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Butler Group Serves-up Magic EAI Report

Magic iBOLT – more rapid deployment than some large-scale integration tools

Or Yehuda, Israel, (May 5, 2005) - Magic Software Enterprises (NASDAQ: MGIC), a leading provider of state-of-the-art development and integration technology, announced today that a recent Technology Audit report on Enterprise Application Integration (EAI) from Butler Group concludes that 'organizations needing to rapidly integrate a diverse range of applications should seriously consider Magic Software's iBOLT suite, particularly where rapid return on investment and fast project delivery are critical.'

According to Butler Group, one of the drawbacks with EAI tools has been that they are too expensive, and therefore they do not get used. It seems that the major cost of an integration project is frequently in the development cycle and not necessarily in the initial software licenses.

In the report, Teresa Jones, Senior Research Analyst at Butler Group writes, "Where iBOLT delivers value is principally in its affordability in comparison to many of the better-known EAI products... Magic's iBOLT also enables significantly more rapid deployment than some of the large-scale integration tools and offers a high degree of scalability."

Avigdor Luttinger, Head of the iBOLT program at Magic comments, "Since its launch, Magic iBOLT has gone from strength to strength winning business in competitive pitches over a wide range of different industries. This report further validates the feedback we receive from customers that Magic iBOLT offers a rapid return on investment through faster integration and ease of deployment."

The full report can be accessed at <http://www.magicsoftware.com/news/industry>.

About Magic Software Enterprises

Magic Software Enterprises, a subsidiary of Formula Systems (Nasdaq: FORTY), develops, markets and supports software development, deployment and integration technology (www.magicsoftware.com/ibolt) that enables enterprises to accelerate the process of building and deploying applications that can be rapidly customized and integrated with existing systems. Magic technology, applications and professional services are available through a global network of subsidiaries, distributors and Magic solutions partners in approximately 50 countries. The Company's North American subsidiary is located at 17310 Redhill Avenue #270, Irvine, CA 92614-5637, telephone (800) 345-6244, (949) 250-1718, fax (949) 250-7404, <http://www.magicsoftware.com/>.

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