ROSS SYSTEMS INC/CA
Form 10-Q
February 14, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

|X| QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended December 31, 2002,

or

|_| TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 0-19092

ROSS SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization	94-2170198 (IRS Employer Identification Number
Two Concourse Parkway, Suite 800, Atlanta, Georgia (Address of principal executive offices)	30328 (Zip code)

(770) 351-9600
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES |X| NO |_|

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding December 31, 2002
Common stock, $0.001 par value	2,654,450
Preferred stock, no par value	500,000

ROSS SYSTEMS, INC.

QUARTERLY REPORT ON FORM 10-Q

QUARTER ENDED DECEMBER 31, 2002

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This Quarterly Report on Form 10-Q, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 2, contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause the results of Ross Systems to differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including any projections of earnings, revenue, synergies, accretion, margins or other financial items; any statements of the plans, strategies and objectives of management for future operations, including the execution of integration and restructuring plans; any statement concerning proposed new products, services, developments or industry rankings; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing. The risks, uncertainties and assumptions referred to above include the performance of contracts by customers and partners; employee management issues; the challenge of managing asset levels; the difficulty of aligning expense levels with revenue changes; and other risks that are described herein and that are otherwise described from time to time in Ross Systems' Securities and Exchange Commission reports. Ross Systems assumes no obligation and does not intend to update these forward-looking statements.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ROSS SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share related data)

	December 31, 2002 (unaudited)
ASSETS	
Current assets:	
Cash and cash equivalents	$ 6,019
Accounts receivable, less allowance for doubtful accounts	12,692
Prepaid and other current assets	1,501
Note receivable from related party	850
Total current assets	21,062
Property and equipment, net	1,488
Computer software costs, net	13,929
Other assets	2,230
Total assets	$ 38,709
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current liabilities:	
Current installments of debt	$ 4,281
Accounts payable	2,353
Accrued expenses	4,987
Income taxes payable	104
Deferred revenues	11,089
Total current liabilities	22,814
Shareholders' equity:	
Common stock, $.001 par value; 15,000,000 and 35,000,000 shares authorized, 2,650,364 and 2,625,378 shares issued and outstanding at December 31, 2002 and June 30, 2002, respectively	26
Preferred Stock, no par value; 5,000,000 authorized, 500,000 shares outstanding	2,000
Additional paid-in capital	87,324
Accumulated deficit	(71,419)
Treasury stock, at cost; 3,816 shares at December 31, 2002	(32)
Accumulated comprehensive deficit	(2,004)
Total shareholders' equity	15,895
Total liabilities and shareholders' equity	$ 38,709

The accompanying notes are an integral part of these condensed consolidated financial statements.

ROSS SYSTEMS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Three months ended December 31, (unaudited)	
	2002	2001
Revenues:		
Software product licenses	$ 3,474	$ 2,920
Consulting and other services	3,230	3,285
Maintenance	5,165	5,220
Reimbursable expenses	304	211
Total revenues	12,173	11,636
Operating expenses:		
Costs of software product licenses	521	311
Costs of consulting, maintenance and other services	4,176	4,409
Software product license sales and marketing	2,883	2,211
Product development net of capitalized and amortized computer software costs	1,746	2,758
General and administrative	1,045	1,167
Provision for uncollectable accounts	242	261
Total operating expenses	10,613	11,117
Operating earnings	1,560	519
Other expenses, net	(27)	(108
Income tax expense (benefit)	65	(115
Net earnings	1,468	526
Preferred stock dividend	(38)	(38
Net earnings available to common shareholders	$ 1,430	$ 488
Net earnings per common share - basic	$ 0.54	$ 0.19
Net earnings per common share - diluted	$ 0.45	$ 0.17
Shares used in per share computation - basic	2,642	2,592
Shares used in per share computation - diluted	3,260	3,152

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The accompanying notes are an integral part of these condensed consolidated financial statements.

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ROSS SYSTEMS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands) (unaudited)

	Six months December
	2002
Cash flows from operating activities:	
Net earnings	$ 2,106
Adjustments to reconcile net earnings to net cash provided by operating activities:	
Depreciation and amortization of property and equipment	397
Amortization of computer software costs	2,315
Provision for uncollectable accounts	514
Changes in operating assets and liabilities:	
Accounts receivable	(985)
Prepaids and other current assets	(237)
Income taxes payable	175
Accounts payable	(328)
Accrued expenses	309
Deferred revenues	(1,451)
Net cash provided (used in)by operating activities	2,815
Cash flows from investing activities:	
Purchases of property and equipment	(435)
Computer software costs capitalized	(2,208)
Other	13
Net cash used in investing activities	(2,630)
Cash flows from financing activities:	
Net cash received on line of credit	314
Proceeds from issuance of common stock	191
Purchase of treasury stock	(32)
Net cash provided by financing activities	473
Effect of exchange rate changes on cash	(77)
Net increase (decrease) in cash and cash equivalents	581
Cash and cash equivalents at beginning of period	5,438

Cash and cash equivalents at end of period	$ 6,019
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The accompanying notes are an integral part of these condensed consolidated financial statements.

ROSS SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1) BUSINESS OF THE COMPANY & BASIS OF PRESENTATION

Ross Systems Inc. (NASDAQ:ROSS) founded in 1972, supplies leading enterprise solutions software designed for process manufacturing companies primarily in the food and beverage, life sciences, chemicals, metals and natural products industries. The Company offers the award-winning iRenaissance(TM) family of software solutions which is an integrated suite of enterprise resource planning (ERP II), financials, materials management, manufacturing and distribution, supply chain management (SCM), advanced planning and scheduling, customer relationship management (CRM), electronic commerce, business intelligence and analytics applications. In addition to the aforementioned software suites, the Company also provides professional consulting services for implementation, related custom application development and education. The Company offers ongoing maintenance and support services for its products via internet and telephone help desks.

The Company operates in one business segment and no individual customer accounts for more than 10% of total revenues. The Company does not have a concentration of credit risk in any one industry.

The accompanying unaudited condensed consolidated financial statements of Ross Systems, Inc reflect all adjustments of a normal recurring nature which are, in the opinion of management, necessary to present a fair statement of its financial position as of December 31, 2002, and the results of its operations and cash flows for the interim periods presented. The Company's results of operations for the three months and six months ended December 31, 2002 are not necessarily indicative of the results to be expected for the full year.

These unaudited condensed consolidated financial statements have been prepared in accordance with the instructions for Form 10-Q and, therefore, certain information and footnote disclosures normally contained in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These financial statements should be read in conjunction with the Consolidated Financial Statements and notes thereto included in the Company's Annual Report to Stockholders on Form 10-K for the fiscal year ended June 30, 2002 which was filed with the Securities and Exchange Commission during September 2002.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

It is the Company's policy to reclassify prior year amounts to conform with the current year presentation when necessary.

2) PRINCIPLES OF CONSOLIDATION

The accompanying financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant inter-company balances and transactions have been eliminated.

3) CAPITALIZED COMPUTER SOFTWARE COSTS AND OTHER ASSETS

It is the Company's policy to follow paragraph 8 of Statement of Financial Accounting Standards ("SFAS") 86, "Accounting for the Costs of Computer Software to be Sold, Leased, or Otherwise Marketed" in the computation of annual amortization expense of software costs. The Company capitalizes computer software product development costs incurred in developing a product once technological feasibility has been established and until the product is available for general release to customers. Technological feasibility is established when the Company either (i) completes a detail program design that encompasses product

function, feature and technical requirements and is ready for coding and confirms that the product design is complete, that the necessary skills, hardware and software technology are available to produce the product, that the completeness of the detail program design is consistent with the product design by documenting and tracing the detail program design to the product specifications, and that the detail program design has been reviewed for high-risk development issues and any related uncertainties have been resolved through coding and testing or (ii) completes a product design and working model of the software product, and the completeness of the working model and its consistency with the product design have been confirmed by testing. The Company evaluates realizability of the capitalized amounts based on expected revenues from the product over the remaining product life. Where future revenue streams are not expected to cover remaining amounts to be amortized, the Company either accelerates amortization or expenses remaining capitalized amounts. Amortization of such costs is computed as the greater of (1) the ratio of current revenues to expected revenues from the related product sales or (2) a straight-line basis over the expected economic life of the product (not to exceed five years).

The other assets described in Note 5 are amortized using the straight-line method over their estimated useful lives. Other assets have generally resulted from business combinations accounted for as purchases and are recorded at the lower of unamortized cost or fair value. The Company annually reviews the carrying amounts of these assets for indications of impairment, based on expected non-discounted cash flows related to the acquired entities or products. Impairment of value, if any, is recognized in the period it is determined. The Company reviews the carrying value of goodwill and other intangibles in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets". There was no impairment of these assets during the second quarter of fiscal 2003.

4) PROPERTY AND EQUIPMENT

As of the dates shown, property and equipment consisted of the following (in thousands):

	December 31,	June 30,

	2002	2002
Computer equipment	$ 6,028	5,691
Furniture and fixtures	1,219	1,143
Leasehold improvements	1,407	1,508
	8,654	8,342
Less accumulated depreciation and amortization	(7,166)	(6,892)
	$ 1,488	$ 1,450

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ROSS SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

5) OTHER ASSETS

Other assets is primarily comprised of Goodwill. At December 31, 2002, other assets consisted of the following (in thousands):

	December 31, 2002	June 30, 2002
Goodwill	$ 2,181	$ 2,181
Other	49	62
	$ 2,230	$ 2,243

The Company does not consider these assets to be impaired at either December 31, 2002 or as of the filing date of this report on form 10-Q. In accordance with the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets", the Company will not record any future amortization on these assets.

6) SOFTWARE REVENUE RECOGNITION

In accordance with Securities and Exchange Commission ("SEC")Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements", the Company recognizes revenues from licenses of computer software "up-front" provided that a non-cancelable license agreement has been signed, the software and related documentation have been shipped, there are no material uncertainties regarding customer acceptance, collection of the resulting receivable is deemed probable, and no significant other vendor obligations exist. The revenue associated with any license agreements containing cancellation or refund provisions is deferred until such provisions lapse. Where the Company has future obligations, if such obligations are insignificant, related costs are accrued immediately. When the obligations are significant, the software product license revenues are deferred. Future contractual obligations can include software customization, requirements to provide additional products in the future and porting products to new platforms. Contracts which require significant software customization are accounted for on the percentage-of-completion basis. Revenues related to significant obligations to provide future products or to port existing products are deferred until the new products or ports are completed.

Service revenues generated from professional consulting and training services are recognized as the services are performed. Maintenance revenues, including revenues bundled with original software product license revenues, and future unspecified enhancements to the Company's products, are deferred and recognized over the related contract period, generally 12 months. The Company's revenue recognition policies are designed to comply with American Institute of Certified Public Accountants ("AICPA") Statement of Position ("SOP") 97-2, "Software Revenue Recognition" .

Prior to January 1, 2002, the Company recorded reimbursement by its customers for out-of-pocket expenses as a decrease to cost of services. The Company's results of operations for the second quarter of fiscal year 2002, and the six months ended December 31, 2002, have been reclassified for comparable purposes in accordance with the Emerging Issues Task Force ("EITF") release 01-14, "Income Statement Characterization of Reimbursements Received for Out of Pocket Expenses Incurred". The effect of this reclassification was to increase both services revenues and cost of services by $211,000 for the second quarter of fiscal year 2002, and by $376,000 for the six months ended December 31, 2001.

7) COMPREHENSIVE INCOME

Total non-stockholder changes in equity include all changes in equity during a period except those resulting from investments by and distributions to stockholders. The components of comprehensive income (loss) for the three and six month periods ended December 31, 2002 and 2001 were as follows (in thousands):

	Three months ended December 31,		Six months end December 31,	
	2002	2001	2002	2
Net earnings available to common shareholders	$ 1,430	$488	$ 2,031	$
Foreign currency translation adjustments	(218)	61	(238)	
Total comprehensive income	$ 1,212	$549	$ 1,793	$1

8) NET EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE

Basic earnings per common share are computed by dividing net earnings available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per common share is computed in a manner consistent with that of basic earnings per share while giving effect to all potentially dilutive common shares that were outstanding during the period.

The following is a reconciliation of the numerators of diluted earnings per share, (in thousands):

	Three months ended December 31,		Six months ende December 31,	
	2002	2001	2002	20
Net earnings - basic	$1,430	$ 488	$2,031	$ 9
Interest on convertible securities	38	38	75	
Net earnings - diluted	$1,468	$ 526	$2,106	$ 9

The following is a reconciliation of the denominators of diluted earnings per share, (in thousands):

	Three months ended December 31,		Six months ende December 31,	
	2002	2001	2002	20
Weighted average shares outstanding - basic	2,642	2,592	2,635	2,5
Conversion of preferred stock	500	500	500	5
"In the money" stock options, warrants and contingent securities	118	60	117	
Weighted average shares outstanding - diluted	3,260	3,152	3,252	3,1

In periods when the Company is profitable, the only difference between the denominator for basic and diluted net earnings per share is the effect of potentially dilutive common shares. In periods of a loss, the denominator does not change because it would be antidilutive.

ROSS SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

9) CAPITAL STOCK

In fiscal 1991, the Company authorized 5,000,000 shares of a new class of no par value preferred stock. The Board of Directors is authorized to issue the preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions of such stock, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting any series or the designation of such series, without further vote or action by the shareholders. All preferred stock was issued with a mandatory conversion factor.

On June 29, 2001, the Company issued convertible preferred stock to a qualified investor in a private placement transaction. In summary, the investor purchased 500,000 preferred shares at $4 per share yielding $2,000,000 for the Company. This price represented a premium to the market for the Company's common stock at the time of issuance. The average closing share price of the Company's common stock for the 30 trading days prior to the private placement was approximately $2.22. The preferred shares can be converted at $4.00 per share after June 29, 2002 but before June 29, 2006, on a one for one basis. The shares earn dividends at the rate of 7.5% per annum.

The Board of Directors has approved the repurchase from employees of nominal lots of shares acquired through the 1991 Employee Stock Purchase Plan or one of the Company's stock option plans. These shares are placed into treasury stock.

10) GEOGRAPHIC SEGMENT INFORMATION

The Company markets its products and related services primarily in North America, Europe and Asia and primarily measures its business performance based upon certain geographic results of operations.

For management purposes, the results of the Australasian operations are included in the North American results since the costs associated with managing that marketplace are born by the North American entities within the Group. Selected balance sheet and income statement information pertaining to the various significant geographic areas of operation are as follows:

As of and for the quarter ended December 31, 2002:

	Total Assets	Revenue	Net Earnings Available to Common Shareholders	D and
Northern Europe	$ 2,985	$ 1458	$ 277	
Spain	5,386	1,771	290	
United Kingdom	2,951	1,222	83	
North America	27,387	7,722	780	
Total	$38,709	$12,173	$ 1430	

ROSS SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

As of and for the quarter ended December 31, 2001:

	Total Assets	Revenue	Net Earnings Available to Common Shareholders	D and
Northern Europe	$ 2,769	$ 1,646	$ 208	
Spain	3,274	1,672	549	

United Kingdom	2,246	1,089	49
North America	39,374	7,229	(318)
Total	$47,663	$11,636	$ 488

As of and for the six months ended December 31, 2002:

	Revenue	Net Earnings Available to Common Shareholders	Deprec and Amort
Northern Europe	$ 2,439	$ 310	$
Spain	3,020	411	
United Kingdom	2,612	196	
North America	15,528	1,114	2
Total	$23,599	$ 2,031	$ 2

As of and for the six months ended December 31, 2001:

	Revenue	Net Earnings Available to Common Shareholders	Deprec and Amort
Northern Europe	$ 2,793	$ 381	$
Spain	2,995	997	
United Kingdom	2,470	159	
North America	14,708	(635)	4
Total	$22,966	$ 902	$ 4

ROSS SYSTEMS, INC. AND SUBSIDIARIES

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Statements in this report which express "belief", anticipation" or "expectation" as well as other statements which are not historical fact are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or anticipated results, including those set forth under "Risk Factors" in this "Management's Discussion and Analysis of Financial Condition and Results of

Operations" and elsewhere in or incorporated by reference into this report. The following discussion should be read in conjunction with the Company's Financial Statements and Notes thereto included in this report.

Overview

Variability of Quarterly Results

The Company's software product license revenues can fluctuate from quarter to quarter depending upon, among other things, such factors as overall trends in the United States and international economies, new product introductions by the Company, and customer buying patterns. Because the Company typically ships software products within a short period after orders are received, and therefore maintains a relatively small backlog, any weakening in customer demand can have an almost immediate adverse impact on revenues and operating results. Moreover, a substantial portion of the revenues for each quarter is attributable to a limited number of sales and tends to be realized in the latter part of the quarter. Thus, even short delays or deferrals of sales near the end of a quarter can cause substantial fluctuations in quarterly revenues and operating results. Finally, certain agreements signed during a quarter may not meet the Company's revenue recognition criteria resulting in deferral of such revenue to future periods. Because the Company's operating expenses are based on anticipated revenue levels and a high percentage of the Company's expenses are relatively fixed, a small variation in the timing of the recognition of specific revenues can cause significant variation in operating results from quarter to quarter.

Business Summary

Description of Business

The Company markets a broad range of sophisticated business applications that solve complex business problems on process manufacturers including collaborative planning, financial, manufacturing, distribution, supply chain management, and customer resource management. Specifically, these applications are designed to address the unique requirements of manufacturers in the food and beverage, life sciences, chemicals, metals and natural products industries. In addition, the Company supports an installed base of companies, which utilize the Company's financial products exclusively. The Company's software product license fees are based on the modules licensed and the number of users supported by the hardware on which the modules operate.

More than 1,000 companies around the world use Ross Systems solutions on a wide range of popular databases, including Oracle and Microsoft, as well as operating systems including NT and UNIX. Ross Systems and its distributors has more than 25 offices globally, to serve its customers. Customers are primarily medium-sized companies (with annual sales of $50 million to $1 billion) upgrading internal systems to improve profitability through the availability of timely and accurate information, ensure compliance with regulatory requirements such as those imposed by the FDA and USDA, and to collaborate effectively with customer and suppliers.

The Company licenses its products to customers through a direct sales force in North America and Western Europe as well as independent distributors in dozens of other markets worldwide.

The Company supplies leading enterprise solutions software designed for process manufacturing companies primarily in the food and beverage, life sciences, chemicals, metals and natural products industries. The Company offers the award-winning iRenaissance(TM) family of software solutions which is an integrated suite of enterprise resource planning (ERP II), financials, materials management, manufacturing and distribution, supply chain management (SCM), advanced planning and scheduling, customer relationship management (CRM), electronic commerce, business intelligence and analytics applications.

iRenaissance applications are renowned for their deep and rich functional fit to process industry requirements as well as their short implementation times and cost-effective returns on investment.

The Company leverages contemporary Internet technologies to enable significant benefits for its customers. Many Ross customers have benefited from technology obsolescence protection as they have moved from older computing platforms to current platforms by upgrading to new releases. Built on a highly flexible technology platform, iRenaissance applications cost-effectively support not only mid-size companies but scale effectively to support large, global organizations in a wide range of languages and with thousands of users processing hundreds of thousands of transactions daily. Ross customers also benefit from the low cost of deployment and centralized maintenance afforded by browser-based PC clients that provide secure access from any PC with Internet access, to the system infrastructure at central locations where the software resides and the data is managed. End-user satisfaction is enhanced by highly configurable and easily personalized applications that provide follow-me profiles for each user, regardless of physical location. Utilizing contemporary standards such as XML, SOAP, Microsoft .NET and others, iRenaissance applications can be effectively connected to any other applications or devices via the Internet. Robust security features that leverage Internet standards protect applications and data with both user-based and application function profiles. The security facilities further enable companies in their effort to achieve regulatory compliance by providing detailed audit trails for every action taken by every user.

Because the Company's iRenaissance applications were developed with the GEMBASE fourth generation language ("4GL"), the Company believes they are easily modified and expanded. GEMBASE is a programming environment that delivers a central data dictionary, complete screen painting, editing and debugging capabilities, and links to most popular RDBMSs. GEMBASE itself is written in the C programming language to facilitate portability across multiple hardware and RDBMS platforms. Because the iRenaissance products were developed in GEMBASE, customers often find it easy to customize their own applications.

Results of Operations

Revenues

Total revenues for the quarter ended December 31, 2002 of $12,173,000 increased 5% from $11,636,000 in the same quarter of fiscal 2002. Software product license revenues were $3,474,000 during the quarter ended December 31, 2002, an increase of $554,000, or 19%, from the same quarter in fiscal 2002. The Company experienced an increase over the same quarter of fiscal 2002 in the North American market of approximately $1,217,000, or 174%. The North American increase was primarily due to strong market acceptance of the Company's browser based user interface, and features of its process manufacturing modules as well as the absence of the after effects of the September 11th tragedy, which had had a negative impact on the second quarter of the prior year. In addition, the improving license revenue trend is a result of an increased visibility of the Company in the North American process software ERP market space arising from effective marketing activities over the fiscal year ended June 30, 2002. The Company's sales in the European markets were virtually unchanged, with a net increase of $53,000, or 4% over the same quarter in fiscal 2002 Product license sales in the Asian and Pacific rim region decreased by $716,000 to $3,000 during the quarter ended December 31, 2002, from $719,000 in the same quarter of fiscal 2002. This reflects a change in seasonal patterns. Overall sales with this distributor have not diminished, but the volume occurring in the second

quarter has decreased. This reasoning also applies for the six-month period ended December 31, 2002, when compared to the same six months in the prior year.

Consulting and other services revenues for the second quarter of fiscal 2003 decreased 2% to $3,230,000 from $3,285,000 in the same quarter of fiscal 2002. Revenues from consulting and other services (which are typically recognized as performed) are generally correlated with software product license revenues (which are typically recognized upon delivery), therefore, service revenues fluctuate based upon related fluctuations in software product revenue. For the quarter ended December 31, 2002, North American services revenues increased 19% at $2,014,000 compared to $1,698,000 over the same quarter in the prior year. This primarily reflects new services work arising from the growth in software sales over the last fiscal year. International services revenues decreased $371,000, or 24% over the same quarter in the prior year. This decrease is mainly due to the absence of Euro dollar implementation work in the current quarter compared to the same quarter in the prior year. Similar trends are true for the six month period ended December 31, 2002, when compared to the same six months in the prior year.

Maintenance revenues decreased by $55,000 or 1% in the second quarter of fiscal 2003 versus the same quarter in the prior year. This is attributable mainly to new maintenance contract additions from prior year software license sales occurring at a lower rate than retirements in North America. The increase of $321,000 or 24% in International maintenance revenues is attributable mainly to the negotiation of new maintenance contracts, including back-maintenance provisions, for contracts which had previously cancelled but have been reinstated on the Euro compliant version of the product. Maintenance contracts sold by third party distributors are included by the Company in software product license revenues because the Company has no support obligations to any of the distributors' customers. The increases in Europe were largely offset by a decline of $376,000 in North American maintenance revenues.

Maintenance revenues for the six-month period ended December 31, 2002 decreased by 3% to $10,088,000 from $10,442,000 in the same period in the prior year. The slower rate of decrease in the second quarter as compared to the first quarter of fiscal 2003 is due to a larger number of the new maintenance contracts in the International region referred to above, occurring in the latter half of the six-month period.

Reimbursable expenses billed were up by 44% to $304,000 for the second quarter of fiscal 2003, from $211,000 in the same quarter in the prior year. This increase was due to more frequent travel activity at shorter intervals by implementation consultants involved in more customer projects in the current fiscal year compared to fewer customer projects with longer travel intervals during the prior fiscal year. In addition, the prior year's quarter was affected by the aftermath of the September 11, 2001 tragedy, as consultants sought alternative ways to continue with customer projects without air travel, and therefore billed the customers for less expenses.

ROSS SYSTEMS, INC. AND SUBSIDIARIES

International revenues as a percentage of total revenues decreased to 39% in the second quarter fiscal 2003 from 40% for the same quarter in fiscal 2002. International revenues decreased $596,000 or 12% over the same quarter in the prior year. This decrease was due to lower software license revenues and lower services revenues in the second quarter of fiscal 2003 as compared to the same quarter in the prior year. Similar trends apply to the six month period ended December 31, 2002 when compare to the same period in the prior year.

North American revenues comprised 61% of the second quarter 2002 total revenues, up from 48% in the same quarter of the prior year. North American revenues increased 17% over the same quarter of the previous fiscal year. This increase was due to the steady growth software revenues combined with a commensurate increase in services revenues.

Operating Expenses

Costs of software product licenses include expenses primarily related to royalties paid to third parties. Third party royalty expenses will vary from quarter to quarter based on the number of third party products being sold by the Company. Major third party products sold by the Company include databases and other optional software including certain functional modules for CRM and SCM as well as reporting, and productivity tools. As a percentage of software product license revenue, the costs of software product licenses increased to 15% in the second quarter of fiscal 2003 compared to 11% in the same quarter of fiscal 2002. As a result, the costs of software product licenses for the second quarter of fiscal 2003 increased by 68% to $521,000 from $311,000 in the second quarter of fiscal 2002. The increase in costs for software product licenses for the quarter was primarily due to the increase in the proportion of third party products in total software sales sold in fiscal 2003 compared to the prior year. This relative increase in third party content in sales reflects the particular mix of sales in the quarter and is not related to any specific trend in software sales generally.

Costs of consulting and other services include expenses related to consulting and training personnel, personnel providing customer support pursuant to maintenance agreements, and other related costs of sales. The Company also uses outside consultants to supplement Company personnel in meeting peak customer consulting demands.

Certain expenses previously reflected as sales and marketing have been reclassified as costs of consulting, maintenance and other services for the quarter ended December 31, 2002. This reclassification of expenses arose out of the necessity to match a change in the presentation of costs in the current period. Historically, the European subsidiaries have been predominantly sales offices and, as such, the majority of their operating costs have been reflected in sales and marketing in the Condensed Consolidated Statements of Operations. During the first quarter of FY2003, the Company undertook a specific and detailed review of the cost structures of our European subsidiaries in light of the change in sales mix and employee base over time. It was determined that many of the costs, including salary and social costs of the employees, travel and entertainment expenses and certain allocable common infrastructure costs which relate to consulting and support activity were being grouped with sales and marketing costs. The change between sales and marketing versus consulting arose due to the maturity of the European operations and the manner in which the operations have evolved over the last several reported accounting periods. While the allocation of costs requires judgment, and while our employees perform multiple tasks based upon the then current needs of the organization, management believes that this reclassification of costs is necessary to provide the most accurate view of the efforts expended by the European subsidiaries over the periods reported. Therefore for current quarter, and the comparative quarter in the prior fiscal year, the expenses named above which relate to consulting and support services, have been reclassified from sales and marketing, and are now classified as consulting, maintenance, and other services.

A corresponding reclassification of costs in the prior year figures has been effected as shown in the table below:

	Three months ended December 31,	
	2001	2001 Reclassified
Costs of consulting, maintenance and other services	$ 2,516	$ 4,409
Software product license sales and marketing	3,505	2,211
Product development net of capitalized and amortized computer software costs	3,063	2,758
General and administrative	1,250	1,167
Less reimbursable services expenses billed to customers		(211)
	$ 10,334	$ 10,334

Costs of consulting and other services decreased by 5% to $4,176,000 in the second quarter of fiscal 2003, as compared to $4,409,000 in the second quarter of fiscal 2002. The decrease in these costs for the quarter relates to the Company's lower content of outside consultants utilized in Europe for localized software maintenance, when compared to the costs of the same quarter in the prior year. As a result of the higher cost levels, the Company's operating margin resulting from consulting, maintenance and other services revenues for the second quarter of fiscal 2003 was 50%, up from 48% in the same quarter of fiscal 2002.

For the six-month period ended December 31, 2002, costs of consulting and other services have increased slightly by 1% to $8,577,000 from $8,493,000 due to the higher utilization of outside consultants in Europe in the first quarter of the current fiscal year.

Sales and marketing expenses of $2,883,000 for the quarter ended December 31, 2002 reflected an increase of 30% when compared to $2,211,000 in the second quarter of fiscal 2002. This increase indicates the higher levels of sales personnel in Europe, additional marketing staff in North America, additional costs relating to several trade and user group conferences in the period, and higher North American sales commissions due to the higher sales levels in the second quarter of fiscal 2003 compared to the same quarter in the prior year. This trend also applies to the six-month period ended December 31, 2002 when compared to the same period in the prior year.

An amount of $305,000 and an amount of $623,000 previously reflected as product development expenses has been reclassified as costs of consulting, maintenance and other services for the quarter and the six months ended December 31, 2002, respectively. This reclassification of expenses arose out of the necessity to match a change in the presentation of costs in the current period. Certain personnel related expenses incurred in support of customer specific activity have historically been reflected in product development expenses. However, due to the increasing materiality of these expenses, they are now more appropriately classified as consulting, maintenance and other services expenses.

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ROSS SYSTEMS, INC. AND SUBSIDIARIES

Product development (research and development) expenses of $1,746,000 in the second quarter of fiscal 2003 were down from $2,758,000 in the same quarter of the prior year. The following table summarizes product development expenditures (in thousands):

	Three months ended December 31,	
	2002	2001
Gross Expenditures for Product Development	$ 1,647	$ 1,854
Less: Expenses capitalized	(1,030)	(1,180
Plus: Amortization of previously capitalized amounts	1,129	2,084
Total Product Development Expenses	$ 1,746	$ 2,758

As a percentage of total revenues, product development expenses for the three-month period ended December 31, 2002 decreased over the expense in the same period of the prior year as a result of the lower amortization of previously capitalized expenses. Amortization expense decreased by 46% due to a charge for impairment of unamortized software effected in the quarter ended June 30, 2002. Product development expenditures decreased by 11% to $1,647,000 in the quarter ended December 31, 2002 from $1,854,000 in the same quarter in the prior year. The decrease in amortization in the current fiscal year also accounts for the decrease in the product development expenses for the six-month period ended December 31, 2002 when compared to the same period in the prior year.

General and administrative expenses for the quarter ended December 31, 2002 decreased by 11%, to $1,045,000 from $1,167,000 in the same quarter of the prior year. This decrease was due to minor cost savings in several expense categories. Similar savings in the first quarter of fiscal 2003 accounted for the overall reduction in general and administrative expenses of 6% for the six-month period ended December 31, 2002 as compared to the same period in the prior year.

In the three month period ended December 31, 2002, the Company recorded a provision for doubtful accounts of $242,000, as compared to $261,000 recorded in the second quarter of fiscal 2002. The fiscal 2003 and 2002 provisions consisted primarily of specific customer accounts identified as being potentially uncollectable. These provisions represent management's best estimate of the doubtful accounts for each period.

Other Expense, Net

Other expense for the quarter ended December 31, 2002 was $27,000 as compared to $108,000, in the same quarter of fiscal 2002. These amounts primarily consisted of interest expense related to borrowings under the Company's existing line of credit facility, and the reduction reflects the lower average levels of the Company's indebtedness.

Income Tax Expense

During the second quarter of fiscal 2003, the Company recorded an income tax expense of $65,000 compared with a benefit of $115,000 recorded during the same quarter in fiscal 2002. The fiscal 2003 tax expense relates to a provision in the US holding company for minimum income taxes payable on profits in the current fiscal year. The benefit in the prior year period was due to refunds of previously paid taxes.

Liquidity and Capital Resources

In the first six months of fiscal 2003, net cash provided by operating activities increased $3,975,000 compared to the same period of the prior year. This included an aggregate net decrease in the non-cash charges for depreciation, amortization and provisions for bad debt of $1,603,000 and an aggregate increase in the combined cash used by prepaids and other current assets, taxes payable, accrued expenses, accounts payable and deferred revenues of $3,066,000. In addition, sources of cash provided by accounts receivable increased $1,383,000 in the six months ended December 31, 2002 as compared to the same period in fiscal 2002. This net cash increase was enhanced by cash provided by an increase of Company earnings of $1,129,000 in the first six months of fiscal 2003 as compared to the first six months of fiscal 2002.

In the first six months of fiscal 2003, the Company utilized $2,630,000 for investing activities versus $2,273,000 over the same period of the prior year, an increase of $357,000. Investment in property and equipment was up $176,000 to $435,000 in the first six months of fiscal 2003, from $259,000 in same period in the prior year. Investments in capitalized computer software costs increased by $48,000. Other items, primarily deposits, provided $133,000 less in cash in the first six months of this fiscal year.

Net cash flows used for financing activities decreased by $329,000 for the six months ended December 31, 2002, versus the same period of the prior fiscal year. Cash received by drawing on the Company's credit lines decreased by $386,000 to $314,000 for the six months ended December 31, 2002, from $700,000 for the same period in the prior year. Proceeds from the issue of shares to employees under the Employee Stock Purchase Plan, and the exercise of options by employees, amounted to $191,000 in the six months ended December 31, 2002, an increase of $89,000 over the same period in the prior year.

At December 31, 2002 the Company had $6,019,000 of cash and cash equivalents. The Company also has a revolving credit facility with an asset-based lender with a maximum credit line for up to $5,000,000, an expiration date of September 23, 2004, and an interest rate equal to the Prime Rate plus 2% (approximately 6.75% at December 31, 2002). Borrowings under the credit facility are collateralized by substantially all the assets of the Company. At December 31, 2002, the Company had $3,508,000 outstanding against the $5,000,000 revolving credit facility, and based on eligible accounts receivable at December 31, 2002, the Company's cash and remaining borrowing capacity under the revolving credit facility totaled approximately $6,020,000, higher by $2,530,000 compared to $3,490,000 at December 31, 2001.

Risk Factors

License revenues: The Company's software product license revenues can fluctuate depending upon such factors as overall trends in the United States and International economies, new product introductions by the Company, as well as customer buying patterns. Because the Company typically ships software products within a short period after orders are received, and therefore maintains a relatively small backlog, any weakening in customer demand can have an almost immediate adverse impact on revenues and operating results. Moreover, a substantial portion of the revenues for each quarter is attributable to a limited number of sales and tends to be realized in the latter part of the quarter. Thus, even short delays or deferrals of sales near the end of a quarter can cause substantial fluctuations in quarterly revenues and operating results. Finally, certain agreements signed during a quarter may not meet the Company's revenue recognition criteria resulting in deferral of such revenue to future periods. Because the Company's operating expenses are based on anticipated revenue levels and a high percentage of the Company's expenses are relatively fixed, a small variation in the timing of the recognition of specific revenues can cause significant variation in operating results from quarter to quarter.

Economic slowdown: Our business maybe adversely impacted by the worldwide economic slowdown and related uncertainties. Weak economic conditions worldwide have contributed to the current technology industry slow-down. This may impact our business resulting in reduced demand and increased

price competition, which may result in higher overhead costs, as a percentage of revenues. Additionally, this uncertainty may make it difficult for our customers to forecast future business activities. This could create challenges to our ability to grow our business profitably. If the economic or market conditions further deteriorate, this could have a material adverse impact on our results of operations and cash flow.

Competition: We may face increased competition and our financial performance and future growth depend upon sustaining a leadership position in our product functionality. Competitive challenges faced by Ross are likely to arise from a number of factors, including: industry volatility resulting from rapid development and maturation of technologies; industry consolidation and increasing price competition in the face of worsening economic conditions. Although there are fewer competitors in our target markets than previously, our failure to compete successfully against those remaining could harm our business operating results and financial condition.

Stock price: Our stock price, like that of other technology companies, is subject to volatility because of factors such as the announcement of new products, services or technological innovations by us or our competitors, quarterly variations in our operating results, and speculation in the press or investment community. In addition, our stock price is affected by general economic and market conditions and may be negatively affected by unfavorable global economic conditions.

Intellectual property: Our business may suffer if we cannot protect our intellectual property. We generally rely upon copyright, trademark and trade secret laws and contract rights in the United States and in other countries to establish and maintain our proprietary rights in our technology and products. However, there can be no assurance that any of our proprietary rights will not be challenged, invalidated or circumvented. In addition, the laws of certain countries do not protect our proprietary rights to the same extent as do the laws of the United States. Therefore, there can be no assurance that we will be able to adequately protect our proprietary technology against unauthorized third-party copying or use, which could adversely affect our competitive position. Further, there can be no assurance that we will be able to obtain licenses to any technology that we may require to conduct our business or that, if obtainable, such technology can be licensed at a reasonable cost.

Litigation: In the ordinary course of business, we may become involved in litigation and administrative proceedings. Such matters can be time-consuming, divert management's attention and resources and cause us to incur significant expenses. Furthermore, there can be no assurance that the results of any of these actions will not have a material adverse effect on our business, results of operations or financial condition.

Key Personnel: Our success depends upon retaining and recruiting highly qualified employees and management personnel. However, we may face severe challenges in attracting and retaining such employees. Although our turnover is historically low, if our ability to maintain a stable workforce is significantly handicapped, our ability to compete may be adversely affected.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The risks described below are not the only ones that we face. Additional risks and uncertainties not presently known to us may also impair our business operations. Our business, operating results or financial condition could be materially adversely affected by, and the trading price of our common stock could decline due to any of these risks.

Foreign Exchange: The company has a worldwide presence and as such maintains offices and derives revenues from sources overseas. For the second quarter of fiscal 2003, international revenues as a percentage of total revenues were approximately 39%. The Company's international business is subject to typical risks of an international business, including, but not limited to: differing economic conditions, changes in political climates, differing tax structures, other regulations and restrictions, and foreign exchange rate volatility. Accordingly, the Company's future results could be materially adversely impacted by changes in these or other factors. The effect of foreign exchange rate fluctuations on the Company in the first three months of fiscal 2003 was not material.

Interest Rates: The Company's exposure to interest rates relates primarily to the Company's cash equivalents and certain debt obligations. The Company invests in financial instruments with original maturities of three months or less. Any interest earned on these investments is recorded as interest income on the Company's statement of operations. Because of the short maturity of our investments, a near-term change in interest rates would not materially effect our financial position, results of operations, or cash flows. Certain of the Company's debt obligations include a variable rate of interest. A significant, near term change in interest rates could materially effect our financial position, results of operations or cash flows.

The Company did not engage in any derivative/hedging transactions.

ROSS SYSTEMS, INC. AND SUBSIDIARIES

Item 4. Controls and Procedures

Within 90 days prior to the filing date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Chief Executive Officer, the Executive Vice President Operations, and the Chief Financial Officer of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Company's management have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-14 and 15d-14 of the Exchange Act) are effective. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect these internal controls subsequent to the completion of their evaluation.

ROSS SYSTEMS, INC. AND SUBSIDIARIES

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

The Company's Annual Meeting of Shareholders was held on November 14, 2002. The following table shows the voting information for each item voted upon:

	FOR
NOMINEES FOR ELECTION AS DIRECTORS	
Frank M. Dickerson	2,278,989
J. William Goddhew III	2,278,414
Bruce J. Ryan	2,278,869
J. Patrick Tinley	2,278,033
Robert B. Webster	2,277,756

TO INCREASE THE NUMBER OF OPTIONS AVAILABLE UNDER THE 1998 STOCK OPTION PLAN	470,852
TO AMEND THE CERTIFICATE OF INCORPORATION OF THE COMPANY TO REDUCE THE AUTHORIZED SHARE CAPITAL OF THE COMPANY	2,269,932
TO AMEND THE 1998 STOCK OPTION PLAN TO CHANGE THE ANNUAL MAXIMUM QUANTITY OF OPTIONS WHICH CAN BE GRANTED TO AN INDIVIDUAL	2,092,103
TO APPROVE THE AMENDMENTS TO THE 1998 STOCK OPTION PLAN TO CHANGE THE QUANTIY OF OPTIONS ISSUED TO EXTERNAL DIRECTORS	2,069,379
RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS	2,276,002

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

The Exhibits listed on the accompanying Index to Exhibits are filed as part of, or incorporated by reference into, this Report.

2.1 Asset Sale Agreement between Registrant and Now Solutions LLC dated March 5, 2001 (2)

3.1 Certificate of Incorporation of the Registrant, as amended (3)

3.2 Bylaws of the Registrant (3)

3.3 Amendment to the Certificate of Incorporation of the Registrant, dated April 26, 2001, for the

1 for 10 Reverse Stock Split (8)

4.1 Certificate of Designation of Rights, Preferences and Privileges of Series B Preferred Stock of the Registrant (1)

10.1 Preferred Shares Rights Agreement, dated as of September 4, 1998 between the Registrant and Registrar and Transfer Company (2)

10.2 Loan and Security Agreement dated September 24, 2002 between Registrant and Silicon Valley Bank (8)

10.2A Series A Convertible Preferred Stock Agreement dated 29 June, 2001 between Registrant and Benjamin W. Griffith III (6)

10.3 Employment Agreement, dated as of January 7, 1999, between Mr. Patrick Tinley and the Registrant (4)

10.4 Employment Agreement, dated as of September 17, 1999, between Mr. Robert Webster and the Registrant (5)

99.1 Certification of Chief Executive Officer, Executive Vice President Operations, and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

99.2 Amendment to the Certificate of Incorporation of the Registrant, dated November 14, 2002 for the reduction of Authorized Share Capital

(1) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 10-Q filed May 6, 1996.

(2) Incorporated by reference to the exhibit filed with the Registrant's Registration Statement on Form 8-A filed September 4, 1998.

(3) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K filed July 24, 1998.

(4) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 10-Q filed May 17, 1999.

(5) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 10-K filed September 28, 1999.

(6) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 10-K filed September 27, 2001.

(7) Incorporated by reference to the exhibit filed with the Registrant's Registration Statement on Form 8-A/A filed October 3, 2001.

(8) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 10-K/A filed October 2, 2002

ROSS SYSTEMS, INC. AND SUBSIDIARIES

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ROSS SYSTEMS, INC.

Date: February 11, 2003 /s/ Verome M. Johnston

Verome M. Johnston
Vice President, Chief Financial Officer

(Principal Financial and Accounting Officer
and Duly Authorized Officer)

ROSS SYSTEMS, INC. AND SUBSIDIARIES

CERTIFICATION OF PRINCIPAL EXECUTIVE AND FINANCIAL OFFICERS

I, J. Patrick Tinley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ross Systems, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal

controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 11, 2003 /s/ J. Patrick Tinley

J. Patrick Tinley
Chairman and Chief Executive Officer

ROSS SYSTEMS, INC. AND SUBSIDIARIES

I, Verome M. Johnston, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ross Systems, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 11, 2003 /s/ Verome M. Johnston

Verome M. Johnston
Vice President and Chief Financial Officer

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ROSS SYSTEMS, INC. AND SUBSIDIARIES

CERTIFICATION OF PRINCIPAL EXECUTIVE AND FINANCIAL OFFICERS

I, Robert B. Webster, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ross Systems, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 11, 2003

/s/ Robert B. Webster

Robert B. Webster
Executive Vice President Operations
And Secretary