



## PRESS RELEASE

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### Digital Dispatch to Acquire StrataGen Agrees to Acquire Software Company for Para-Transit Fleets

**Richmond, BC, October 2<sup>nd</sup>, 2007** – Digital Dispatch Systems Inc. ("Digital Dispatch") (TSX: DD), a leading provider of mobile data solutions, announced today that it has signed a binding letter of intent to acquire all of the shares of StrataGen™ Systems Inc. of Kirkland, Washington, US ("StrataGen"). Subject to the execution of a definitive agreement and regulatory approvals in Canada and the US, the closing of this transaction is expected to occur on or before October 29th, 2007.

Mr. William Ho, CTO and Chief Architect of StrataGen, is expected to continue with StrataGen after the acquisition by Digital Dispatch in his current role and will be transferring patents developed by him to StrataGen. Dr. Allen Ho, the CEO of StrataGen, will be available as a consultant to the Company on an as-needed basis.

Digital Dispatch will pay, less any usual post closing adjustments on a transaction of this nature, US\$6.0 million in cash consideration with US\$ 4.5 million payable upon closing and US\$ 1.5 million payable in 15 monthly installments of US\$100,000 commencing 90 days after the acquisition date. In addition, after the acquisition StrataGen will pay certain of the departing shareholders up to a maximum US\$2.3 million in earn-out payments as bonuses, commissions and consulting fees. This earn-out payment will be either Digital Dispatch common shares issued from treasury or cash, the type of consideration to be determined prior to execution of the definitive agreement. The exact amount of the payments will be determined based on the final size of certain contracts which are presently in negotiation or to be completed after closing.

Founded in 1998, StrataGen designs and provides advanced scheduling, dispatching, and client management software for the public transit domain for Paratransit services. Paratransit services were mandated by the 1990 Americans with Disabilities Act, which requires that any community providing fixed route services must also provide door-to-door van service for people with disabilities and elderly people. This is a difficult problem to solve, particularly for larger transit agencies, because the mix of trips changes daily. StrataGen's customers' primary challenge is to provide these services as efficiently as possible to contain costs which are in excess of \$2 billion annually in the US. To address this need, StrataGen has developed a product line called ADEPT™ which is recognized as best-in-class transit management software in the industry with respect to overall performance. ADEPT™ has proven itself to

be significantly superior, typically operating several times faster while also improving productivity, measured in trips per vehicle hour, by an average of 15% to 20%.

"We wanted to merge with a company that had the same core values and focus on customer success as StrataGen. This exciting combination with Digital Dispatch enables StrataGen to expand to international markets while providing the market with an integrated complete solution which differentiates the combined entity from the competition. This results in a more competitive and effective go to market offering which will benefit both our customers and employees alike," stated Dr. Allen Ho, CEO and co-founder of StrataGen.

According to Vari Ghai, CEO of Digital Dispatch, "The acquisition of StrataGen is a cornerstone of our diversification strategy. By combining the transit businesses of Digital Dispatch and the recently acquired MobiSoft OY with StrataGen, we achieve instant critical mass in the transit industry and become a vertically integrated turnkey solutions company. The combined customer base includes 4 of the top 5 and 10 of the top 20 transit authorities in North America. In addition, the large majority of Finland's para-transit market and a large portion of the UK community transportation systems will now be provided by Digital Dispatch."

Our combined customers will now include the market's major North American transit management companies including Access Services Incorporated (ASI) of Los Angeles; MTA New York City Transit (NYCT); Chicago Transit Authority (CTA); Massachusetts Bay Transportation Authority (MBTA); Orange County Transportation Authority (OCTA); Broward County Mass Transit (BCT); Lehigh and Northampton Transportation Authority (LANTA); Suburban Mobility Authority for Regional Transportation (SMART) of Michigan; Metropolitan Atlanta Rapid Transit Authority (MARTA); BC Transit in British Columbia, Canada; and the Regional Transportation District of Denver (RTD) to name a few.

"Digital Dispatch is progressing with its strategic diversification plan which will result in the Company being segregated into 5 distinct business units as follows to achieve the market focus required to drive our aggressive growth targets:

1. Integrated Digital Dispatch and MobiSoft business unit servicing the taxi market;
2. Integrated StrataGen and MobiSoft demand response transit business unit servicing the transit market;
3. eFleet ASP hosted business unit for the trucking, towing and limo markets;
4. Mobile computers ("MDT's") and related radio infrastructure in a hardware business unit; and
5. Advertising and eCommerce in the back-of-vehicle business unit.

"Our plan is to evolve into a global, international multi-faceted wireless solutions company by diversifying into several synergistic business units focused on distinct vertical markets to drive future significant revenue growth and shareholder value," continued Mr. Ghai.

### **Forward-Looking Statements**

This press release contains statements which, to the extent that they are not recitations of historical fact, may constitute forward-looking information. Factors that could cause actual events or results to differ materially from those suggested by these forward-looking statements include, but are not limited to the successful negotiation and execution of the definitive acquisition agreement by October 29, 2007 and the related integration of the acquisition referred to in this press release. Additional factors also include but are not limited to: failure to obtain regulatory approval which would result in possible alternative transaction terms and a closing delay; the dependence on our customers' satisfaction with, and continued commitment to the deployment of Digital Dispatch's products; the timing of entering into significant contracts; the performance of the global economy and growth in software industry

sales; market acceptance of the Company's products and services; customer and industry analyst perception of the Company and its technology vision and future prospects; the success of certain business combinations engaged in by the Company or by competitors; possible disruptive effects of organizational or personnel changes; technological change, new products and standards; risks related to international expansion; reliance on large customers; concentration of sales; international operations and sales; management of growth and expansion; dependence upon key personnel and hiring; industry growth; competition; intellectual property; product defects and product liability; currency exchange rate risk; and including but not limited to other factors described in Digital Dispatch's reports filed on Sedar, including its Annual Information Form and financial report for the year ended December 31, 2006. In drawing a conclusion or making a forecast or projection set out in the forward-looking information, the Company takes into account the following material factors and assumptions in addition to the above factors: the Company's ability to execute on its business plan; the acceptance of the Company's products and services by its customers; the timing of execution of outstanding or potential customer contracts by the Company; the sales opportunities available to the Company; the Company's subjective assessment of the likelihood of success of a sales lead or opportunity; the Company's historic ability to generate sales leads or opportunities; and that sales will be completed at or above the Company's estimated margins. This list is not exhaustive of the factors that may affect our forward-looking information. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking information. All forward-looking statements made in this press release are qualified by this cautionary statement and there can be no assurance that actual results or developments anticipated by the Company will be realized. The Company disclaims any intention or obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise.

### **About StrataGen Systems Inc.**

Based in Kirkland, Washington, StrataGen Systems, Inc. is a leading provider of dynamic real-time scheduling and client management software. They provide automatic, real-time scheduling systems aimed to improve efficiency and reduce operating costs for Para-transit/demand-respond transport operators. Visit [www.stratagen.com](http://www.stratagen.com) for more information.

### **About Digital Dispatch Systems Inc.**

Digital Dispatch Systems Inc. is a worldwide provider of mobile data solutions for fleet and mobile workforce management. Founded in 1987, we have an installed base of 75,000 wireless mobile data devices and nearly 200 wireless data systems in four continents. We offer products and services to manage vehicle fleets and mobile workforces, including dispatch software, wireless communication infrastructure and a range of in-vehicle mobile devices. Visit [www.digital-dispatch.com](http://www.digital-dispatch.com) for more information.

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