

THE GORES GROUP

FOR IMMEDIATE RELEASE

A REJUVENATED VERIFONE FACES A SLUGGISH MARKET

September 20, 2001 – Fiserv, Inc. (Nasdaq: FISV) and Gores Technology Group ("GTG"), today announced that GTG has signed a definitive agreement to purchase Fiserv Human Resource Information Services, a provider of human resources and payroll software, outsourcing products and services. Details of the transaction, which closed August 31, were not disclosed.

Fiserv, Inc. is an independent, full service provider of integrated data processing and information management systems to the financial industry. GTG is a privately held international acquisition and management company.

Leslie M. Muma, Fiserv President and Chief Executive Officer, said Fiserv HRIS, acquired as part of the company's 1991 acquisition of Citicorp Information Resources, Inc., does not fit the long-range strategic direction of Fiserv. Fiserv HRIS has annualized revenue of approximately \$35 million.

"We look for complementary products that can be sold to a broad cross-section of our client base," Muma said. "Though we did achieve respectable growth in Fiserv HRIS, we could not find a way to more effectively market the organization's products and services to our financial institution clients."

Vance Diggins, CEO of Gores Technology Group, said, "Fiserv HRIS is precisely the kind of company that GTG seeks to acquire and build into a leader in its market segment. It is an organization with the key ingredients for continued success - excellent products, loyal customers worldwide, well-established distribution channels and partners, extremely promising products under development, and an experienced and highly skilled workforce."

James Bailey, Group President of GTG, added, "We believe that Fiserv HRIS has significant potential, and look forward to providing the leadership and resources required for Fiserv HRIS to operate as an independent, market leading company. We look forward to Fiserv HRIS becoming a part of the GTG family."

About Fiserv

Fiserv, Inc. (Nasdaq: FISV) is an independent, full-service provider of integrated data processing and information management systems to the financial industry. As a leading technology resource, Fiserv serves more than 10,000 financial services providers worldwide, including banks, broker-dealers, credit unions, financial planners/investment advisers, insurance agents and companies, mortgage banks and savings institutions. Headquartered in Brookfield, Wisconsin, Fiserv also can be found on the Internet at www.fiserv.com.

Douglas G. Bergeron, Gores Technology Group's new boss at Verifone Inc., isn't one to mince words. Here's how he assesses computer giant Hewlett-Packard Co.'s recently ended four-year tenure as the

point-of-sale terminals maker's owner: "They gummed it up with H-P bureaucracy and sucked the entrepreneurial oxygen out of it."

It's clear that the Gores VeriFone is a much feistier and brasher company. Gores, a privately held buy-out firm based in Los Angeles, officially took ownership of VeriFone July 20 for an undisclosed price.

On the surface, Gores' goal for 20-year-old VeriFone seems simple: return the Santa Clara, Calif.-based company to its POS roots. But no matter who owns it, VeriFone will face a market growing tougher by the day as terminal makers are locked in price competition and many merchants are content with their existing machines.

Plus, foreign terminal makers are moving into VeriFone's North American heartland as never before. On Aug. 8, France's Ingenico S.A. bought IVI Checkmate Corp., the No. 3 terminal seller in the U.S. and Canada, and is poised to challenge leaders VeriFone and Hypercom.

Bergeron, who also is a group president at Gores, is undaunted. "This is a business with a great franchise and great customer value," he says. "This is not a business that is at the end of its life cycle." Bergeron adds that despite the alleged H-P mediocrity, "VeriFone's organs are not damaged. There are great VeriFone managers waiting to be set free."

Buying Mode?

In fact, VeriFone might be doing some buying if its own. "We think there's a great roll-up play in this industry," says Bergeron, a technology-industry veteran who joined Gores in 2000. "There are a lot of wounded birds."

Bergeron predicts VeriFone will have revenues of \$350 million to \$400 million over the next 12 months, adding that his long-term target for annualized revenue growth is 10% to 20%. Rival Phoenix-based Hypercom Corp. posted revenues of \$327.6 million in 2000.

Gores' reputation among VeriFone's competitors is that of a can-do owner of tech companies. "Certainly the bureaucracy will be eliminated, and with any luck, Gores will be able to return the company to its entrepreneurial roots," says VeriFone veteran George E. Devitt, now Phoenix-based Hypercom's senior vice president and chief marketing officer.

When H-P paid \$1.18 billion for VeriFone in 1997, VeriFone's payment software didn't provide the scope of server-based products and other services H-P ultimately concluded it wanted to offer to Internet service providers, Web retailers, and related players, according to Stuart Taylor, VeriFone's vice president of marketing. Instead, H-P lost much of that early business to International Business Machines Corp. and Sun Microsystems Inc. H-P did not respond to requests for comment for this story.

Meanwhile, aggressive competitors cut into VeriFone's market share. Not long before H-P sold it, VeriFone claimed to have 9 million units placed worldwide-more than double Hypercom's. But last year, Hypercom sold the most POS terminals worldwide, nearly 1.11 million versus 980,000 for Ingenico and an estimated 945,000 for VeriFone, according to ADN sister magazine Card Technology. VeriFone still sold the most hardware in North America, an estimated 651,000 units compared with 513,894 for Hypercom and 253,677 for IVI Checkmate (ADN, 2/15).

Seeing Red

VeriFone, widely believed to be unprofitable under H-P, was not the only terminal maker to see red. Both Hypercom and IVI Checkmate reported quarterly losses earlier this year. Hypercom's weak earnings even caused it to slip into technical default of its loan agreements, though it never missed any payments. The company recently arranged new financing.

"There is certainly a lot of price competition. In part, that is because a lot of people have gone for the market-share game," Taylor says. "That always looks good on PowerPoint presentations to management."

Bergeron claims Gores has already restored VeriFone to profitability, though he won't give numbers. He says Gores did so without damaging VeriFone's ability to develop new products despite the loss of some of the development staff. In fact, he insists that Gores is increasing the amount of money for developing new POS equipment and software.

A Brief VeriFone History

1981: Incorporated in Hawaii. First product was a check-verification and credit authorization device.

1983: ZON terminals introduced.

1986: Hatim Tyabji hired as CEO. Introduction of the ZON Jr. XL, the first electronic data inter-change-capable terminal.

1987: The Tranz 330, VeriFone's first terminal to accept credit and debit cards, is introduced. First PIN pad for debit cards debuts.

1990: Company goes public on NASDAQ stock exchange. Omni terminals introduced.

1991: First smart card reader/writer.

1992: Ruby SuperSystem launched for gas station/convenience store market.

1993: Buys Perdata Corp.

1995: Stock switches to New York Stock Exchange.

1996: Introduces suite of Internet commerce products.

1997: Acquired by Hewlett-Packard Co. Introduces Softpay products.

1999: Introduces the Omni 3200.

2000: Launches multi-application products for electronic commerce.

2001: Sold to Gores Technology Group in July. Source: VeriFone Inc.

Future Focus

VeriFone is expected to concentrate its resources on areas where it has been strong in the past, including the growing niche of electronic benefits transfer. "We still have very close to 100% share in the EBT market," says Taylor.

Bergeron, without revealing details, also says VeriFone will be a major play in smart card acceptance. VeriFone could be in for a big win-or a big loss-when Minneapolis-based Target Corp. picks a vendor, or vendors, for the smart card terminals it will place in its 900-plus stores for the first large-scale chip card rollout in the U.S. The program is centered on a Target-issued Visa credit card currently being tested in three cities. VeriFone is Target's current terminal supplier.

"Nirvana for the manufacturers would be a U.S. mandate for smart cards," says C. Marc Abbey, noting that Visa and MasterCard are requiring smart card infrastructure to be installed in Europe and Latin America in upcoming years.