,000 employees. Together with Svenska PA in TurnIT's business area Outsourcing, this creates a comprehensive HR operation in a leading position as one of the major suppliers of HRM systems. The operation is showing excellent growth and profitability, with estimated total sales of MSEK 200 and an operating margin which is expected to exceed 25 percent.

- "This is a strategic application area in TurnIT's operation, and we intend to become the leader in Sweden and Scandinavia. So far, PALETT has been marketed with great success in Sweden, and preparations are under way for a launch in Denmark and Norway, where we are already operating. PALETT has an exciting future, and will be installed in two of the eight largest municipalities in Sweden during 2001", says Peter Enström, CEO at TurnIT AB.

PALETT is the market leader in the segment, and the operation includes a large number of applications for salary management, manpower planning, staff budgeting etc. It is a modern application which has been developed for a number of different platforms and has a module which can be use for submitting reports via the Internet.

- "For some time now, IBM has invested in developing, supporting and marketing IT support for the Human Resources area in the public sector. TurnIT offers similar services to private companies and has a business model which suits PALETT well. Today's agreement will ensured continued support for our existing customers and a stable employer for the staff who will be moving with PALETT to TurnIT", says Lars Stanghed, CEO of IBM Svenska AB.

Svenska PA and PALETT are currently working in separate markets in the HRM area in Sweden, and the companies complement each other very well. As a result of the acquisition, a new group will be set up within TurnIT Outsourcing, consisting of Svenska PA, PALETT and the Norwegian company, Time Recorder. In total, the HRM operation will involve around 125 specialists in the salary and staff administration area.

- "PALETT is an extremely well-run operation with the same roots as Svenska PA. Although the companies will continue to operate in different segments of the market and offer different products, there are clear advantages in co-ordinating areas such as finance and administration, product development and consultancy services", says Ulf Ericsson, CEO at Svenska PA.

Overall, the new HRM operation will have more than 200 customers in private business, state-owned companies and the public sector, with around 500,000 employees in total. Svenska PA's customers include AGA, AMF, Apoteket, Dafgård, Electrolux, Ellos, Ericsson, Försäkringskassorna, GB Glace, H&M, IBM, ISS, JM, Kemira Kemi, KF Media, Lernia, Lindex, LRF, NCC, NVS, PEAB, PriceWaterhouseCoopers, Riksbyggen, Samhall, Servera, Skanska, Svenska Spel, TAC, Vin&Sprit, Volvo Aero, Vägverket and others.

TurnIT AB is one of the larger Swedish IT groups listed on the OM Stockholm Stock Exchange's Attract40 list. With the acquisitions of Arete and PALETT, TurnIT has more than 1350 employees. Its business idea is to act as an IT partner, and to offer a share with lower than average risk through the acquisition of companies in different areas of the IT market. The Group's operations are divided over five business areas; Supplies, Software, Communication, Consulting and Outsourcing. It also includes TurnIT Development, which invests in IT companies at an early stage of development.

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On the Internet:

for press releases, picture archives and a more detailed presentation of the company:

www.turnit.se (see also recording from TurnIT's capital market day on 9 October with reference to Svenska PA)

www.svenska-pa.se

www.se.ibm.com/solutions/palett/

Svenska PA system AB is a specialised niche company in the staff and salary area. Svenska PA offer total solutions, including services, products and support within its area of operation. Svenska PA is a wholly-owned subsidiary of TurnIT AB. The head office is situated in Kista, outside Stockholm, and there are local offices in Eskilstuna and Göteborg.

IBM is the world's largest supplier of hardware, software and IT services. During 1999, IBM had a turnover in excess of USD 87 billion. The company is also a world-leading supplier of e-business solutions. IBM has 307,000 employees in more than 160 countries, of whom 2,500 are in Sweden. For more information on IBM, please visit our homepage: www.ibm.com.