FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1999-07-27** | Period of Report: **1999-04-30**
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FILER

AMERICAN SOFTWARE INC

CIK:**713425**| IRS No.: **581098795** | State of Incorp.:**GA** | Fiscal Year End: **0430**
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [Fee Required]

For the fiscal year ended April 30, 1999

OR

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [No Fee Required]

For the transition period from to

Commission File Number 0-12456

AMERICAN SOFTWARE, INC.
(Exact name of registrant as specified in its charter)

Georgia	470 East Paces Ferry Road, N.E. Atlanta, Georgia
(State or other jurisdiction of incorporation or organization)	(Address of principal executive offices)
58-1098795	30305
(IRS Employer Identification No.)	(Zip Code)

Registrant's telephone number, including area code (404) 261-4381

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	None

Securities registered pursuant to Section 12(g) of the Act:

Class A Common Shares, $.10 Par Value
(Title of class)

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 by check mark if disclosure of delinquent filers pursuant to Item 405 Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [_]

At July 12, 1999, 16,772,044 Class A Common Shares and 4,768,289 Class B Common Shares of the registrant were outstanding. The aggregate market value (based upon the closing price of Class A Common Shares as quoted on the NASDAQ National Market System at July 12, 1999) of the Class A shares held by nonaffiliates was approximately $64 million.

DOCUMENTS INCORPORATED BY REFERENCE; LOCATION IN FORM 10-K

1. 1999 Proxy Statement into Part III.
2. Form S-1 Registration Statement No. 2-81444 into Part IV.
3. Form S-8 Registration Statements Nos. 333-55214, 333-62529 and 333-67533

   into Part IV.
4. Form 10-K's for fiscal years ended April 30, 1990, 1995 and 1998 into Part IV.
5. Form 10-Q's for the quarters ended January 31, 1990 and October 31, 1990 into Part IV.

Forward-Looking Statements

In addition to the historical information contained herein, the discussion in this Form 10-K contains certain 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, that involve risks and uncertainties, such as statements concerning: growth and future operating results; future customer benefits attributable to the Company's products; developments in the Company's markets and strategic focus; new products and product enhancements; potential acquisitions and the integration of acquired businesses, products and technologies; strategic relationships; and future economic, business and regulatory conditions. The cautionary statements made in this Form 10-K should be read as being applicable to all related forward-looking statements whenever they appear in this Form 10-K. The Company's actual results could differ materially from the results discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed under the section captioned "Risk Factors" in Item 1 of this Form 10-K as well as the cautionary statements and other factors set forth elsewhere herein.

PART I

ITEM 1. BUSINESS

Company Overview

American Software Inc. ("American Software" or the "Company") through its subsidiaries, develops, markets and supports a portfolio of application software solutions that enable businesses to respond to today's dynamic global marketplace. The Company's software and services solutions are designed to automate many planning and operational functions principally in the areas of: (i) Enterprise Resource Planning (ERP), (ii) Flow Manufacturing, (iii) E-Commerce Solutions and (iv) Logility Value Chain Solutions(TM). The Company's products are designed to provide rapid return on investment while offering maximum scaleability. The Company also provides support for its software products, such as software enhancements, documentation updates, customer education, consulting, systems integration services, millennium conversions, maintenance and outsourcing.

ERP is an integrated suite of products designed to automate many of the daily operational tasks of a global enterprise. ERP is responsible for the execution of many key business processes including the physical movement of and accounting for goods throughout the supply chain. ERP functions may include inventory management, order management, purchasing, finance and manufacturing.

Flow Manufacturing(R) is a solution that is designed to automate the manufacture of discrete products. Flow Manufacturing is designed around a new manufacturing paradigm which states that materials should be "pulled" into the manufacturing process based on customer demand instead of "pushing" materials based on quarterly production schedules and safety stock needs. Flow Manufacturing can co-reside with traditional manufacturing solutions or it can completely replace traditional manufacturing. Flow Manufacturing techniques are also known as agile, lean, or demand flow manufacturing.

E-Commerce solutions deliver significant benefits including the ability to reach new markets, lower transaction costs, shorten cycle times, enhance service levels and maximize profitability. In fiscal 1999, the Company introduced this new family of strategic Internet-based products to simplify customer purchases, internal requisitioning, employee expense processing and order management. In addition, the Company offers a range of outsourcing services, from sophisticated Data Center and E-commerce outsourcing to project-related and permanent staffing under the AmQUEST subsidiary.

Value Chain Solutions, which is offered by the Company's Logility, Inc. subsidiary, represents the proactive use of information to ensure that the right products are delivered to the right place at the right time. This planning process is focused on demand forecasting, inventory and warehouse management, replenishment and manufacturing planning, manufacturing scheduling as well as transportation management. The Logility

Value Chain Solutions product suite consists of software that enables suppliers, manufacturers, distributors and wholesalers to more effectively collaborate and manage their value chains.

The Company markets and supports its application software products and services to a wide range of end users, including manufacturers of chemicals, consumer products, electronics, food and beverage products, pharmaceuticals, pulp and paper, industrial products, steel, and textiles, as well as retailers, wholesale distributors, and the health and beauty care industry, petroleum producers, public utilities and the transportation industry.

Industry Background

Many changes are occurring in global businesses that are forcing companies to re-engineer the way they manufacture products and deliver services. Changes in markets, products, partnerships and competition impact business plans on a daily basis. Competitive pressures are forcing companies to shorten their product life cycles, which creates significant risks. Retailers and consumers are becoming more demanding because of the broad range of choices available. Many companies are acquiring other businesses or even being acquired in order to assemble a competitive portfolio of products and services. This means a constant flux in business structures and organizational models. Manufacturing is now a global operation, and it is not uncommon to have an enterprise sourcing supplies in one country, conducting pre-assembly in another country and performing final assembly in yet a third country. All of these dynamics mean that swift, accurate decision making is critical to survival.

Effective information technology (IT) solutions, which support not only the operational aspects of the business but also support planning and intelligent decision-making, can often mean increased competitive advantage. IT solutions which provide the ability to quickly respond to market opportunities, customer needs and/or value chain constraints can often lead to increased market share, increased profitability and improved shareholder returns. All of the Company's software solutions are designed to support either a company's operational requirements or its decision support needs.

Companies rely on ERP systems to conduct the daily transactions vital to running a business, from taking an order, to sending a purchase order to a supplier, to collecting monies from customers. These operational aspects of running an enterprise are the province of ERP systems. Flow Manufacturing is designed to deliver optimal conversion of raw materials into finished products in a production environment. Value Chain Solutions allow companies to proactively synchronize their supply activities and manufacturing schedules so that inventory plans are sufficient to meet customer demand.

Company Products and Services

The Company's strategy has been to create an integrated line of standard application software and services for deployment in mainframe, client/server and web environment operating on four strategic computer platforms: (1) IBM System/390 Mainframe or compatible, (2) IBM Midrange--AS/400, (3) UNIX--HP 9000, IBM RS/6000 and other Unix platforms and (4) Intel-based servers and clients that operate Windows 3.1, Windows NT. The products are written in various standard programming languages utilized for business application software, including ANS COBOL, COBOL II, Micro Focus COBOL, C, C++, Visual Basic and other programming languages, and many have both on-line and batch capabilities. An integral part of this strategy has been to integrate unique characteristics of personal computers and Internet browsers as clients in the products provided by the Company.

Note: ES/9000, RS/6000 and AS/400 are registered trademarks of the International Business Machine Corporation. HP 9000 is a registered trademark of Hewlett Packard Corporation.

The following is a summary of the Company's main software solutions:

ENTERPRISE SOLUTIONS SOFTWARE

The Company's enterprise solutions are comprehensive applications designed to operate complex, multi-site, multi-national enterprises. Most applications can operate on a stand-alone basis, integrated with one or more solutions offered by the Company and/or integrated with one or more systems from other vendors. The Company's Enterprise Solutions are comprised of the following module groups: Manufacturing, Logistics and Financials.

In April 1998, the Company introduced its next generation ERP solution called INTELLIPRISE(TM). This client/server based ERP solution supports multiple international business and manufacturing models, features an "out of the box" data warehouse, provides internet connectivity and offers the flexibility to quickly respond to changing business environments.

Manufacturing Modules

Companies may choose either the Company's Traditional Manufacturing or Flow Manufacturing solutions. The modules listed below are the solution components within Traditional Manufacturing:

1. Master Scheduling
2. Material Requirements Planning II (MRP II)
3. Bill of Materials
4. Capacity Planning
5. Production Order Status
6. Route and Work Center Maintenance
7. Shop Floor Control

Logistics Modules

The Company's logistics solution consists of an integrated system of six modules which provides information concerning the status of purchasing activities, customer orders, inventory position and internal inventory requisition requirements. These modules perform primarily the following functions:

Inventory Asset Management

. Inventory Asset Control
. Lot Processing
. Receipt & Shipment Management
. Serialized Inventory Processing
. Replenishment Processing
. Requistition Management
. Inspection

Procurement

. Blanket Purchasing
. Pricing Management
. Approval Routing

Customer Order Management

. Order Mananagment
. Pricing & Promotions Management
. Shipping Management

. Billing Management
. Credit Control Processing

Financial Modules

The Company's comprehensive financial solutions provide functions such as financial reporting, budgeting, asset management, cash management, credit management and receivables management. These systems assist in resolving customers' specific financial control issues faster and more effectively. The specific applications available are:

General Ledger

. Chart of Accounts Processing
. Budgeting
. Journal Entry Processing

Accounts Payable

. Voucher Entry Processing
. Payment Processing

Treasury

. Bank Reconciliation
. Cash Management
. Netting & Write-Offs

Accounts Receivable

. Credit Management
. Collections Management
. Cash Receipts Management
. Financial Notices & Dunning Management
. Activity Manager

Key benefits of Enterprise Solutions include the following:

Modular, Scaleable Solution. Companies may purchase one or more modules for point solution(s), which can be integrated with other enterprise software. They may also purchase an integrated product suite to handle increased requirements for enterprise management, processing and/or transaction volume.

Year 2000 Compliance. All Enterprise Solutions are Year 2000-enabled, which means that the applications have been modified and tested to handle dating logic beyond the Year 2000. The Company believes that Year 2000 compliant applications will be sold to both existing customers as well as new customers.

Broad Product Offering. The Company's long-term market presence has enabled it to develop an extensive portfolio of solutions. The Company believes that the combined offerings of all product lines are among the broadest range of solutions in the marketplace today. Users that only license one application module typically are candidates to license additional applications offered by the Company.

Extensive Functionality. The Company's enterprise software provides extensive strategic and tactical functionality to facilitate operations and/or support decision-making across one or multiple sites. This functionality includes multi-currency and multi-language, as well as support of multiple databases and extensive analytical capabilities.

Rapid Deployment. The Company's products utilize a modular design, thereby streamlining implementation and allowing deployment in a relatively short time frame. The comprehensive functionality of each module generally permits customers to implement the solutions with nominal modifications. In addition, the Company's software combines sophisticated techniques and tools with an intuitive, Windows-based interface to reduce training requirements and implementation tasks.

FLOW MANUFACTURING SOFTWARE

The Flow Manufacturing solution is designed to operate with the Company's Enterprise Solution or with an ERP solution provided by other companies. Flow Manufacturing can be used in conjunction with traditional manufacturing or it can be the sole manufacturing solution deployed throughout an enterprise. The solution is designed to support complex multi-plant global manufacturing requirements. The solution is comprised of the following modules:

1. Line Design
2. Kanban Management
3. Demand Smoothing
4. Product Costing
5. Engineering Change
6. Method Sheets

Key benefits of Flow Manufacturing include the following:

Market Leadership. After several years of working with innovative manufactures to automate lean manufacturing operations, the Company was first-to-market with a comprehensive packaged software solution that meets Flow Manufacturing, the unique flow requirements of discrete manufacturing.

Scaleable Implementation. Flow Manufacturing can be scaled to handle a single production line up to the requirements of a complex multi-plant, multi-source manufacturing environment. The solution can also co-exist with traditional manufacturing such that Flow Manufacturing can be used for some portions of production and assembly while traditional manufacturing is maintained for others. The Company believes that this hybrid approach to the implementation of Flow Manufacturing offers manufactures significant flexibility.

Integration. Flow Manufacturing can be licensed in conjunction with the

Company's other enterprise solutions or it can be licensed to companies that are using other vendors' enterprise solutions. Industry-standard data formats, interfaces and protocols facilitate this integration.

Rapid Deployment. The Company's products utilize a modular design, thereby streamlining implementation and allowing deployment in a relatively short time frame. The comprehensive functionality of each module generally permits customers to implement the solutions with nominal modifications. In addition, the Company's software combines sophisticated techniques and tools with an intuitive, Windows-based interface to reduce training requirements and implementation tasks.

E-COMMERCE SOLUTIONS

The ECON (Electronic Commerce Over the Net) solution is designed to utilize the power of the Internet to enable a company to reach new markets, lower transaction costs, shorten cycle times, enhance service levels and maximize profitability. The specific applications under the ECON family are:

ECON/Order(TM) allows an organization's customers or sales force to place orders anywhere, anytime. Via the Internet or corporate intranets, users have secure and easy access to order management system where they can view important information like existing orders, credit availability, discounts and promotions, plus online catalogs that make ordering easy.

ECON/Purchasing(TM) reduces time and costs associated with purchasing by making it possible to purchase goods online. Purchases can easily search through multiple catalogs from approved suppliers. Once items are selected ECON/Purchasing automatically issues the purchase order via the Internet, fax, or e-mail using "Open buying on the Internet."

ECON/Catalog(TM) simplifies and automates employee purchasing by letting companies place catalogs and product lists from approved suppliers onto a corporate intranet for self purchasing. It provides access to supplier products with all purchasing information contracted for by buyers and suppliers, giving companies current information 24 hours a day.

ECON/Expenses(TM) delivers a powerful, easy-to-use graphical tool to expedite expense processing by enabling employees to submit, track and receive payment for expenses and receipts online, 24 hours a day. ECON/Expenses removes the inefficiency, high costs and paper jams inherent in conventional expense processing.

ECON/Bid(TM) expedites bidding activities by streamlining bidding procedures and processes via the Internet. Its online templates simplify the creation of bid proposals. The system send e-mail alerts to request responses from all chosen vendor candidates. ECON/Bid helps complete the bidding process with preformatted purchase orders and contract templates sent directly to customers' host or server based systems for processing. Using this product, customers can 1) take internal costs out of the process, 2) leverage the Internet to optimize bidding procedures and 3) free internal bidding processes from paper logjams, delays, and needless expenses.

AmQUEST solutions provide customers with a range of outsourcing services such as:

Data Center and Network Outsourcing Services which provides customers with daily operational and technical support services--including 24x7x365 operations, system software and help desk support, and network-based solutions. This secure environment supports most computing platforms for vertical markets including manufacturing, distribution, healthcare, insurance and the system development arena as an Application Service Provider (ASP).

E-Commerce Solutions provides turnkey outsourced services for conducting business over the Internet. AmQUEST will outfit websites for E-Commerce transactions and encompass Internet, intranet, extranet and electronic data interchange (EDI) as well as data portals which provide easy access to enterprise systems via a browser.

Professional Services help customers in the area of managing Information Technology (IT) recruiting activities to locate highly qualified professionals for contract, contract-to-hire and permanent IT positions.

LOGILITY VALUE CHAIN SOLUTIONS AND SERVICES

The Company's Value Chain Solutions are provided through Logility, Inc. The Company currently owns approximately 84% of the common stock of Logility, Inc., the remaining 16% being publicly held.

Logility's Value Chain Solutions, is an integrated suite of value chain management solutions that enables manufacturers, distributors and retailers to more effectively manage the activities along their respective value chains and enhance collaboration among trading partners. Logility also provides i-Commerce products to expand the number of business processes that can be executed via intranets, extranets and the Internet. Logility's services include applications hosting and applications management through the i-ConnectionSM for those companies who prefer that Logility host their value chain management applications.

The key benefits of the Company's software solutions and services include the following:

Integrated End-to-End Value Chain Solution. The Company's Logility Value Chain Solutions provides functionality that addresses both the flow of information and the flow of products throughout the value chain. By synchronizing its comprehensive planning software products with its transportation and

warehouse management software solutions, the Company's product suite can more efficiently and accurately coordinate the delivery of products to the customer. This end-to-end approach allows maximum synchronization of activities along the value chain.

Comprehensive Planning Solution. The Company's planning solution is comprised of demand, inventory, event, manufacturing, replenishment and transportation planning modules that balance demand opportunities with supply constraints through the synchronization of information gathered from value chain participants. A key component of the Company's planning solution is its emphasis on addressing the full range of complex demand planning requirements of its customers, including comprehensive forecasting capabilities that take into account each user's unique perspective of the value chain.

Advanced Collaborative Planning Functionality. The Company's products allow for collaboration among the various levels within an organization and among external constituents throughout the value chain. The architecture of Logility Value Chain Solutions enables key constituents to participate in the planning process, including marketing, sales, manufacturing, procurement, logistics and transportation personnel, so that the requirements of all groups are factored in to create one consensus plan. The Company's collaborative planning functionality is further enhanced with i-Commerce tools such as the Company's Logility Voyager XPS(TM), which leverages Internet technology to facilitate information sharing directly with trading partners. Through the Company's i-CommunitySM a collaborative network of trading partners, customers will be able to exchange information and conduct collaborative planning, forecasting and replenishment.

Robust Warehouse Management Solution. The Company's integrated WarehousePRO(R) solution is designed to optimize operations within the warehouse by improving inventory turnover, increasing inventory accuracy and customer service and reducing inventory levels. The solution's object-oriented design and user-configurable architecture allows for flexible and rapid implementation. In addition, the solution features a comprehensive library of industry best-practice workflows that can be configured by the customer, thereby minimizing the need for custom programming.

Rapid Deployment. The Company's products utilize a modular design, thereby streamlining implementation and allowing deployment in a relatively short time frame. The comprehensive functionality of each module generally permits customers to implement the solutions with nominal modifications. In addition, the Company's software combines sophisticated techniques and tools with an intuitive, Windows-based interface to reduce training requirements and implementation tasks.

Open, Scaleable, Client/Server Architecture. Logility's software has been designed to integrate with existing in-house and third-party software applications and a variety of operating environments and platforms. The software is scaleable to manage complex processes involving tens of thousands of products across multiple sites.

Logility's i-Commerce Strategy

Logility has launched an i-Commerce initiative that will enable it to build on current applications while moving to total Internet-based value chain management. The Company's i-Commerce strategy includes four levels of products and services designed to enable the optimization of the customer's value chain and improve collaboration. These products and services include:

- LVCS--Internet-enabled end-to-end value chain applications through Logility Value Chain Solutions
- i-Commerce Collaboration Solutions--expands the number of business processes that can be executed via intranets, extranets and the Internet
- i-Connection(SM)--Logility's applications hosting service and applications management resources
- i-Community(SM)--enables companies to collaborate with trading partners through a web-based network

Products

Logility Value Chain Solutions is an integrated suite of value chain management solutions designed to synchronize demand opportunities with supply constraints and logistics operations. The suite is comprised of a series of integrated modules. These modules can be implemented individually in certain cases, as well as in combinations or as a full solution suite. Logility Value Chain Solutions(TM) supports multiple communications protocols and is designed to operate with industry-standard open technologies, including leading web-based and client-server environments, such as HP9000, IBM RS/6000 and Intel-based servers running Windows NT on Oracle and Microsoft SQL Server 7.

The following table summarizes the Company's product line:

<TABLE>
<CAPTION>

Module	Features
<C>	<S>
Demand Planning	. Item and Group forecasting
	. Self-selecting forecast models
	. Personalized data views
	. Item stratification
	. Product life cycle management with simulation
	. Drag and drop data manipulation
Inventory Planning	. Time-phased view of inventory
	. Graphical simulations of inventory trade-off
	. Views of dependent and independent demand
	. Inventory management variables
Event Planning	. Promotion planning
	. Self-learning capabilities using artificial intelligence
	. Causal-based forecasting
	. Promotion profitability simulations
Demand Chain Voyager(TM)	. Forecast retrieval and modifications via the Internet and Corporate Intranets
	. Tight integration with Demand Planning
	. Promotion planning calendars
	. Comprehensive security features
	. Collaborative planning with trading partners
Manufacturing Planning	. Enterprise-wide capacity planning
	. Plant-level scheduling
	. Supports activity-based costing
	. Optimizes sourcing decisions' actual costs
	. Interactive simulation
	. Real-time, in memory model
	. Distributed and remote visual capacity planning
	. Remote and collaborative manufacturing
Replenishment Planning	. Supports continuous replenishment strategies
	. Constrained, time-phased distribution requirements planning
	. Proactive action messages
	. EDI integration
	. Available-to-promise methodologies

</TABLE>

Module	Features
	. Multi-site sourcing and allocation
Transportation Planning	. Load Control Center . Shipment planning and consolidation . Freight rating and routing
	. Carrier selection
Transportation Management	. Load tendering . Shipment confirmation . Freight audit and payment control . Shipment documentation and tracking
Logility Voyager XPS(TM)	. Collaborative Planning, Forecasting and Replenishment (CPFR) compliant . Collaborative planning with trading partners . Configurable deployment . Open integration architecture . Value Chain Workflow(TM) . Universal Exception Builder for managing exceptions
Value Chain Designer(TM)	. Strategic distribution network optimization . Customer assignment . Facility location . Balancing customer service levels and cost . Sourcing selection and capacity planning
Warehouse PRO(R)	. Object oriented architecture . User configurable options . Advanced workflow technology . Dynamic label and report printing . Integrated graphical user interface

Corporate Strategy

The Company's objective is to become the leading provider of enterprise wide solutions to mid-market distributors and manufactures. The Company's strategy includes the following key elements:

Leverage and Expand Installed Base of Customers. The Company currently targets businesses in the consumer goods, chemicals and pharmaceuticals, apparel, utilities, telecommunication, food and beverage, and oil and gas industries. The Company intends to continue to leverage its installed base of more than 900 customers to introduce additional functionality, product upgrades, complementary modules, and application hosting services. In addition, the Company intends to expand sales to new customers in its existing vertical markets and to target additional vertical markets over time.

Continue to Expand Sales and Marketing. The Company intends to continue to pursue an increased share of the market for software solutions by expanding its sales and marketing activities. The Company intends to continue building a direct sales force that is focused on selected vertical markets, such as consumer goods manufacturers.

Maintain Technology Leadership. The Company believes that it is a technology leader in the field of value chain management and flow manufacturing software solutions and intends to continue to provide innovative, advanced solutions and services to these markets. The Company believes that it was one of the earliest providers of value chain planning software solutions on a client/server platform and on Windows

NT, and the first to introduce a value chain planning software solution that operates over the Internet and provides application hosting services. The Company intends to continue to develop and introduce new or enhanced products, such as our ECON Family of Products, and keep pace with technological developments and emerging industry standards.

Implement E-Commerce Strategy. The Company has launched an E-Commerce initiative that will enable it to build on current applications while moving to total Internet-based value chain management. The Company's E-Commerce strategy includes three levels of products and services designed to enable the optimization of the customer's value chain and improve collaboration. These products and services include:

- Continue to develop and sell e-Intelliprise capabilities that capitalize on the speed and flexibility of the Internet with the collaborative planning and logistics capabilities of Intelliprise.

- Continue to develop and sell the ECON family of products that leverage the Internet to streamline processes and communications with customers, trading partners and employees.

- Continue to grow our AmQUEST subsidiary by focusing on its web-based service capabilities including operating as an Application Service Provider (ASP).

Focus on Integrated Planning and Logistics Execution Solution. The Company believes it is one of the few providers of integrated value chain management software solutions addressing both demand and supply planning as well as transportation and warehousing logistics requirements. The Company is focusing on providing the most comprehensive planning and execution solution aimed at optimizing operations along the value chain. The Company intends to continue to focus its development initiatives on enhancing its end-to-end solution and introducing additional capabilities that complement its integrated solution.

Focus on Mid-Market. The Company has defined as "Mid-Market" those corporations or divisions of corporations that have annual revenues ranging from $100 million to $2 billion. Organizations of this size fit the Company's historical customer profile, and are prime candidates for the purchase and use of the Company's wide range of products operating on various platforms. Additionally, the Company anticipates that its E-Commerce strategy will be well accepted in this market segment.

Increase Penetration of International Markets. In fiscal year ended April 30, 1999, the Company generated 10% of its total revenues from international sales and has marketing relationships with a number of international distributors. The Company intends to expand its international presence by adding additional direct sales personnel to address international markets and has created additional relationships with distributors in Europe, Latin America and the Asia/Pacific region.

Expand Strategic Relationships. The Company has a number of varying marketing and/or product relationships with systems integrators and service organizations, including Arthur Andersen, Clarkston Potomac, INSIGHT, Inc., Whittman-Hart, Microsoft, and JBA International. In addition, the Company has developed a network of international agents who assist in the selling of the Company's products. Through our Logility, Inc. subsidiary, the Company has a number of marketing and/or product relationships with ERP vendors including Oracle, SAP and Ross Systems. The Company intends to utilize these and future relationships with software and service organizations to enhance its sales and marketing position.

Continue to Focus on Providing High Quality Customer Service. Providing high quality customer service is a critical element of the Company's strategy. The Company intends to continue to invest in technology and personnel to accommodate the needs of its growing customer base. The Company will continue to seek new ways to improve service to customers. By providing application hosting services through our E-Commerce strategy, customers will have an alternative to managing their own applications.

Continued Investment in ISO 9001 Certified Research & Development. The Company's quality system has received ISO certification, an international standard for product and operational quality. The Company will continue to make substantial investments in research and development to develop new products, enhance existing products and incorporate new technologies such as the Internet.

Customers

The Company primarily targets businesses in the consumer-packaged goods, chemicals, pharmaceuticals, industrial products and other manufacturing industries. No single customer accounted for 10% or greater of the Company's revenues in the three years ended April 30, 1999. During fiscal 1999, the Company provided software and services to approximately 900 customers. A sample of companies which have purchased one or more of the Company's products and services is as follows:

<TABLE>
<CAPTION>

Consumer Packaged	Chemicals, Oil & Gas,

Goods	Pharmaceuticals	Manufacturing and Others
<S>	<C>	<C>
Bausch & Lomb	Boots the Chemist	Appleton Paper
Coca Cola	CITGO	Harley Davidson
ConAgra	Eastman Chemical Co.	HartMarx
Heineken USA	FINA Inc.	HugoBoss
Nestle France	Norton Chemical	Intesa
Sara Lee Knit Products	Pfizer International	Komatsu America
S.C. Johnson & Sons	Pharmacia & Upjohn	Maidenform
Seagram	SC Johnson Polymer	Magneti Marelli
Tiffany's	Sigma-Aldrich Corp.	Mayville Metal Products
VDK Frozen Foods	Tyco Plastics and Adhesives	Mercury Marine
VF Corporation		Reynolds Metals
		Siecor (joint venture between Siemens & Corning)
Utilities	**Telecommunications**	Sony Electronics
Atlanta Gas Light Company	Bell Atlantic	Subaru of America, Inc.
Consolidated Edison	British Telecom	Unifirst
Florida Power & Light	GTE	Union Camp
Indiana Gas Company	Southwestern Bell	US Ceramic Tile
Texas Utilities	US West	WestPoint Stevens
Virginia Power		William Carter
		York International

</TABLE>

Integrated System Design

While the Company's software applications can be used individually, they are designed to be combined as integrated systems to meet unique customer requirements. The user may select virtually any combination of modules to form an integrated solution for a particular business problem.

Customers frequently require services beyond those provided by the Company's standard support/maintenance agreement. To meet those customers' needs, the Company established a separate professional services division which provides specialized business and software implementation consulting, custom programming, on-site installation, system-to-system interfacing and extensive training. These services, frequently referred to as systems integration services, are provided for an additional fee normally under a separate contract, based upon time and materials utilized.

Marketing and Sales

Typically, the Company's customers are medium-sized companies or divisions of larger companies with substantial data processing budgets.

First-time customers may license a single module or a system composed of several modules. These customers often license other modules to expand the range of software available to them, and may also license additional modules or systems similar to those already licensed for use at additional locations.

The Company sells its products directly to the end-user through its sales and presales staff of approximately 84 persons located in six (6) areas worldwide: Mid U.S. (20), Northeast U.S. (11), Southern U.S. (36), Western U.S. (4), Europe (12), and Canada (1). The presales staff provides consultation, advice and assistance to the sales executives and the customer in selecting an appropriate configuration of application software modules to address the user's needs. The Company obtains sales leads from its advertising in trade publications, participation in industry trade shows and exhibitions, Company-conducted seminars and telemarketing activities and referrals from existing customers.

In 1999, the Company continued its program to develop a network of sales agents to support its sales internationally. These agents, along with a designated Company-employed country manager, are establishing a national presence for the Company in targeted countries throughout Latin America, Europe and the Middle East.

The price for the Company's products typically is determined based upon the number of modules licensed and the number of servers, users and sites for which the solution is designed. The license fee for such a solution could range from $7,000 for a single module to in excess of $6,000,000 for a multi-module, multiple-user solution incorporating the full range of Company products. During fiscal year ended April 30, 1999, license fees generally ranged from $50,000 to $1.5 million.

Licenses

The Company, like many business application software firms, typically enters into license agreements that grant non-exclusive rights to use its products. The Company's standard license agreements contain provisions designed to prevent disclosure and unauthorized use of the Company's software. These agreements warrant that the Company's products will function in accordance with the specifications set forth in its product documentation. These licenses are generally granted for a term of ninety-nine years and provide that, for a one-time fee, the customer may use the software to process its data at a single facility for a specified division or divisions. A significant portion of the license fee is generally payable upon the delivery of product documentation, with the balance due upon installation.

Installation, Network Management, Maintenance and Support

The Company offers a full range of services that allow its customers to maximize the benefits of the Company's software products including project management, implementation, product education, technical consulting, programming services, system integration and maintenance and support. The customer receives documentation manuals or imbedded help software, which describe the system's features and its method of operation. The user is normally entitled to telephone support for a period of at least six months at no additional charge. The Company's software products are continually enhanced and improved to accommodate technological changes and other factors, which may affect the customer's information requirements. The Company's services are priced separately , and fees for its services generally are not included in the price for its software products. To receive maintenance, which includes enhancements, from the Company after the initial period, customers pay fees, which are based on the then-current price of the product.

As a part of its support service, the Company provides experienced application and data processing personnel to answer telephone inquiries on a 24-hours-a-day, seven days-a-week basis, and furnishes consulting support in implementing and maintaining the systems. In addition, training courses and documentation materials are available to train personnel and update them on new system features.

The Company markets its professional and data processing resources as an Application Services Provider (ASP) providing hosting of customers applications, which could be the Company's products or third party vendor products, normally under long-term contract. The Company believes ASP services represent a growth

opportunity by providing customers with an outsourcing IT solution and creating a basis for predictable long-term recurring revenues.

To complement customer support, the Company and its customers actively participate in its User Group Association. Established in 1980, the User Group exchanges ideas and techniques for use of the Company's products and provides a forum for customers' suggestions for product development and enhancement. User Group meetings include guest speakers who are recognized authorities in their areas of expertise.

Research and Development

American Software is committed to the development and acquisition of new products and to the continued enhancement of its existing products. During fiscal 1999, 1998, and 1997, the Company expensed approximately $11,511,000, $12,112,000 and $7,343,000, respectively, for research and development. In addition, the Company capitalized $10,902,000, $8,827,000, and $9,898,000 in software development costs during fiscal years 1999, 1998, and 1997, respectively, in accordance with the Statement of Financial Accounting Standards No. 86. The Company's new internal product development and enhancements of existing products include two categories: research and development expenditures and additions to capitalized computer software development costs. These combined categories totaled $22,413,000, $20,939,000, and $17,241,000 in fiscal years 1999, 1998 and 1997, respectively, and represented 21%, 19%, and 20%, respectively, of total revenues in those years.

The Company believes that its client/server and Internet-based solutions, which utilize the latest technologies, will be important for its long-term growth. As of April 30, 1999, the Company employed approximately 275 persons in research, development and enhancement activities.

Competition

The market for enterprise applications is intensely competitive, rapidly changing and significantly affected by new product offerings and other market activities. In the application software market, the Company competes directly with a number of firms, including computer manufacturers, large diversified computer service companies and independent suppliers of software products. Approximately six firms that market mainframe application software products and thirty firms that market midrange and client/server application software products are significant competitors for one or more of the Company's products. A number of these competitors have financial, marketing, management and technical resources substantially greater than those of the Company.

The Company's primary market for its software includes manufacturers and distributors in consumer package goods, food & beverage, chemicals, pharmaceuticals, industrial products, and textiles, as well as retailers, wholesale distributors, health & beauty care, public utilities and public transportation on IBM mainframe, AS/400, RS/6000, HP 9000, and additional UNIX platforms, as well as Intel-based servers and clients that operate Windows 3.1, Windows 95, and Windows NT.

The Company believes that purchasers of software products are principally concerned with the range of product modules available, ease of integration, variety of features, performance, simplicity of use, documentation, technical support and training. The Company further believes that its software products and services are competitive in these areas. Price considerations are a key factor and the Company believes its pricing is competitive. The Company believes the market trend to open systems, allowing software to operate across hardware platforms, will increase the number of competitors and intensity of competition. Management believes that it is necessary for the Company to expend significant development monies annually to remain competitive in the marketplace.

Trademarks and Copyrights

The Company seeks to protect its proprietary interest in software products and trade secrets. It maintains non-disclosure and confidentiality agreements and other contractual arrangements with customers, consultants, employees, and others. While the strict enforceability of such agreements cannot be assured, the Company believes that they provide a deterrent to the use of information which may be proprietary to the Company, and in the event of any breach of such agreements, the Company intends to take appropriate legal action. It also copyrights its programs and software documentation related to these programs. In addition, certain trademarks of the Company have been registered, and others have registration applications pending. Management believes that the competitive position of the Company depends primarily on the technical competence and creative ability of its personnel and that its business is not materially dependent on copyright protection or trademarks.

Employees

At April 30, 1999, the Company had 682 full-time employees, including 275 in product development and technical support, 261 in customer support and professional services, 110 in marketing, sales and sales support, and 36 in accounting, facilities and administration. The Company believes that its continued success will depend in part on its ability to continue to attract and retain highly skilled technical, marketing and management personnel, who are in great demand.

The Company has never had a work stoppage and no employees are represented under collective bargaining arrangements. The Company considers its employee relations to be excellent.

Risk Factors

The Company operates in a dynamic and rapidly changing environment that involves numerous risks and uncertainties. The following section lists some, but not all, of the risks and uncertainties, which may have a material adverse effect on the Company's business, operating results or financial condition. This section should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited Consolidated Financial Statements and Notes thereto for the three years ended April 30, 1999, 1998 and 1997.

In addition to the "Forward Looking Statements" section contained elsewhere in this Report, the following factors should be considered carefully in evaluating the business, financial condition and prospects of the Company.

Potential Fluctuations in Quarterly Results; Seasonality. The Company's quarterly operating results have varied in the past and might vary significantly in the future because of factors such as business conditions or the general economy, the timely availability and acceptance of the Company's products, technological change, the effect of competitive products and pricing, changes in Company strategy, the mix of direct and indirect sales, changes in operating expenses, personnel changes and foreign currency exchange rate fluctuations. The Company typically ships software products shortly after license agreements are signed, and, therefore, does not maintain any material contract backlog. Furthermore, the Company has typically recognized a substantial portion of its revenues in the last month of a quarter. As a result, software products revenues in any quarter are substantially dependent on orders booked and shipped in that quarter, and the Company cannot predict software products revenues for any future quarter with any significant degree of certainty.

The Company's software products revenues are also difficult to forecast because the market for enterprise application software products is rapidly evolving, and the Company's sales cycles vary substantially from customer to customer. Because the licensing of the Company's products generally involves a significant capital expenditure by the customer, the Company's sales process is subject to the delays and lengthy approval processes that are typically involved in such expenditures. In addition, the Company expects that sales derived through indirect channels, the timing of which is harder to predict than for direct sales because there is less

direct contact with the prospective customer, will increase as a percentage of total revenues. For these and other reasons, the sales cycle associated with the licensing of the Company's products varies substantially from customer to customer and typically lasts between four and six months, during which time the Company might devote significant time and resources to a prospective customer, including costs associated with multiple site visits, product demonstrations and feasibility studies, and might experience a number of significant delays, over which the Company has no control.

The Company determines its expense levels based, at least in part, on its expectations as to future revenues. If revenues in a period are below expectations, operating results are likely to be adversely affected. Net income might be disproportionately affected by a reduction in revenues because a proportionately smaller amount of the Company's expenses varies directly with revenues. As a result of the foregoing factors, it is possible that in some quarters the Company's operating results will be below the published expectations of financial research analysts. In that event, the price of the Company's common stock would likely be materially adversely affected. If this were to occur, the business, operating results and financial condition of the Company could be materially adversely affected.

Expansion of Indirect Channels. The Company is building and maintaining strong working relationships with consulting firms that the Company believes can play important roles in marketing the Company's products. The Company is currently investing, and intends to continue to invest, significant resources to develop these relationships, which could adversely affect the Company's operating margins. There can be no assurance that the Company will be able to attract organizations that will be able to market the Company's products effectively or that will be qualified to provide timely and cost-effective customer support and service. In addition, the Company's arrangements with these organizations are not exclusive and, in many cases, may be terminated by either party without cause, and many of these organizations are also involved with competing products. Therefore, there can be no assurance that any organization will continue its involvement with the Company and its products, and the loss of important organizations could materially adversely affect the Company's results of operations. In addition, if the Company is successful in selling products as a result of these relationships, any material increase in the Company's indirect sales as a percentage of total revenues would be likely to adversely affect the Company's average selling prices and gross margins because of the lower unit prices that the Company receives when selling through indirect channels.

Rapid Technological Change and New Products. The market for the Company's software products is characterized by rapid technological advances, evolving industry standards in computer hardware and software technology, changes in customer requirements and frequent new product introductions and enhancements. The Company's future success will depend upon its ability to continue to enhance its current product line, to maintain and extend compatibility with other leading software systems and with widely used hardware and operating system platforms, and to develop and introduce new products that keep pace with technological developments, satisfy increasingly sophisticated customer requirements and achieve market acceptance. The introduction of products using new technologies and the emergence of new industry standards could render the Company's existing products, and products currently under development, obsolete and unmarketable. In addition, there are special risks associated with products, such as the ECON product line, Demand Chain Voyager and Logility Voyager XPS modules, that must comply with rapidly changing Internet standards. There can be no assurance that the Company will be successful in developing and marketing, on a timely and cost-effective basis, fully functional product enhancements or new products that respond to technological advances by others, or that new products will achieve market acceptance. The Company's failure to successfully develop and market product enhancements or new products could have a material adverse effect on the Company's business, operating results and financial condition.

As a result of the complexities inherent in computing environments and the broad functionality and performance demanded by customers, major new products and product enhancements can require long development and testing periods. Software products as complex as those offered by the Company often encounter development delays and may contain undetected defects when introduced or when new versions are released. There can be no assurance that errors will not be found in new products or product enhancements

after commencement of commercial shipments, resulting in damage to the Company's reputation, loss of revenue, loss of market share, delay in market acceptance or warranty claims, any of which could have a material adverse effect upon the Company's business, results of operations and financial condition. Although the Company generally attempts to limit by contract its exposure to incidental and consequential damages, if a court failed to enforce the liability limiting provisions of the Company's contracts for any reason, or if liabilities arose which were not effectively limited, the Company's business, results of operations and financial condition could be materially and adversely affected.

International Operations. The Company derived approximately 10%, 9%, and 10% of its total revenues from international sales in the fiscal years ended April 30, 1999, 1998 and 1997, respectively. The Company believes that continued growth and profitability will require increased international sales. The Company must establish additional foreign operations and hire additional personnel, as well as expand its indirect sales channels in markets outside North America. To the extent that the Company is unable to do so in a timely and effective manner, the Company's growth, if any, in international sales will be limited, and the Company's business, operating results and financial condition could be materially adversely affected. In addition, even if international operations are successfully expanded, there can be no assurance that the Company will be able to maintain or increase international market demand for its products or that such operations will be profitable.

The Company's international operations are subject to risks inherent in international business activities, including, in particular, management and staffing of an organization spread over various countries, longer accounts receivable payment cycles in certain countries, compliance with a variety of foreign laws and regulations, unexpected changes in regulatory requirements, overlap of different tax structures, foreign currency exchange rate fluctuations and general economic and political conditions. To date, the Company's revenues from international operations have primarily been denominated in United States dollars. Other risks associated with international operations include import and export licensing requirements, trade restrictions and changes in tariff rates.

Implementation of E-Commerce Strategy. The Company intends to devote significant resources to the implementation of its E-Commerce strategy. Expanding the number of business processes that can be executed via intranets, extranets and the Internet is a key component of the E-Commerce strategy. Because of the special risks associated with developing and marketing products intended for this market segment noted in "Rapid Technological Change and New Products" above, there can be no assurance that the Company will be successful in the implementation of its E-Commerce strategy.

Dependence on Proprietary Technology. The Company relies on a combination of trade secrets, copyright and trademark laws, nondisclosure and other contractual provisions and technical measures to protect its proprietary rights in its products. The Company has not sought to patent its software products and thus does not have the protection that patents might provide. There can be no assurance that the protections relied upon by the Company will be adequate to protect its proprietary rights. Despite the Company's efforts to protect its proprietary rights, unauthorized parties, including customers, may attempt to reverse engineer or copy aspects of the Company's products or to obtain and use information that the Company regards as proprietary. In addition, the laws of certain foreign countries in which the Company's products are or may be licensed do not protect the Company's products and intellectual property rights to the same extent as the laws of the United States. As a result, there can be no assurance that the Company's means of protecting its proprietary rights will be adequate or that the Company's competitors will not independently develop similar technology. Although the Company believes that its products, trademarks and other proprietary rights do not infringe upon the proprietary rights of third parties, there can be no assurance that third parties will not assert infringement claims against the Company. Defense of such claims, with or without merit, could be time-consuming, result in costly litigation, cause product shipment delays or require the Company to enter into royalty or licensing agreements. Such royalty or licensing agreements, if required, may not be available on terms acceptable to the Company or at all, which could have a material adverse effect upon the Company's business results of operation and financial condition.

Certain software used in the Company's products is licensed by the Company from third parties. There can be no assurance that the Company will continue to be able to resell this software under its licenses or, if any licensor terminates its agreement with the Company, that the Company will be able to develop or otherwise procure replacement software from another supplier on a timely basis or on commercially reasonable terms. In addition, such third-party software may contain errors that would be difficult for the Company to detect and correct.

Year 2000 Compliance. Both the Company's internal operations and products use a significant number of computer software programs and operating systems. Given the information known at this time, the Company's systems and products, coupled with the Company's ongoing efforts to maintain systems and products as necessary, the Company does not anticipate that the "Year 2000 issue" or related costs will have a material adverse effect on the Company's business, results of operations or financial condition. Circumstances could change, however, most particularly as a result of the necessary system interfaces between the Company's products and other systems utilized by the Company's customers. (Please see further information located in Item 7: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS)

ITEM 2. PROPERTIES

The Company's corporate headquarters are located in an approximately 100,000 square foot office building owned by the Company at 470 East Paces Ferry Road, N.E., Atlanta, Georgia.

The Company also leases a two-story, 17,500 square foot building at 443 East Paces Ferry Road, N.E. Atlanta, Georgia, which is used primarily for financial administration. This building is owned by a limited partnership of which Thomas L. Newberry and James C. Edenfield, the principal shareholders of the Company, are the sole partners. The term of the lease expired December 31, 1996, and has been continued on a quarterly basis with a current base rental rate of $17.00 per square foot, pending negotiation of a new lease.

The Company owns a four-story 42,000 square foot building at 3110 Maple Drive, N.E, a one-story 1,400 square foot building at 3116 Maple Drive, a one-story 14,000 square foot building at 3120 Maple Drive, and a two-story 10,000 square foot building at 480 East Paces Ferry Road, each of which is located near the Company's headquarters. The Company also owns a one-story 4,000 square foot building at 490 East Paces Ferry which it leases to a restaurant.

The Company has entered into leases for sales offices located in various cities in the U. S. and overseas. Normally, these leases are for terms of less than five years and average 3,000 square feet of leasable space.

The Company owns a variety of electronic and computer equipment, including four mid-sized computers, consisting of one IBM 9121 210, one IBM 9121 621, one 3090-600E, five IBM AS/400s and leases one IBM 9672-R24, one IBM 2003-205, one

IBM 2003 2C5, one IBM 9221, one IBM 3090-400J, and one IBM 962 R31 all of which are used for program development and testing, network management and product demonstrations.

ITEM 3. LEGAL PROCEEDINGS

No legal proceedings are required to be disclosed.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of shareholders during the fourth quarter of the Company's recently completed fiscal year.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

NASDAQ Symbol

The Company's Class A Common Shares are listed on the NASDAQ Stock Market--National Market under the symbol AMSWA. As of July 12, 1999, there were 7,501 holders of record of the Company's Class A Common Shares, some of whom are holders in nominee name for the benefit of different shareholders, and two holders of the Company's Class B Common Shares.

Market Price Information

The table below presents the quarterly high and low sales prices for American Software, Inc. Class A common stock as reported by NASDAQ, for the Company's last two fiscal years (1998 and 1999).

<TABLE>
<CAPTION>

	High	Low
<S>	<C>	<C>
Fiscal Year 1999		
First Quarter...	$ 8 1/4	$ 5 3/4
Second Quarter..	5 1/2	1 15/16
Third Quarter...	3 7/16	2 1/8
Fourth Quarter..	3 1/2	2 13/32

<CAPTION>

	High	Low
<S>	<C>	<C>
Fiscal Year 1998		
First Quarter...	$ 8 1/2	$ 6 1/8
Second Quarter..	15 1/8	8 3/4
Third Quarter...	12 3/4	8 1/2
Fourth Quarter..	10 5/8	7 1/8

</TABLE>

No dividends were paid on the Company's common stock during the past three fiscal years. The payment of future cash dividends will be at the sole discretion of the Board of Directors and will depend upon the Company's profitability, financial condition, cash requirements, future prospects and other factors deemed relevant by the Board of Directors.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

<TABLE>
<CAPTION>

	1999	1998	1997	1996	1995
	(In thousands, except per share amounts)				
<S>	<C>	<C>	<C>	<C>	<C>
For year ended April 30:					
Revenues........................	$109,177	$107,472	$84,711	$77,557	$ 79,462
Total costs and expenses........	147,175*	98,820	83,030	92,886*	93,049
Operating earnings (loss).....	(37,998)	8,652	1,681	(15,329)	(13,587)
Other income....................	3,415	3,791	1,744	2,569	2,245
Earnings (loss) before income taxes........................	(34,583)	12,443	3,425	(12,760)	(11,342)

Income tax expense (benefit)....	(1,766)	4,648	1,093	(3,011)	(4,653)
Net earnings (loss)...........	$(32,817)	$ 7,795	$ 2,332	$(9,749)	$ (6,689)
Net earnings (loss) per common and common equivalent share-- diluted........................	$ (1.48)	$ .32	$ .10	$ (.44)	$ (.30)
Cash dividends per share........	$ --	$ --	$ --	$ --	$ .16
Cash dividends paid.............	$ --	$ --	$ --	$ --	$ 3,570
As of April 30:					
Working capital.................	$ 40,025	$ 63,263	$21,492	$21,511	$ 36,407
Total assets....................	$107,358	$142,656	$99,509	$90,782	$107,792
Long-term debt..................	$ 950	$ --	$ --	$ --	$ --
Shareholders' equity............	$ 67,197	$100,810	$67,152	$64,255	$ 74,037

</TABLE>

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* The 1999 total costs and expenses includes write-downs of $26.6 million related to 1) the write-off of certain capitalized software development costs in the amount of $24.2 million, 2) purchased research & development expense of $1.8 million related to the acquisition of New Generation Computing, 3) an impaired asset write-off of $0.4 million and 4) restructuring charge of $0.2 million. The 1996 total costs and expenses includes fourth quarter write-downs of $6.1 million to net realizable value for certain capitalized computer software development costs and purchased computer software costs and $2.7 million recorded to the provision for doubtful accounts.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

The Company develops, markets, and supports Internet commerce, enterprise resource planning ("ERP") and integrated supply chain management solutions. The product line encompasses integrated business applications such as demand forecasting, logistics planning, warehouse management, order management, financials, manufacturing, and transportation solutions. The Company offers professional services to its customers in support of its products and third party products. These services include training, system implementation, consulting, custom programming, network management, millennium conversion, and telephonic support services.

The Company's revenues are derived primarily from three sources: software licenses, services and maintenance. Software licenses generally are based upon the number of modules, servers, users and/or sites licensed. Commencing May 1, 1998, the Company adopted Statement of Position No. 97-2, Software Revenue Recognition, and related interpretations. License fee revenues are recognized at the time of product delivery, provided no significant future obligation exists and collection is deemed probable. Services revenues consist primarily of fees from software implementation, training, consulting and customization services and are recognized as the services are rendered. Maintenance agreements typically are for a one- to three-year term and usually are entered into at the time of the initial product license. Maintenance revenues are recognized ratably over the term of the maintenance agreement.

RESULTS OF OPERATIONS

The following table sets forth certain revenue and expense items as a percentage of total revenues for the three years ended April 30, 1999 and the percentage increases and decreases in those items for the years ended April 30, 1999 and 1998:

<TABLE>
<CAPTION>

	Percentage of Total Revenues			Pct. Change In Dollars	
	1999	1998	1997	1999 Vs 1998	1998 Vs 1997
<S>	<C>	<C>	<C>	<C>	<C>
Revenues:					
License fees......................	18%	31%	36%	(42)%	11%
Services..........................	58	47	38	27	54
Maintenance.......................	24	22	26	9	8
Total revenues..................	100	100	100	2	27
Cost of revenues:					

License fees	8	8	8	1	21
Services	42	31	32	36	22
Maintenance	9	7	10	35	(4)
Total cost of revenues	59	46	50	30	17
Gross margin	41	54	50	(22)	37
Operating expenses:					
Research and development cost, net	11	11	9	(5)	65
Marketing and sales	26	24	25	11	25
General and administrative	13	11	14	27	(6)
Provision for doubtful accounts	2	nm	nm	nm	nm
Charge for asset impairment and purchased R&D	24	nm	nm	nm	nm
Total operating expenses	76	46	48	68	21
Operating earnings (loss)	(35)	8	2	nm	nm
Other income, net	3	4	2	(10)	nm
Earnings (loss) before income taxes	(32)	12	4	nm	nm
Income taxes	nm	nm	nm	nm	nm
Net earnings (loss)	(30)%	7%	3%	nm	nm

</TABLE>

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nm--not meaningful

GENERAL MARKET CONDITIONS:

Beginning in the second calendar quarter of 1998 (the Company's first quarter of fiscal 1999), several application software companies began to experience slowdowns in the sales of their software products. These companies, as well as industry experts, have identified the following factors as contributors to this slowdown in the buying market:

- Significant financial commitments devoted to Year 2000 readiness, which have led to limited discretionary financial resources available for the purchase of software products such as the Company's.

- Weakness in the overall global economy, which has affected certain customers' businesses and their buying tendencies.

- Public announcements by large Enterprise Resource Planning (ERP) software vendors regarding plans for introduction of new products within the Company's target markets which have led to confusion and indecision by prospective buyers.

The Company believes these factors, as well as possible others, have to some degree contributed to the Company's reduced revenues in fiscal 1999, particularly in the area of software license fees.

YEARS ENDED APRIL 30, 1999 AND 1998:

Revenues:

The Company's total revenues increased 2% to $109.2 million in the fiscal year ended April 30, 1999 from the prior year of $107.5 million in the fiscal year ended April 30, 1998. This increase was primarily due to a significant increase in implementation and training services as well as an overall rise in maintenance revenues. This was offset by a decrease in license fees revenue due to a general industry market slowdown for software products. International revenues represented approximately 10% and 9% of total revenues in the years ended April 30, 1999 and 1998, respectively.

Software Licenses. The Company's license fee revenues decreased 42% in the fiscal year ended April 30, 1999 to $19.6 million compared to $33.5 million in the prior year. This decrease was primarily due to an overall enterprise application market slowdown for software purchases as a result of concerns over the Asian financial crises and the short-term emphasis on "Year 2000" compliance projects. License fees for the Logility Value Chain Solutions software decreased 43% to $ 11.4 million in the fiscal year ended April 30, 1999 compared to $20.4 million in the prior fiscal year. Logility Value Chain Solutions software constituted approximately 58% and 60% of license fee revenues in fiscal 1999 and fiscal 1998, respectively.

Services. Services revenues, which are primarily consulting, custom programming, and network management services, increased 27% to $63.6 million in fiscal year 1999 from $50.1 million in fiscal year 1998. This increase was primarily due to increased consulting related to implementation and tailoring of new customers' software products, staffing services and network management services. Services revenues constituted 58% and 47% of total revenues in fiscal year 1999 and fiscal year 1998, respectively. Service revenues as a percentage of total revenues have fluctuated, and are expected to continue to fluctuate on a period-to-period basis based upon the demand for implementation, consulting and network services. Services related to "Year 2000" system compliance have been declining during fiscal 1999 and the Company believes that this type on services work will decline further during fiscal 2000.

Maintenance. Maintenance revenues, which consist of product support activities and on-going product enhancements provided to customers who license the Company's products and purchase maintenance agreements, increased 9% to $26.0 million in fiscal year 1999 compared to $23.8 million in fiscal year 1998, respectively. This increase was due to increased license fees in fiscal year 1998 since maintenance growth generally follows license fee revenues which serve as the source of new maintenance customers. Maintenance revenues constituted 24% and 22% of total revenues in fiscal year ended April 30, 1999 and fiscal year ended April 30, 1998, respectively.

Gross Margin:

Total gross margin in fiscal 1999 was 41% compared to 54% a year ago. This decrease was primarily due to the decrease of license fee margin from 76% in fiscal 1998 compared to 58% in fiscal 1999 as a result of lower license fee sales and higher capitalized software amortization expense during fiscal 1999. In addition, the services gross margin decreased to 29% in fiscal 1999 from 33% in the prior year due mainly to the switch from higher margin services work related to the "Year 2000" remediation work performed in fiscal year 1998 to lower margin services work being performed in fiscal 1999. Maintenance gross margin decreased to 60% for fiscal 1999 when compared to 68% in the same period a year ago. This reduction was due to slower than anticipated growth in maintenance revenue during fiscal 1999 combined with additional support efforts related to newer products introduced during the year

The cost of revenues for license fees are expected to increase during the year ending April 30, 2000 from fiscal year 1999 due to an expected increase in amortization expense from certain capitalized computer software projects that are expected to become generally available during the year. The Company will monitor the market acceptance of these newly released products.

Operating Expenses:

Research and Development. Gross product development costs include all non-capitalized and capitalized software development costs. A breakdown of the research and development costs is as follows:

<TABLE>
<CAPTION>

	Years Ended (000's omitted)		
	April 30, 1999	Percent Change	April 30, 1998
<S>	<C>	<C>	<C>
Gross product development costs....................	$22,413	7%	$20,939
Percentage of total revenues....................	21%		20%
Less: capitalized development......................	(10,902)	24%	(8,827)
Percentage of gross prod. dev. costs............	49%		42%
Product development expenses.......................	$11,511	(5%)	$12,112
Percentage of total revenues....................	11%		11%

</TABLE>

Gross product development costs increased 7% in 1999 compared to a year ago as a result of the Company's continued investment in new product development. Capitalized development increased by 24% from a year ago, while the rate of capitalized development increased to 49% from 42% a year ago due the Company personnel spending more time on the development phase of projects which are currently capitalized. Product development expenses as a percentage of total revenues remained the same at 11% for fiscal years 1999 and 1998.

Marketing and Sales. Marketing and sales expenses increased 11% from a year ago as a result of a an increased staffing over a year ago, particularly in the areas of international sales and increased trade show marketing commitments. As a percentage of total revenues, sales and marketing expenses were 26% for fiscal 1999 when compared to 24% for fiscal 1998.

General and Administrative. General and administrative (including provision for doubtful accounts) expenses increased 41% in 1999 to approximately $16.3 million from a year ago primarily due to increased provision for doubtful accounts, amortization expense related to goodwill from acquisitions and other general expenses. General and administrative expenses as a percentage of total expenses was 15% in fiscal 1999 compared to 11% in the prior year.

Charge for asset impairment and purchased R&D. The Company incurred a non-recurring charge against earnings of $26.6 million during fiscal year 1999. This charge was the result of: 1) the write-off of certain capitalized software development costs in the amount of $24.2 million, 2) purchased research & development expense of $1.8 million related to the acquisition of New Generation Computing, 3) an impaired asset write-off of $0.4 million and 4) restructuring charge of $0.2 million.

Other Income. Other income is comprised predominantly of interest income, gains and losses from sales of investments, changes in the market value of investments, and minority interest in subsidiary earnings. Other income decreased 10% to $3.4 million in 1999 compared to as year ago due primarily to lower average cash investment balances during the year and a lower return on investments during the year when compared to the prior year, offset by income from minority loss.

Income Taxes. The effective income tax rate in 1999 was 5% of pretax loss compared to 37% pretax income in fiscal 1998. This decrease was due to the fact that the Company experienced a net loss for the fiscal year 1999.

YEARS ENDED APRIL 30, 1998 AND 1997:

Revenues:

The Company's total revenues increased 27% to $107.5 million in the fiscal 1998 compared to fiscal 1997. This increase was primarily due to a significant increase in implementation and training services as well as a rise in product sales. International revenues represented approximately 9% of total revenues in fiscal year 1998 compared to 10% in fiscal year ended 1997.

Software Licenses. The Company's license fee revenues increased 11% in the fiscal year ended April 30, 1998 to $33.5 million compared to $30.1 million in the fiscal year ended April 30, 1997. This increase was primarily due to increased licenses fees sales for the Logility Value Chain Solutions software which increased 63% in the fiscal year ended April 30, 1998 to $20.1 million compared to $12.4 million in the prior fiscal year. Logility Value Chain Solutions software has been the principal factor in American Software's license fee growth, constituting approximately 60% and 41% of license fee revenues in fiscal year 1998 and fiscal year 1997, respectively. License fees from Enterprise Solutions decreased 24% in fiscal year 1998 compared to the prior year primarily due to lower mainframe platform sales.

Services. Services revenues, which consisted primarily of consulting, custom programming, and network management services, increased 54% to $50.1 million in fiscal year 1998 from $32.6 million in fiscal year 1997. This increase was primarily due to increased consulting related to implementation and customization of new customer's software products and services related to "Year 2000" system compliance. Services revenues constituted 47% and 38% of total revenues in fiscal year 1998 and fiscal year 1997, respectively.

Maintenance. Maintenance revenues, which consist of product support activities and on-going product enhancements provided to customers who license the Company's products and purchase maintenance agreements, increased 8% to $23.8 million in fiscal year 1998 compared to $22.0 million in fiscal year 1997. Maintenance revenues constituted 22% and 26% of total revenues in fiscal year 1998 and fiscal year 1997, respectively, and generally follow license fee revenues, which serve as the source of new maintenance customers.

Gross Margin:

Total gross margin in fiscal year ended April 30,1998 was 54% compared to 50% in the prior year. This increase was largely due to the expanded margin from implementation and training services revenues, which grew to 33% from 16% a year ago in the same period. The expanded margin was attributable to the improved utilization of consulting resources and increased billing rates, resulting in a higher incremental gross margin. The gross margin on maintenance revenues increased to 68% compared to 64% a year ago as a result of improved customer service software and processes. The gross margin on license fees revenues decreased to 76% compared to 78% in 1997 due to an increase in software amortization costs related to the release of several products during fiscal 1998.

Operating Expenses:

Research and Development. Gross product development costs include all non-capitalized and capitalized software development costs. A breakdown of the research and development costs is as follows:

<TABLE>
<CAPTION>

	Years Ended (000's omitted)		
	April 30, 1998	Percent Change	April 30, 1997
<S>	<C>	<C>	<C>
Gross product development costs....................	$20,939	21%	$17,241
Percentage of total revenues.....................	20%		20%
Less: capitalized development......................	(8,827)	(11%)	(9,898)
Percentage of gross prod. dev. costs.............	42%		57%
Product development expenses.......................	$12,112	65%	$ 7,343
Percentage of total revenues.....................	11%		9%

</TABLE>

Gross product development costs increased 21% in fiscal 1998 compared to fiscal 1997 as a result of the Company's continued investment in new product development. Capitalized development decreased by 11% from a year ago, while the rate of capitalized development decreased to 42% from 57% in fiscal year 1997 due to the completion of products during fiscal year 1998 resulted in the Company personnel spending more time on the design phase of projects that were expensed in fiscal year 1998. Product development expenses as a percentage of total revenues, increased to 11% compared to 9% one year ago and the Company's net product development expenses increased 65% as the Company continued its investment in new product development.

Marketing and Sales. Marketing and sales expenses increased 25% in fiscal year ended April 30, 1998 as a result of increased license fees and an increased sales force. As a percentage of total revenues, sales and marketing expenses remained materially equivalent at 24% for fiscal year 1998 when compared to 25% for fiscal year 1997.

General and Administrative. General and administrative expenses (including the provision for doubtful accounts) decreased 9% in fiscal year 1998 to approximately $11.5 million from the prior year primarily due to the closure of a sales office in Singapore in May 1997 and elimination of rented space at the Company's Atlanta offices in March 1997. Provision for doubtful accounts for 1998 decreased to $0.2 million from $0.7 million in 1997.

Other Income. Other income is comprised predominantly of interest income, gains and losses from sales of investments, changes in the market value of investments, and minority interest in subsidiary earnings. Other income increased 117% to $3.8 million in fiscal year 1998 compared to one year ago due primarily to the addition of approximately $33.2 million to the Company's cash and investment portfolio from funds received from the initial public offering of Logility.

Income Taxes. The effective income tax rate in fiscal year 1998 was 37% of pretax income compared to 32% in fiscal year 1997. This increase was due to the fact that the Company experienced a net loss in the quarter ended July 31, 1996 and did not record a deferred tax asset for the net operating loss carryforward. The effective tax rate was therefore lowered in subsequent quarters of fiscal 1997 as the Company was profitable.

Operating Pattern

The Company experiences an irregular pattern of quarterly operating results, caused primarily by fluctuations in both the number and size of software license contracts received and delivered from quarter to quarter.

Liquidity And Capital Resources

The Company's operating activities provided cash of approximately $11.9 million in the year ended April 30, 1999, compared to approximately $17.0 million in the same period of the prior year. The activities of that portfolio are included in operating activities in the consolidated statements of cash flows.

The cash provided by operations during the year ended April 30, 1999, was primarily attributable to a non-cash charge for asset impairment and purchased R&D of $26.4 million, non-cash depreciation and amortization expense of $9.6, a decrease in accounts receivable of $6.6 million, an increase in accounts payable of $5.6 million, proceeds from the sale of trading securities of $3.4 million, proceeds from the maturities of trading securities of $2.2 million and a decrease in prepaid expenses of $2.0 million. This was partially offset by a net loss of $32.8 million, a decrease in deferred income taxes of $5.4 million, purchases of trading securities of $3.5 million, decrease in deferred revenues of $1.6 million and minority interest in loss of subsidiary of $1.4 million. The cash provided by operations during the year ended April 30, 1998 of $17.0 million was primarily attributable to non-cash depreciation and amortization expense of $10.1 million, net income of $7.8 million, proceeds from sale of trading securities of $6.5 million, deferred income taxes of $4.3 million, an increase in deferred revenues of $3.6 million and proceeds from the maturities of trading securities of $2.3 million. This was partially offset by an increase in accounts receivable of $5.9 million, net gain on investments of $4.9 million, a decrease in accounts payable and other liabilities of $3.6 million, and purchases of trading securities of $3.3 million.

Cash used in investing activities was approximately $1.6 million and $43.7 million for the years ended April 30, 1999 and 1998, respectively. The majority of the cash was used for purchases of held to maturities investments, purchase of majority interest in subsidiaries, computer software development costs and property and equipment, offset by sales of held to maturity securities.

Cash used in financing activities for fiscal year 1999 was approximately $3.3 million compared to cash provided by financing activities of $33.6 million in fiscal year 1998. The decrease from the prior year was due primarily to an increase in use of cash for the repurchase of the Company's common stock in fiscal year 1999 in the amount of $3.5 million, and the cash provided by financing activities of $33.6 million for fiscal year 1998 was due primarily from the issuance of common stock by Logility, Inc., a subsidiary of the Company.

Days Sales Outstanding in accounts receivable were 80 and 93 days as of April 30, 1999 and April 30, 1998, respectively. This decrease was due to improved collection efforts by the Company. The Company's current ratio was 2.2 to 1 and cash and investments totaled 46% of total assets at April 30, 1999 compared to a current ratio of 3.2 to 1 and cash and investments totaling 42% of total assets at April 30, 1998. The Company expects existing cash and investments, combined with cash generated from operations, to be sufficient to meet its operational needs in fiscal 2000. The Company may seek additional sources of capital to meet its growth objectives in the future. To the extent that such amounts are insufficient to finance the Company's capital requirements, the Company will be required to raise additional funds through equity or debt financing. The Company does not currently have a bank line of credit. No assurance can be given that bank lines of credit or other financing will be available on terms acceptable to the Company. If available, such financing may result in further dilution to the Company's shareholders and higher interest expense.

On December 18, 1997, American Software, Inc.'s Board of Directors approved a resolution authorizing the Company to repurchase up to 1.5 million shares of the Company's Class A common stock. On March 11, 1999, American Software, Inc.'s Board of Directors approved a resolution authorizing the Company to repurchase an additional 700,000 shares for a total of up to 2.2 million shares of the Company's Class A common stock. This repurchase will be through open market purchases at prevailing market prices. The timing of any repurchases will depend on market conditions, the market price of the Company's common stock and management's assessment of the Company's liquidity and cash flow needs. Since these resolutions, the Company has repurchased approximately 1.3 million shares of common stock at a cost of approximately $4.3 million as of April 30, 1999.

YEAR 2000 READINESS DISCLOSURE

Products:

Based on management's assessment, the Company believes that the current versions of its software products are Year 2000 compliant. However, the Company believes some of its customers may be running earlier versions of the Company's products that are not Year 2000 compliant, and the Company has been encouraging such customers to migrate to current product versions. The Company offers its customers the alternatives of implementing a modification to non-compliant legacy versions of its software or migrating to a later version of the software which is Year 2000 compliant. Moreover, the Company's products are generally integrated into other systems involving complex software products developed by other vendors. Year 2000 problems inherent in a customer's other software programs might significantly limit that customer's ability to utilize the Company's products.

Software products as complex as those offered by the Company might contain undetected errors or failures when first introduced or when new versions are released, including products believed to be Year 2000 compliant. While the Company believes that it has assessed, corrected and tested its products to address the Year 2000 issue, there can be no assurances that the Company's software products contain or will contain all necessary date code changes or that errors will not be found in new products or product enhancements after commercial release, resulting in loss of or delay in market acceptance. In addition, the Company might experience difficulties that could delay or prevent the continued successful development and release of products that are Year 2000 compliant or that meet the Year 2000 requirements of customers. If the Company is unable or is delayed in its efforts to make the necessary date code changes, there could be a material adverse effect upon the Company's business, operating results, financial condition and cash flows.

The Company may in the future be subject to claims based on Year 2000 problems in its own, as well as in others' products, and issues arising from the integration of multiple products within an overall system. Although the Company has not been a party to any litigation involving its products or services related to Year 2000 compliance issues, there can be no assurance that the Company will not in the future be required to defend its products or services in such proceedings, or otherwise address claims based on Year 2000 issues. The costs of defending and resolving Year 2000-related disputes, and any liability of the Company for Year 2000-related damages, including consequential damages, could have a material adverse effect on the Company's business, operating results, and financial condition.

The Company believes that Year 2000 issues have affected and may continue to affect the purchasing decisions of customers and potential customers of the Company's products. Many businesses are expending significant resources on projects to make their current hardware and software systems Year 2000 compliant. Such expenditures may result in reduced funding for projects to purchase software products such as those offered by the Company. Potential customers may also choose to defer purchasing Year 2000 compliant products until they believe it is absolutely necessary, thus resulting in potentially stalled market sales within the industry. Any of the foregoing could have a material adverse effect on the Company's business, operating results and financial condition.

Internal Systems:

The Company is working to identify and remediate all internal systems which may impact the operations of the Company. The cost of converting the Company's internal systems is not expected to be material since the Company is utilizing internal resources to meet its Year 2000 readiness needs. The Company has completed 95% of its system evaluation and 85% of its remediation. The Company estimates the completion of its remediation and testing by August 31, 1999.

The Company utilizes third-party vendor equipment, telecommunication products and software products that may or may not be Year 2000 compliant. The Company has been communicating with such third party vendors about their plans and progress in addressing the Year 2000 problem, and the Company has requested

assurances that such equipment, product and services will be Year 2000 compliant. The Company has received such assurances from most of the third party vendors and is waiting to receive such assurances from the remaining vendors. In the event that such additional assurances are not timely received, the Company will switch to another vendor or take such other action as the Company shall deem appropriate. Although the Company is currently taking steps to address the impact of the Year 2000 compliance issue surrounding such third-party products, failure of any critical technology components to be Year 2000 compliant may have an adverse impact on business operations or require the Company to incur unanticipated expenses to remedy any problems.

The Company's evaluation of Year 2000 issues includes the development of contingency plans for business functions that are susceptible to a substantive risk of disruption resulting from a Year 2000 related event. Because the Company has not yet identified any business function that is materially at risk of the Year 2000 related disruption, it has not yet developed detailed contingency plans specific to Year 2000 events for any business function. The Company is prepared for the possibility, however, that certain business functions may be hereafter identified as at risk and will develop contingency plans for such business functions when and if such determinations are made.

Forward-looking statements contained in this Year 2000 Compliance discussion should be read in conjunction with the Company's disclosure under the heading of Forward Looking Statements, below.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS.

Foreign Currency. In the year ended April 30, 1999, the Company generated 10% of its revenues outside the United States. International sales usually are made by the Company's foreign subsidiaries and are denominated typically in U.S. Dollars or British Pounds Sterling. However, the expense incurred by foreign subsidiaries is denominated in the local currencies. The effect of foreign exchange rate fluctuations on the Company in Fiscal 1999 was not material.

Interest rates. The Company manages its interest rate risk by maintaining an investment portfolio of available-for-sale instruments with high credit quality and relatively short average maturities. These instruments include, but are not limited to, money-market instruments, bank time deposits, and taxable and tax-advantaged variable rate and fixed rate obligations of corporations, municipalities, and national, state, and local government agencies, in accordance with an investment policy approved by the Company's Board of Directors. These instruments are denominated in U.S. dollars. The fair value of securities at April 30, 1999 was approximately $27.3 million. Interest income on the Company's investments is carried in "Other income/(expense)."

The Company also holds cash balances in accounts with commercial banks in the United States and foreign countries. These cash balances represent operating balances only and are invested in short-term time deposits of the local bank. Such operating cash balances held at banks outside the United States are denominated in the local currency.

Many of the Company's investments carry a degree of interest rate risk. When interest rates fall, the Company's income from investments in variable-rate securities declines. When interest rates rise, the fair market value of the Company's investments in fixed-rate securities. In addition, the Company's equity securities are subject to stock market volatility. Due in part to these factors, the Company's future investment income may fall short of expectations or the Company may suffer losses in principal if forced to sell securities which have seen a decline in market value due to changes in interest rates. The Company attempts to mitigate risk by holding fixed-rate securities to maturity, but should its liquidity needs force it to sell fixed-rate securities prior to maturity, the Company may experience a loss of principal.

Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities". The Statement will be effective for the Company

beginning June 15, 2000. The new Statement requires all derivatives to be recorded on the balance sheet at fair value and establishes accounting treatment for three types of hedges: hedges of changes in the fair value of assets, liabilities, or firm commitments; hedges of the variable cash flows of forecasted transactions; and hedges of foreign currency exposures of net investments in foreign operations. The Company has not invested in derivative instruments nor participated in hedging activities and therefore does not anticipate there will be a material impact on the results of operations or financial position from Statement No. 133.

In December 1998, the AICPA issued SOP No. 98-9, Modification of SOP No. 97-2, Software Revenue Recognition, with Respect to Certain Transactions. This SOP amends SOP No. 97-2 to, among other matters, require recognition of revenue using the "residual method" in circumstances outlined in the SOP. Under the residual method, revenue is recognized as follows: (1) the total fair value of undelivered elements, as indicated by vendor-specific objective evidence, is deferred and subsequently recognized in accordance with the relevant sections of SOP No. 97-2 and (2) the difference between the total arrangement fee and the amount deferred for the undelivered elements is recognized as revenue related to the delivered elements. SOP No. 98-9 is effective for fiscal years beginning after March 15, 1999. The Company does not believe that the adoption of SOP No. 98-9 will have a material effect on its revenue recognition.

Forward-Looking Statements

It should be noted that the foregoing discussion contains forward-looking statements, which are subject to substantial risks and uncertainties. There are a number of factors that could cause actual results to differ materially from those anticipated by statements made herein. The timing of releases of the Company's software products can be affected by client needs, marketplace demands and technological advances. Development plans frequently change, and it is difficult to predict with accuracy the release dates for products in development. In addition, other factors, including changes in general economic conditions, the growth rate of the market for the Company's products and services, the timely availability and market acceptance of these products and services, the effect of competitive products and pricing, and the irregular pattern of revenues, as well as a number of other risk factors which could affect the future performance of the Company.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

AMERICAN SOFTWARE, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

April 30, 1999 and 1998

	1999	1998
Assets		
Current assets:		
Cash and cash equivalents	$ 21,567	14,466
Investments	27,297	45,757
Trade accounts receivable, less allowance for doubtful accounts of $1,718 in 1999 and $1,222 in 1998:		
Billed	17,534	20,309
Unbilled	3,539	7,091
Deferred income taxes	1,294	823
Refundable income taxes	--	1,117
Prepaid expenses and other current assets	1,759	2,577
Total current assets	72,990	92,140
Property and equipment, less accumulated depreciation	16,542	17,189
Intangible assets, less accumulated amortization	16,248	31,812
Other assets	1,578	1,515
	$ 107,358	142,656

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable	$ 3,442	2,972
Accrued compensation and related costs	4,995	3,798
Other current liabilities	8,230	4,824
Deferred revenue	16,298	17,283
Total current liabilities	32,965	28,877
Long-term debt	950	--
Deferred income taxes	1,294	6,260
Total liabilities	35,209	35,137
Minority interests	4,952	6,709
Shareholders' equity:		
Common stock:		
Class A, $.10 par value. Authorized 50,000,000 shares; issued 19,469,405 shares in 1999 and 19,369,756 shares in 1998	1,947	1,937
Class B, $.10 par value. Authorized 10,000,000 shares; issued and outstanding 4,768,289 shares in 1999 and 4,798,289 shares in 1998; convertible into Class A shares on a one-for-one basis	477	480
Additional paid-in capital	60,368	57,656
Other comprehensive income	244	273
Retained earnings	20,408	53,225
Class A treasury stock, 2,603,823 and 1,428,427 shares as of April 30, 1999 and 1998, respectively	(16,247)	(12,761)
Total shareholders' equity	67,197	100,810
Commitments and contingencies		
	$ 107,358	142,656

</TABLE>

See accompanying notes to consolidated financial statements.

AMERICAN SOFTWARE, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share data)

Years ended April 30, 1999, 1998, and 1997

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>	1997 <C>
Revenues:			
License fees	$ 19,602	33,548	30,106
Services	63,572	50,090	32,595
Maintenance	26,003	23,834	22,010
Total revenues	109,177	107,472	84,711
Cost of revenues:			
License fees	8,254	8,182	6,754
Services	45,344	33,439	27,410
Maintenance	10,337	7,642	7,972
Total cost of revenues	63,935	49,263	42,136
Research and development costs, net	11,511	12,112	7,343
Marketing and sales expense	28,859	25,915	20,811
General and administrative expenses	14,427	11,354	12,019
Provision for doubtful accounts	1,880	176	721
Charge for asset impairment and purchased R&D	26,563	--	--
Operating earnings (loss)	(37,998)	8,652	1,681
Other income (expense):			
Interest income	2,094	2,001	989
Minority interest	1,396	(488)	--
Other, net	(75)	2,278	755
Earnings (loss) before income taxes	(34,583)	12,443	3,425

Income tax expense (benefit)	(1,766)	4,648	1,093
Net earnings (loss)	$ (32,817)	7,795	2,332
Net earnings (loss) per common share:			
Basic	$ (1.48)	0.34	0.10
Diluted	$ (1.48)	0.32	0.10
Shares used in the calculation of net earnings (loss) per common share:			
Basic	22,230,656	22,667,283	22,353,192
Diluted	22,230,656	24,414,515	23,525,532

</TABLE>

See accompanying notes to consolidated financial statements.

AMERICAN SOFTWARE

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME

Years ended April 30, 1999, 1998, and 1997

<TABLE>
<CAPTION>

	Common stock								
	Class A		Class B		Additional paid-in capital	Accumulated other comprehensive income	Retained earnings	Treasury stock	Total shareholders' equity
	Shares	Amount	Shares	Amount					
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at April 30, 1996	18,769,083	$1,876,910	4,836,889	$483,689	30,776,204	(19,038)	43,097,649	(11,979,054)	64,236,360
Proceeds from stock options exercised at $2.75 to $5.50 per share and other stock option transactions	182,243	18,224	--	--	522,906	--	--	--	541,130
Conversion of Class B shares into Class A shares	21,600	2,160	(21,600)	(2,160)	--	--	--	--	--
Grants of compensatory stock options	--	--	--	--	18,084	--	--	--	18,084
Issuance of 868 Class A shares under Dividend Reinvestment and Stock Purchase Plan	--	--	--	--	--	--	--	5,278	5,278
Net earnings	--	--	--	--	--	--	2,331,857	--	2,331,857
Translation adjustments	--	--	--	--	--	28,838	--	--	28,838
Comprehensive income for fiscal 1997									
Balance at April 30, 1997	18,972,926	1,897,294	4,815,289	481,529	31,317,194	9,800	45,429,506	(11,973,776)	67,161,547
Proceeds from issuance of Logility, Inc. subsidiary common stock	--	--	--	--	33,152,201	--	--	--	33,152,201
Minority interest resulting from issuance of subsidiary common stock	--	--	--	--	(6,969,866)	--	--	--	(6,969,866)

Proceeds from stock options exercised at $2.75 to $7.13 per share and other stock option transactions...	379,830	37,983	--	--	1,160,004	--	--	--	1,197,987
Conversion of Class B shares into Class A shares.........	17,000	1,700	(17,000)	(1,700)	--	--	--	--	--
Grants of compensatory stock options..	--	--	--	--	11,586	--	--	--	11,586
Repurchase of 98,900 Class A shares.........	--	--	--	--	--	--	--	(794,953)	(794,953)
Repurchase of 205,300 Logility, Inc. common shares..	--	--	--	--	(1,882,149)	--	--	--	(1,882,149)
Decrease in Minority interest in Subsidiary, resulting from purchase of stock..........	--	--	--	--	866,836	--	--	--	866,836
Issuance of 724 Class A shares under Dividend Reinvestment and Stock Purchase Plan..	--	--	--	--	--	--	--	8,000	8,000
Net earnings....	--	--	--	--	--	--	7,795,281	--	7,795,281
Translation adjustments....	--	--	--	--	--	263,768	--	--	263,768
Comprehensive income for fiscal 1998....									
	----------	----------	---------	--------	----------	-------	-----------	-----------	-----------
Balance at April 30, 1998.......	19,369,756	1,936,977	4,798,289	479,829	57,655,806	273,568	53,224,787	(12,760,729)	100,810,238
Revised presentation on purchase of Logility shares from minority interest.......	--	--	--	--	1,882,149	--	--	--	1,882,149
Proceeds from stock options exercised at $2.22 to $6.50 per share and other stock option transactions...	69,649	6,963	--	--	222,126	--	--	--	229,089
Conversion of Class B shares into Class A shares.........	30,000	3,000	(30,000)	(3,000)	--	--	--	--	--
Grants of compensatory stock options..	--	--	--	--	24,319	--	--	--	24,319
Repurchase of 1,179,000 Class A shares.......	--	--	--	--	--	--	--	(3,509,729)	(3,509,729)
Issuance of 3,604 Class A shares under Dividend Reinvestment and Stock Purchase Plan..	--	--	--	--	--	--	--	23,316	23,316
Decrease in minority interest in subsidiary, resulting from purchase of									

stock..........	--	--	--	--	583,500	--	--	--	583,500
Net loss........	--	--	--	--	--	--	(32,817,060)	--	(32,817,060)
Translation adjustments....	--	--	--	--	--	(28,656)	--	--	(28,656)
Comprehensive income for fiscal 1999....									
Balance at April 30, 1999.......	19,469,405	$1,946,940	4,768,289	$476,829	60,367,900	244,912	20,407,727	(16,247,142)	67,197,166

<CAPTION>

<S>	Comprehensive income <C>
Balance at April 30, 1996.......	
Proceeds from stock options exercised at $2.75 to $5.50 per share and other stock option transactions...	
Conversion of Class B shares into Class A shares.........	
Grants of compensatory stock options..	
Issuance of 868 Class A shares under Dividend Reinvestment and Stock Purchase Plan..	
Net earnings....	$ 2,331,857
Translation adjustments....	28,838
Comprehensive income for fiscal 1997....	$ 2,360,695
Balance at April 30, 1997.......	
Proceeds from issuance of Logility, Inc. subsidiary common stock...	
Minority interest resulting from issuance of subsidiary common stock...	
Proceeds from stock options exercised at $2.75 to $7.13 per share and other stock option transactions...	
Conversion of Class B shares into Class A shares.........	
Grants of compensatory stock options..	
Repurchase of 98,900 Class A shares.........	
Repurchase of 205,300 Logility, Inc.	

common shares..	
Decrease in Minority interest in Subsidiary, resulting from purchase of stock..........	
Issuance of 724 Class A shares under Dividend Reinvestment and Stock Purchase Plan..	
Net earnings....	$ 7,795,281
Translation adjustments....	263,768

Comprehensive income for fiscal 1998....	$ 8,059,049
	==============
Balance at April 30, 1998.......	
Revised presentation on purchase of Logility shares from minority interest.......	
Proceeds from stock options exercised at $2.22 to $6.50 per share and other stock option transactions...	
Conversion of Class B shares into Class A shares.........	
Grants of compensatory stock options..	
Repurchase of 1,179,000 Class A shares.......	
Issuance of 3,604 Class A shares under Dividend Reinvestment and Stock Purchase Plan..	
Decrease in minority interest in subsidiary, resulting from purchase of stock..........	
Net loss........	$(32,817,060)
Translation adjustments....	(28,656)

Comprehensive income for fiscal 1999....	$(32,845,716)
	==============
Balance at April 30, 1999.......	

</TABLE>

See accompanying notes to consolidated financial statements.

AMERICAN SOFTWARE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

Years ended April 30, 1999, 1998, and 1997

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>	1997 <C>
Cash flows from operating activities:			
Net earnings (loss)	$ (32,817)	7,795	2,332
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Charge for asset impairment and purchased R&D	26,389	--	--
Depreciation and amortization	9,580	10,072	8,113
Net loss (gain) on investments	833	(4,916)	(635)
Loss on disposal of property	--	258	--
Minority interest in net (loss) earnings of subsidiary	(1,396)	488	--
Equity in loss of investee	--	--	575
Grants of compensatory stock options	24	12	18
Deferred income taxes	(5,437)	4,298	1,093
Changes in operating assets and liabilities:			
Purchases of trading securities	(3,471)	(3,267)	(242)
Proceeds from sale of trading securities	3,421	6,478	2,567
Proceeds from maturities of trading securities	2,152	2,334	4,363
Accounts receivable	6,641	(5,912)	(6,429)
Prepaid expenses and other current assets	2,025	(581)	(466)
Accounts payable and other liabilities	5,610	(3,638)	2,338
Income taxes	--	--	93
Deferred revenue	(1,641)	3,565	2,211
Net cash provided by operating activities	11,913	16,986	15,931
Cash flows from investing activities:			
Capitalized software development costs	(10,902)	(8,827)	(9,898)
Purchased software	(93)	(593)	--
Purchase of majority interest in subsidiaries, net of cash received	(1,929)	--	--
Minority investment and additional funding in business	(857)	(115)	--
Purchases of property and equipment	(1,647)	(2,640)	(2,275)
Sales (purchases) of investments, net	15,534	(29,605)	--
Purchases of common stock by subsidiary	(1,660)	(1,882)	--
Net cash used in investing activities	(1,554)	(43,662)	(12,173)
Cash flows from financing activities:			
Proceeds from issuance of Logility, Inc. Subsidiary common stock	--	33,152	--
Repurchases of common stock	(3,510)	(787)	--
Proceeds from Dividend Reinvestment Plan	23	--	6
Proceeds from exercise of stock options	229	1,198	541
Net cash provided by (used in) financing activities	(3,258)	33,563	547
Net change in cash and cash equivalents	7,101	6,887	4,305
Cash and cash equivalents at beginning of year	14,466	7,579	3,274
Cash and cash equivalents at end of year	$ 21,567	14,466	7,579
Supplemental disclosures of cash paid during the year for:			
Income taxes	$ 219	161	238
Interest	$ 98	--	--
Supplemental disclosures of noncash operating, investing, and financing activities:			
Net assets acquired	$ 2,579		

</TABLE>

See accompanying notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

(a) Basis of Presentation

The consolidated financial statements include the accounts of American Software, Inc., its wholly owned subsidiaries and its majority-owned subsidiaries (collectively, the "Company"). All significant intercompany balances and transactions have been eliminated in consolidation.

The Company is engaged in the development, marketing, and support activities of a broad range of computer business applications software. The Company's operations are principally in the computer software industry with a network management services business.

(b) Revenue Recognition

Commencing May 1, 1998, the Company adopted Statement of Position No. 97-2, Software Revenue Recognition, and related interpretations. License fees in connection with license agreements for standard proprietary and tailored software are recognized upon delivery of the software provide collection is considered probable and no significant obligations remain outstanding.

The percentage-of-completion method of accounting is utilized to recognize revenue on products under development for fixed amounts. Progress under the percentage-of-completion method is measured based on management's best estimate of the cost of work completed in relation to the total cost of work to be performed under the contract. Any estimated losses on products under development for fixed amounts are immediately recognized in the consolidated financial statements.

Revenue related to professional services, including network management and education, is recognized as the related services are performed.

Deferred revenue represents advance payments to the Company by customers for services and products.

(c) Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

(d) Investments

Investments at April 30, 1999 and 1998 consist of money market funds, debt securities, and marketable equity securities. The Company accounts for its investments under the provisions of Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities (SFAS 115). Pursuant to the provisions of SFAS 115, the Company has classified its investment portfolio as "trading" and "held-to-maturity" in 1999 and 1998. "Trading" securities are bought and held principally for the purpose of selling them in the near term and are recorded at fair value. Unrealized gains and losses on trading securities are included in the determination of net earnings. "Held-to-maturity" investments are recorded at amortized cost. No adjustment is made for unrealized gains and losses on held-to-maturity investments.

(e) Property and Equipment

Property and equipment are recorded at cost. Depreciation of buildings, computer equipment, and office furniture and equipment is calculated using the straight-line method based upon estimated useful lives of 30 years, three to five years, and five years, respectively. Leasehold improvements are amortized using the straight-line method over the estimated useful lives of the assets or the lease term, whichever is shorter.

(f) Intangible Assets

Capitalized Computer Software Development Costs. The Company capitalizes certain computer software development costs in accordance with Statement of Financial Accounting Standards No. 86, Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed. Costs incurred internally to create a computer software product or to develop an enhancement to an existing product are charged to expense when incurred as research and development expense until technological feasibility for the respective product is established. Thereafter, all software development costs are capitalized and reported at the lower of unamortized cost or net realizable value. Capitalization ceases when the product or enhancement is available for general release to customers. The Company makes ongoing evaluations of the recoverability of its capitalized software projects by comparing the amount capitalized for each product to the estimated net realizable value of the product. If such evaluations indicate that the unamortized software development costs exceed the net realizable value, the Company writes off the amount by which the unamortized software development costs exceed net realizable value. Capitalized computer software development costs are being amortized ratably based on the projected revenue associated with the related software or on a straight-line basis over three years, whichever method results in a higher level of amortization.

Purchased Computer Software Costs, Goodwill, and Other Intangible Assets. Purchased computer software costs, goodwill, and other intangibles are amortized on a straight-line basis over the expected periods to be benefited, generally three to seven years. The Company evaluates the recoverability of these intangible assets at each period-end using the undiscounted estimated future net operating cash flows expected to be derived from such assets. If such an evaluation indicates a potential impairment, the Company uses the fair value to determine the amount of these intangible assets that should be written off. During 1999, goodwill additions of $1.4 million and $3.5 million relate to the acquisition of New Generation Computing and the purchase of additional interest in Logility, Inc., respectively.

Total Expenditures, Amortization, and Write-offs. Total expenditures for capitalized computer software development costs, total research and development expense, total amortization of capitalized computer software development costs, total amortization of purchased computer software costs and write-off of capitalized computer software costs are as follows:

	Years ended April 30, (in thousands)		
	1999	1998	1997
Total capitalized computer software development costs	$ 10,902	8,827	9,898
Total research and development expense	11,511	12,112	7,343
Total research and development expense and capitalized computer software development costs	$ 22,413	20,939	17,241
Total amortization of capitalized computer software development costs	$ 6,104	6,706	4,700
Total amortization of purchased computer software costs and goodwill	$ 924	560	734
Write-off of capitalized software costs as a result of net realizable value analyses	$ 24,152	--	--

(h) Income Taxes

The Company accounts for income taxes using the asset and liability method of Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes, ("SFAS No. 109"). Under the asset and liability method of SFAS No. 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forward. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under SFAS No. 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(i) Net Earnings (Loss) Per Common Share

On January 31, 1998, the Company adopted Statement of Financial Accounting Standards No. 128, Earnings Per Share ("SFAS 128"), which prescribes the calculation methodology and financial reporting requirements for basic and diluted earnings per share. Basic earnings (loss) per common share available to common shareholders are based on the weighted-average number of Class A and B common shares outstanding, since the Company considers the two classes of common stock as one class for the purposes of the per share computation. Diluted earnings (loss) per common share available to common shareholders are based on the weighted-average number of common shares outstanding and dilutive potential common shares, such as dilutive stock options. All prior period net earnings (loss) data presented in these consolidated financial statements have been restated to conform to the provisions of SFAS 128.

(j) Use of Estimates

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and revenues and expenses for reporting periods to prepare these consolidated financial statements in conformity with generally accepted accounting principles. Actual results could differ from these estimates.

(k) Impairment of Long-Lived Assets

On April 1, 1996, the Company adopted Statement of Financial Accounting Standards No. 121, Accounting for Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of ("SFAS No. 121"). SFAS No. 121 requires that long-lived assets and certain identifiable intangibles held and used by a company be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. SFAS No. 121 also requires that long-lived assets and certain identifiable intangibles held for sale, other than those related to discontinued operations, be reported at the lower of carrying amount or fair value less cost to sell. The Company's adoption of SFAS No. 121 did not have an impact on its consolidated financial statements.

(l) Stock Compensation Plans

Prior to May 1, 1996, the Company accounted for its stock option plans in accordance with the provisions of Accounting Principles Board APB Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations. As such, compensation expense would generally be recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price. On May 1, 1996, the Company adopted Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation ("SFAS No. 123"), which permits entities to recognize as expense over the vesting period the fair value of all stock-based awards on the date of grant.

Alternatively, SFAS No. 123 also allows entities to continue to apply the provisions of APB Opinion No. 25 and provide pro forma net income and pro forma earnings per share disclosures for employee stock option grants made in 1995 and future years as if the fair-value-based method defined in SFAS No. 123 had been applied. The Company has elected to continue to apply the provisions of APB Opinion No. 25 and provide the pro forma disclosures under the provisions of SFAS No. 123.

(m) Sales of Subsidiary Stock

The Company has elected to record gains and losses from sales of subsidiary stock as a component of equity.

(n) Reclassifications

Certain reclassifications have been made to the 1998 and 1997 consolidated financial statements to conform to the presentation adopted in 1999.

(o) Comprehensive Income

On May 1, 1998, the Company adopted SFAS No. 130, Reporting Comprehensive Income. SFAS No. 130 establishes standards for reporting and presentation of comprehensive income and its components in a full set of financial statements. Comprehensive income consists of net income and foreign translation adjustments and is presented in the consolidated statements of shareholders' equity and comprehensive income. The statement requires only additional disclosures in the consolidated financial statements; it does not affect the Company's financial position or results of operations. Prior year financial statements have been reclassified to conform to the requirements of SFAS No. 130.

(2) Investments

Investments consist of the following:

<TABLE>
<CAPTION>

	April 30,	
	1999	1998
	(in thousands)	
<S>	<C>	<C>
Trading		
Debt securities:		
U.S. Treasury securities	$ 606	500
Tax-exempt state and municipal bonds	5,585	8,027
Total debt securities	6,191	8,527
Equity securities	7,082	7,671
	$ 13,273	16,198

</TABLE>

<TABLE>
<CAPTION>

	April 30, 1999		
	Carrying value	Fair value	Unrealized gain (loss)
	(in thousands)		
<S>	<C>	<C>	<C>
Held-to-maturity			
Commercial paper	$ 5,229	5,236	7
Corporate bonds	8,795	8,780	(15)
	$14,024	14,016	(8)

</TABLE>

<TABLE>
<CAPTION>

April 30, 1998		
Carrying	Fair	Unrealized

<S>	value <C>	value <C>	gain <C>
	(in thousands)		
Held-to-maturity			
Certificate of deposit..........................	$ 500	500	--
Asset-backed note...............................	1,500	1,500	--
Commercial paper................................	11,182	11,229	47
Corporate bonds.................................	16,377	16,520	143
	$ 29,559	29,749	190

</TABLE>

The total carrying value of all investments on a consolidated basis was $27,287,000 and $45,757,000 at April 30, 1999 and 1998, respectively. All investments mature within a one year period.

In 1999 and 1998, the Company's investment portfolio of trading securities experienced net unrealized holding gains (losses) of approximately $(878,000) and $2,244,000, respectively, which have been included in other income, net in the 1999 and 1998 consolidated statements of operations.

At April 30, 1999, 97% of the tax-exempt state and municipal bonds related to state and municipal governments and authorities in Georgia.

(3) Fair Value of Financial Instruments

The Company's financial instruments, excluding investments, consisted of cash; trade accounts receivable and unbilled accounts receivable; refundable income taxes; accounts payable; accrued compensation and related costs; accrued royalties; other current liabilities; and deferred revenue. These aforementioned financial instruments carrying amounts approximate fair value because of the short maturity of those instruments. For the Company's investments classified as "trading," the carrying value represents fair value. See note 2 for the fair value of the Company's investments classified as "held-to-maturity."

(4) Property and Equipment

Property and equipment consist of the following at April 30, 1999 and 1998 (in thousands):

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>
Buildings and leasehold improvements..........................	$20,670	20,089
Computer equipment..	20,399	19,107
Office furniture and equipment................................	4,573	4,632
	45,642	43,828
Less accumulated depreciation and amortization................	29,100	26,639
	$16,542	17,189

</TABLE>

(5) Intangible Assets

Intangible assets consist of the following at April 30, 1999 and 1998 (in thousands):

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>
Capitalized computer software development costs...............	$46,472	68,882
Purchased computer software costs.............................	6,356	6,272

Goodwill	4,969	1,097
	57,797	76,251
Less accumulated amortization	41,549	44,439
	$16,248	31,812

</TABLE>

(6) Income Taxes

Income tax expense (benefit) consists of the following:

	Years ended April 30, 1999	1998	1997
	(in thousands)		
Current:			
Federal	$ 3,453	150	--
State	218	200	--
	$ 3,671	350	--
Deferred:			
Federal	$(4,862)	3,838	949
State	(575)	460	144
	(5,437)	4,298	1,093
	$(1,766)	4,648	1,093

</TABLE>

The Company's effective income tax rate of 5%, 37%, and 32% for the years ended April 30, 1999, 1998, and 1997, respectively, differs from the "expected" income tax expense (benefit) for those years calculated by applying the Federal statutory rate of 34% to earnings (loss) before income taxes as follows:

	Years ended April 30, 1999	1998	1997
	(in thousands)		
Computed "expected" income tax expense (benefit)	$(11,758)	4,231	1,164
Increase (decrease) in income taxes resulting from:			
State income taxes, net of Federal income tax effect	(235)	504	96
Foreign taxes paid	--	--	182
Foreign tax (credits)	650	--	(182)
Tax-exempt interest income	(160)	(250)	(280)
Change in the beginning-of-the year balance of the valuation allowance for deferred tax assets allocated to income tax benefit	4,416	--	--
Gain on investments not recognized for tax purposes	--	163	113
Estimated liabilities	3,020		
Permanent differences	1,310	--	--
Other	992	--	--
	$ (1,766)	4,648	1,093

</TABLE>

Estimated liabilities for tax issues principally relate to tax authority examinations and other matters. Permanent difference are primarily derived from a non-deductible in-process research and development charge and amortization of goodwill.

The significant components of deferred income tax expense attributable to earnings (loss) before income taxes for the years ended April 30, 1999, 1998, and 1997 are as follows:

<TABLE>
<CAPTION>

	Years ended April 30,		
	1999	1998	1997
	(in thousands)		
<S>	<C>	<C>	<C>
Deferred tax (benefit) expense	$(9,853)	4,298	1,093
Increase in beginning-of-the year balance of the valuation allowance for deferred tax assets	4,416	--	--
	$(5,437)	4,298	1,093

</TABLE>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at April 30, 1999 and 1998, are presented as follows:

<TABLE>
<CAPTION>

	April 30,	
	1999	1998
	(in thousands)	
<S>	<C>	<C>
Deferred tax assets:		
Expenses, due to accrual for financial reporting purposes	$ 1,677	1,776
Accounts receivable, due to allowance for doubtful accounts	690	463
Compensation expense related to grants of nonqualified stock options	189	189
Net operating loss carryforwards	7,523	5,296
Foreign tax credit carryforwards	777	1,791
Intangible asset amortization	922	--
Other	720	328
Total gross deferred tax assets	12,498	9,843
Less valuation allowance	(6,396)	(1,980)
Net deferred tax assets	6,102	7,863
Deferred tax liabilities:		
Capitalized computer software development costs	(4,396)	(11,505)
Property and equipment, primarily due to differences in depreciation	(584)	(379)
Gain on investments not recognized for tax purposes	(1,012)	(1,416)
Other	(110)	--
Total gross deferred tax liabilities	(6,102)	(13,300)
Net deferred tax liability	$ --	(5,437)

</TABLE>

Refundable income taxes arose primarily from the 1995 taxable losses that were carried back to earlier profitable years to recover income taxes previously paid.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon reversal of deferred tax liabilities, management believes it is more likely than not the Company will realize the benefits of these deductible differences, net of the existing valuation allowances at April 30, 1999 and 1998.

At April 30, 1999, the Company has net operating loss carry forwards for federal income tax purposes of approximately $20.0 million, which are available to offset future federal taxable income, if any, through fiscal 2019. In addition, the Company has foreign tax credit carry forwards for federal income tax purposes of approximately $777,000, which are available to offset future federal income taxes pursuant to the income tax laws. Such credits expire in varying amounts through fiscal 2002.

(7) Acquisitions

In July 1998, the Company purchased an 80% majority interest in New Generation Computing, a company which specializes in accounting and manufacturing control software for the sewn goods industry (apparel, handbags, shoes, hats, etc.). This investment was accounted for based on the purchase accounting method with

the results of operations included from the date of acquisition. Of the $2.6 million purchase price, the Company acquired $1.2 million in current assets, $1.8 million in liabilities (including long-term debt of $950,000) and purchased research and development of $1.8 million, which was expensed upon acquisition. The related goodwill of $1.4 million is being amortized over a seven-year period.

In January 1996, the Company acquired a 60% interest in Intellimedia Commerce, Inc., a company which builds and maintains systems for commerce on the Internet, for $850,000. In April 1998, the Company acquired an additional 3% interest in Intellimedia for $115,000. To maintain its majority ownership interest, in May 1998 and August 1998, the Company invested an additional $58,450 and $108,150 respectively. The acquisition has been accounted for as a purchase and, accordingly, the results of operations have been included since the date of acquisition. The related minority interest is not significant.

In March 1995, the Company acquired a 30% interest in TXbase Systems, Inc., a client/server-based software company, for approximately $827,000. This investment was accounted for under the equity method. The excess investment over the underlying equity in net assets was amortized using the straight-line method over a period of five years. In January 1997, the Company wrote off the remaining balance of this investment.

(8) Long-term Debt

During 1999, long-term debt was assumed in the acquisition of New Generation Computing and consists of several notes payable. The interest rates on the notes range from 10% to 15% and is paid monthly. Approximately $500,000 matures on December 31, 2002 and the remaining balance of $450,000 matures on December 31, 2005.

(9) Shareholders' Equity

Certain Class A and Class B Common Stock Rights

Except for the election or removal of Directors and class votes as required by law or the Articles of Incorporation, holders of both classes of common stock vote as a single class on all matters with each share of Class A common stock entitled to cast one-tenth vote per share and each share of Class B common stock entitled to cast one vote per share. Neither has cumulative voting rights. Holders of Class A common stock, as a class, are entitled to elect 25% of the Board of Directors (rounded up to the nearest whole number of Directors) if the number of outstanding shares of Class A common stock is at least 10% of the number of outstanding shares of both classes of common stock. No cash or property dividend may be paid to holders of shares of Class B common stock during any fiscal year of the Company unless a dividend of $.05 per share has been paid in such year on each outstanding share of Class A common stock. This $.05 per share annual dividend preference is non-cumulative. Dividends per share of Class B common stock during any fiscal year may not exceed dividends paid per share of Class A common stock during each year. Each share of Class B common stock is convertible at any time into one share of Class A common stock at the option of the shareholder. Class A and B shares are considered as one class for purpose of the earnings (loss) per share computation.

Employee Stock Purchase Plans

In December 1998 the Company began an Employee Stock Purchase Plan that offers employees the right to purchase shares of the Company's common stock at 85% of the market price, as defined, pursuant to the Employee Stock Purchase Plan (the "Purchase Plan"). Under the Purchase Plan, full-time employees, except persons owning 5% or more of the Company's common stock, are eligible to participate after one month of

employment. Employees may contribute up to 15% of their annual salary toward the Purchase Plan up to a maximum of $15,000 per year. Common stock is purchased in the open market on behalf of the participants. The Company contributes to the purchase price in order to provide for the 15% discount to market price. A maximum of 400,000 shares of common stock may be purchased under the Purchase Plan. During the fiscal year ended April 30, 1999 shares issued under the Purchase Plan were 23,462.

In November 1998 Logility Inc, a subsidiary of the Company, began an Employee Stock Purchase Plan that offers employees the right to purchase shares of the Logility's common stock at 85% of the market price, as defined, pursuant to the Employee Stock Purchase Plan (the "Purchase Plan"). Under the Purchase Plan, full-time employees, except persons owning 5% or more of Logility's common stock, are eligible to participate after one month of employment. Employees may contribute up to 15% of their annual salary toward the Purchase Plan up to a maximum of $15,000 per year. A maximum of 200,000 shares of common stock may be purchased under the Purchase Plan. Common stock is purchased in the open market on behalf of the participants. The Company contributes to the purchase price in order to provide for the 15% discount to market price. During the fiscal year ended April 30, 1999 shares issued under the Purchase Plan were 12,874.

Stock Option Plans

In fiscal 1992, the Company discontinued issuing options under its Incentive Stock Option Plan and its Nonqualified Stock Option Plan. There were 38,725 options outstanding under these plans at April 30, 1999. These plans were replaced with the 1991 Employee Stock Option Plan ("1991 Plan") and the Director and Officer Stock Option Plan ("D and O Plan"). Under the 1991 Plan, the Board of Directors is authorized to grant key employees options to purchase up to 3.6 million shares of Class A common stock, plus any shares granted under the terminated plans that terminate or expire without being wholly exercised.

These options vest in four equal annual installments commencing one year from the effective date of grant. All options must be exercised within ten years of the effective date of grant, but will expire sooner if the optionee's employment terminates. Under the D and O Plan, the Board of Directors is authorized to grant directors and officers options to purchase up to 1.0 million shares of Class A common stock. These options typically are exercisable based upon the terms of such options up to 10 years after the date of grant, but will expire sooner if the optionee's employment terminates. Additionally, both the 1991 Plan and D and O Plan can issue either incentive stock options or nonqualified stock options. Both the 1991 Plan and D and O Plan will terminate on May 13, 2001.

Incentive and nonqualified options exercisable at April 30, 1999 are 1,168,902 and 241,325 shares, respectively. Options available for grant at April 30, 1999, for the 1991 Plan and D and O Plan, are 69,838 and 681,313 shares, respectively.

Effective August 7, 1997, Logility, Inc., a subsidiary of the Company, adopted the Logility, Inc. 1997 Stock Plan ("Subsidiary Stock Plan"). The Subsidiary Stock Plan provides for grants of incentive stock options and nonqualified stock options to certain key employees and directors of Logility, Inc. The Subsidiary Stock Plan also allows for stock appreciation rights in lieu of or in addition to stock options. Options to purchase a maximum of 1.2 million shares of common stock and a maximum of 300,000 units of Stock Appreciation Rights ("SARs"), as defined, may be granted under the Subsidiary Stock Plan. The options and SARs generally vest over a four-year period. The terms of the options generally are for ten years, and the terms of the SARs generally are for five years.

The Company applies APB Opinion No. 25 and related interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized for its stock option plans. Had compensation cost for

the Company's stock-based compensation plans been determined consistent with SFAS No. 123, the Company's net earnings (loss) and diluted earnings (loss) per share would have been reduced to the pro forma amounts indicated below (including amount for Subsidiary Stock Plan).

	Years ended April 30,		
	1999	1998	1997
	(in thousands, except per share data)		
Net earnings (loss):			
As reported	$(32,817)	7,795	2,332
Pro forma	(36,076)	4,721	1,040
Diluted earnings (loss) per share:			
As reported	(1.48)	.32	.10
Pro forma	(1.62)	.19	.04

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	1999	1998	1997
Dividend yield	0%	0%	0%
Expected volatility	85.9%	62.1%	211.9%
Risk-free interest rate	5.6%	5.6%	6.1%
Expected life	8 years	8 years	8 years

Pro forma net earnings (loss) reflects only options granted in years 1996 to 1999. Therefore, the full effect of calculating compensation cost for stock options under SFAS 123 is not reflected in the pro forma net earnings (loss) and related per share amounts presented above because compensation cost is reflected over the vesting period of the options and compensation cost for options granted prior to May 1, 1995 is not considered.

A summary of the status of the Company's stock option plans as of April 30, 1999, 1998, and 1997, and changes during the years ended on those dates is presented below:

	1999		1998		1997	
Fixed options	Shares	Weighted-average price	Shares	Weighted-average price	Shares	Weighted-average price
Outstanding at beginning						

of year................	3,283,204	$4.84	2,990,234	$3.75	2,611,818	$3.27
Granted................	2,756,668	3.13	1,079,325	7.34	856,960	5.12
Exercised..............	(69,649)	3.29	(379,830)	3.18	(182,243)	6.12
Forfeited/canceled......	(2,551,427)	5.39	(406,525)	4.91	(296,301)	3.62
Outstanding at April 30, 1999...................	3,418,796	3.10	3,283,204	4.84	2,990,234	3.75
Options exercisable at year-end..............	1,410,227		1,347,694		1,001,956	
Weighted-average fair value of options granted during the year..............	$ 1.43		$ 5.56		$ 5.09	

</TABLE>

The following table summarizes information about fixed stock options outstanding at April 30, 1999:

<TABLE>
<CAPTION>

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding at April 30, 1999	Weighted-average remaining contractual life	Weighted-average exercise price	Number exercisable at April 30, 1999	Weighted-average exercise price
<S>	<C>	<C>	<C>	<C>	<C>
$ 1.69 - 3.38	2,953,646	8.0	$2.73	1,051,803	$2.78
3.38 - 6.75	378,825	6.7	4.49	283,924	4.48
6.75 - 15.19	86,325	6.0	9.70	74,500	9.92
	3,418,796	7.8	$3.10	1,410,227	$3.50

</TABLE>

A summary of the status of the Subsidiary's Stock Plan as of April 30, 1999 and 1998, and changes during the years then ended is presented below:

<TABLE>
<CAPTION>

	1999		1998	
Fixed options	Shares	Weighted-average price	Shares	Weighted-average price
<S>	<C>	<C>	<C>	<C>
Outstanding at beginning of year...........................	262,070	$12.96	--	$ --
Granted........................	600,130	2.93	267,890	12.97
Exercised......................	--	--	--	--
Forfeited/canceled.............	(306,754)	8.78	(5,820)	13.67
Outstanding at April 30, 1999...	555,446	4.22	262,070	12.96
Options exercisable at April 30, 1999..........................	28,150	11.76	16,000	13.22
Weighted-average fair value of options granted during the year........		1.71		10.74

</TABLE>

The following table summarizes information about fixed stock options outstanding at April 30, 1999 under the Subsidiary Stock Plan:

<TABLE>

<CAPTION>

Range of exercise prices	Options outstanding: Number outstanding at April 30, 1998	Weighted-average remaining contractual life	Weighted-average exercise price	Options exercisable: Number exercisable at April 30, 1998	Weighted-average exercise price
<S>	<C>	<C>	<C>	<C>	<C>
$ 2.75 - 5.00	491,210	9.4	2.91	6,000	3.65
5.01 - 15.13	64,236	8.4	14.23	22,150	13.96
	555,446	9.3	$ 4.22	28,150	$11.76

</TABLE>

In August 1998 the Company offered an option repricing program to its employees. Under the terms of the program, the opportunity was offered to employees to cancel any outstanding option grant in its entirety and replace it on a share-for-share basis with an option grant bearing an exercise price equal to the fair market value of the Company's stock at the new grant date. Newly issued option grants generally have a term of ten years and vesting occurs ratably over four years beginning on the new grant date. A total of 1,775,968 options were repriced under this program.

In September 1998 Logility, Inc, the Company's subsidiary, offered a similar option repricing program to its non-executive employees. Under the terms of the program, the opportunity was offered to employees to cancel any outstanding option grant in its entirety and replace it on a share-for-share basis with an option grant bearing an exercise price equal to the fair market value of the Company's stock at the new grant date. Newly issued option grants have a term of ten years and vesting occurs ratably over four years beginning on the new grant date. A total of 136,280 options were repriced under this program.

(10) International Revenues

International revenues approximated $11.4 million or 10%, $10.1 million or 9%, and $8.3 million or 10% of consolidated revenues for the years ended April 30, 1999, 1998, and 1997, respectively, and were primarily from customers in Canada and Europe.

(11) Commitments

Leases

The Company leases an office facility from a partnership controlled by the two Class B shareholders, under an operating lease that by its term expired December 31, 1996. An extension of that lease, on a month-to-month basis, has been approved by the Board of Directors, pending negotiation of a new long-term lease. Amounts expensed under this lease for the years ended April 30, 1999, 1998, and 1997 approximated $300,000, $300,000, and $274,000, respectively.

The Company leases other office facilities, certain office equipment, and computer equipment under various operating leases expiring through 2003. Rental expense for these operating leases approximated $5.5 million, $4.8 million, and $3.6 million for the years ended April 30, 1999, 1998, and 1997, respectively.

Approximate aggregate minimum annual rentals under all long-term, noncancellable, operating leases are as follows:

<TABLE>
<CAPTION>

Years ending April 30,	(in thousands)
<S>	<C>
2000..........................	$ 3,556
2001..........................	1,401
2002..........................	594
2003..........................	87
	$ 5,638

=======

</TABLE>

401(k) Profit Sharing Plan

The Company has a profit sharing plan covering all employees with at least 12 months of service. The Company's contribution to the plan is determined by the Board of Directors, and is limited to a maximum of fifteen percent (15%) of the compensation (as defined) of the participating employees during the Company's fiscal year, and is payable only out of the annual net earnings or accumulated earnings of the Company. Participants in the plan are entitled, but not required, to contribute a maximum of 15% of their annual compensation to the plan. The Company did not make contributions for 1999, 1998, or 1997.

(12) Contingencies

The Company is involved in various claims arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse affect on the financial position or results of operations of the Company.

(13) Sale of Common Stock of Subsidiary

In October 1997, Logility, Inc., a wholly owned subsidiary of the Company, sold 2,200,000 shares of its unissued common stock in an initial public offering. Proceeds from the offering were $31.9 million, less underwriters' commissions, and other expenses of approximately $3.1 million. In November 1997, Logility, Inc. sold 330,000 shares of common stock as part of the underwriters' overallotment from the initial public offering for $4.8 million less issuance costs of approximately $400,000. As a result of the offering combined with the Company's subsequent purchase of Logility, Inc.'s common stock, the Company's ownership percentage of the wholly owned subsidiary was 84% at April 30, 1999.

(14) Segment information

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131 (SFAS 131), "Disclosures about Segments of an Enterprise and Related Information". SFAS 131 establishes standards for the way public business enterprises are to report information about the operating segments in annual financial statements and requires those enterprises to report selected financial information about operating segments in interim financial reports issued to shareholders. It also establishes standards for related disclosures about products and services, geographic areas, and major customers.

On February 1, 1999, the Company adopted Statement of Financial Accounting Standards No. 131 (SFAS 131), "Disclosures about Segments of an Enterprise and Related Information". The Company operates and manages its business in two segments based on software and services provided in two key product markets, Enterprise Resource Planning (ERP), which automates customers' internal financial, human resources, and manufacturing functions, and Supply Chain Planning (SCP), which provides planning and execution software to streamline customers' interactions with suppliers. Intersegment charges are based on marketing and general administration services provided to the SCP segment by the ERP segment.

<TABLE>
<CAPTION>

	1999	1998	1997
	(in thousands)		

<S> <C> <C> <C>

Revenues:			
Enterprise resource planning	$ 82,160	72,810	62,887
Supply chain planning	27,017	34,662	21,824
Total	$109,177	107,472	84,711
Operating income before intersegment eliminations:			
Enterprise resource planning	$(28,719)	6,933	3,635
Supply chain planning	(9,279)	1,719	(1,954)
Total	$(37,998)	8,652	1,681
Intersegment eliminations:			
Enterprise resource planning	$ (2,131)	(2,505)	--
Supply chain planning	2,131	2,505	--
Total	$ --	--	--
Operating income after intersegment eliminations:			
Enterprise resource planning	$(30,850)	4,428	3,635
Supply chain planning	(7,148)	4,224	(1,954)
Total	$(37,998)	8,652	1,681
Identifiable assets:			
Enterprise resource planning	$ 66,680	91,826	83,142
Supply chain planning	40,678	50,830	16,367
Total	$107,358	142,656	99,509
Capital expenditures:			
Enterprise resource planning	$ 957	1,862	1,694
Supply chain planning	783	1,371	581
Total	$ 1,740	3,233	2,275
Capitalized Software:			
Enterprise resource planning	$ 6,950	5,658	7,103
Supply chain planning	3,952	3,169	2,795
Total	$ 10,902	8,827	9,898
Depreciation and amortization:			
Enterprise resource planning	$ 5,718	5,335	4,855
Supply chain planning	3,862	4,737	3,258
Total	$ 9,580	10,072	8,113

</TABLE>

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
American Software, Inc.:

Under date of June 23, 1999, we reported on the consolidated balance sheets of American Software, Inc. and subsidiaries as of April 30, 1999 and 1998, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended April 30, 1999, which are included in the April 30, 1999, annual report on Form 10-K. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedule included in the Form 10-K. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP

Atlanta, Georgia
June 23, 1999

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The directors and executive officers of the Company are:

<TABLE>
<CAPTION>

Name	Age	Position
James C. Edenfield............	64	President, Chief Executive Officer, Treasurer and Director; Director of Logility, Inc.
Thomas L. Newberry............	66	Chairman of the Board of Directors
David H. Gambrell.............	69	Director
Thomas R. Williams............	70	Director
J. Michael Edenfield..........	41	Executive Vice President, President and Director of Logility, Inc.
Paul Di Bono, Jr..............	60	Senior Vice President, General Manager--Enterprise Division
James M. Modak................	42	Chief Financial Officer and Senior Vice President
Vincent C. Klinges............	36	Vice President--Finance
James R. McGuone..............	52	Secretary

</TABLE>

All directors hold office until the next annual meeting of the shareholders of the Company. Executive officers of the Company are elected annually and serve at the pleasure of the Board of Directors.

Mr. James C. Edenfield is a co-founder of the Company and has served as Chief Executive Officer since November, 1989, and as Co-Chief Executive Officer for more than five years prior to that time. He has been a Director since 1971. Prior to founding the Company, Mr. Edenfield held several executive positions and was a director of Management Science America, Inc., an applications software development and sales company. He holds a Bachelor of Industrial Engineering degree from the Georgia Institute of Technology. Mr Edenfield also serves as director of Logility, Inc., a majority owned subsidiary of the Company.

Dr. Newberry is a co-founder of the Company and has served as its Chairman of the Board since November 1989, and was Co-Chief Executive Officer prior to that for more than five years. He has been a Director since 1971. Prior to founding the Company, he held executive positions with several companies engaged in computer systems analysis and software development and sales including Management Science America, Inc., where he was also a director. Dr. Newberry holds Bachelor, Master of Science, and Ph.D. degrees in Industrial Engineering from the Georgia Institute of Technology.

Mr. Gambrell has served as a Director of the Company since January, 1983. He has been a practicing attorney since 1952, and is a partner with the law firm of Gambrell & Stolz, L.L.P., counsel to the Company. He served as a member of the United States Senate from the State of Georgia in 1971 and 1972. Mr. Gambrell holds a Bachelor of Science degree from Davidson University and a J.D. degree from the Harvard Law School.

Mr. Williams has served as a Director of the Company since April, 1989. He is currently the President of the Wales Group, Inc., a closely-held corporation engaged in investments and venture capital, and has held such position since 1987. He was a director of Southern Bell Corporation from 1980 to 1983 and is a Former Chairman of the Board of First Wachovia Corporation, First National Bank of Atlanta and First Atlanta Corporation. He holds a Bachelor of Science degree in Industrial Engineering from the Georgia Institute of Technology and a Master of Science degree in Industrial Management from the Massachusetts Institute of Technology.

Mr. J. Michael Edenfield has served as Executive Vice President since June, 1994. In January, 1997, Mr. Edenfield was elected to President of Logility, Inc, a majority owned subsidiary of the Company. Mr Edenfield also serves as director of Logility, Inc. From June 1994 to October 1997, he served as Chief Operating Officer of the Company. Prior to holding that position, he served as

Senior Vice President of North American Sales and Marketing of American Software USA, Inc. from July, 1993 to June, 1994, as Senior Vice President of North American Sales from August, 1992 to July, 1993, as Group Vice President from May, 1991 to August, 1992 and as Regional Vice President from May, 1987 to May, 1991. Mr. Edenfield holds a Bachelor of Industrial Management degree from the Georgia Institute of Technology. Mr. Edenfield is the son of James C. Edenfield, Chief Executive Officer of the Company.

Mr. Di Bono joined the Company in January 1982 and in July 1993 was elected Senior Vice President and General Manager for the Enterprise Division (formerly known as the Midrange Division). Prior to that time, he served as Vice President for Marketing since December, 1985. Mr. Di Bono holds a B.S. degree in industrial psychology/business administration from Iowa State University.

James M. Modak has served as Chief Financial Officer and Senior Vice President of the Company since June 1999. Mr. Modak has served and continues to serve as Chief Financial Officer and Senior Vice President of Logility, Inc., the Company's subsidiary from August 1997. From January 1996 to July 1997, Mr. Modak served as Senior Vice President--Finance of Total System Services, Inc., a New York Stock Exchange-listed credit card processing company. From September 1993 to January 1996, Mr. Modak served as Senior Vice President--Financial Analysis of First Financial Management Corp., a financial services processing company. From February 1993 to August 1993 he was Chief Financial Officer of Shop N Chek, a quality service provider for the retail industry. From July 1991 to February 1993, Mr. Modak was Senior Vice President--Controller of DF Southeastern, Inc., a savings bank holding company. From 1979 to 1991 he was a CPA with KPMG LLP. Mr. Modak is a Certified Public Accountant with a Bachelor of Business Administration degree from the University of Notre Dame.

Mr. Klinges joined the Company in February, 1998 as Vice President of Finance. From July 1995 to February 1998, Mr. Klinges was employed by Indus International, Inc. (formerly known as TSW International, Inc.), as Controller. From November 1986 to July 1995, Mr. Klinges held various positions with Dun & Bradstreet, Inc. including as Controller of Sales Technologies, a software division of Dun & Bradstreet Inc. Mr. Klinges holds a Bachelor of Business Administration from St. Bonaventure University.

Mr. McGuone was elected the Secretary of the Company in May, 1988. He has been a practicing attorney since 1972, and is a partner with the law firm of Gambrell & Stolz, L.L.P., counsel to the Company. Mr. McGuone holds a B.A. degree from Pennsylvania State University and a J.D. degree from Fordham University School of Law.

Section 16(a) Beneficial Ownership Reporting Compliance. Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act") requires the Company's officers and directors, and persons who own more than 10% of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission (the "Commission"). Officers, directors and holders of more than 10% of the Common Stock are required by regulations promulgated by the Commission pursuant to the Exchange Act to furnish the Company with copies of all Section 16(a) forms they file. The Company assists officers and directors in complying with the reporting requirements of Section 16(a) of the Exchange Act.

Based upon review of filings made under Section 16(a) of the Exchange Act, not all of the reports required to be filed during fiscal 1999 were filed on a timely basis. The Company is aware of the following reports that were filed with the Commission by a director of the Company after their respective due dates: Thomas R. Williams and Dr. Thomas L. Newberry (annual statements of beneficial ownership). Based upon its review of copies of filing received by it, the Company believes that since May 1, 1998 all other Section 16(a) filing requirements applicable to its directors, officers and greater than 10% beneficial owners were complied with.

ITEM 11. EXECUTIVE COMPENSATION

This information is set forth under the caption "Certain Information Regarding Executive Officers and Directors" in the Company's 1999 Proxy Statement (the "Proxy Statement"), which information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

This information is set forth under the caption "Voting Securities--Security Ownership" in the Proxy Statement, which information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Relationship with Logility, Inc. and Certain Transactions

On October 10, 1997, the Company completed an initial public offering of 2,200,000 shares of common stock in its subsidiary, Logility, Inc. ("Logility"). Prior to that time, Logility was a wholly owned subsidiary of the Company, operating as the supply chain planning software group, warehouse management software group and transportation management group. In anticipation of such offering, the Company and Logility entered into a number of agreements for the purpose of defining certain relationships between the parties (the "Intercompany Agreements"). The more significant of the Intercompany Agreements are summarized below. As a result of the Company's ownership interest in Logility, the terms of such agreements were not the result of arms-length negotiation.

Services Agreement

The Company and Logility have entered into a Services Agreement (the "Services Agreement") with respect to certain services to be provided by the Company (or subsidiaries of the Company) to Logility. The Services Agreement provides that such services are provided in exchange for fees which management of the Company believes would not exceed fees that would be paid if such services were provided by independent third parties. The services initially provided by the Company to Logility under the Services Agreement include, among other things, certain accounting, audit, cash management, corporate development, employee benefit plan administration, human resources and compensation, general and administration services, and risk management and tax services. In addition to these services, the Company has agreed to allow eligible employees of Logility to participate in certain of the Company's employee benefit plans. Logility has agreed to reimburse the Company for costs (including any contributions and premium costs and including third-party expenses and allocations of certain personnel expenses), generally in accordance with past practice, relating to the participation by Logility's employees in any of the Company's benefit plans.

The Services Agreement has an initial term of three years and is renewed automatically thereafter for successive one-year terms unless either the Company or Logility elects not to renew its term by giving proper notice. Logility will indemnify the Company against any damages that the Company may incur in connection with its performance of services under the Services Agreement (other than those arising from the Company's gross negligence or willful misconduct), and the Company will indemnify Logility against any damages arising out of the Company's gross negligence or willful misconduct in connection with its rendering of services under the Services Agreement. For the fiscal years ended 1999 and 1998 the services related to this agreement have been $1.5 and $1.1 million, respectively.

Facilities Agreement

The Company and Logility have entered into a Facilities Agreement (the "Facilities Agreement"), which provides that Logility may occupy space located in certain facilities owned or leased by the Company (or subsidiaries of the Company).

The Facilities Agreement has an initial term of two years and is renewed automatically thereafter for successive one-year terms unless either the Company or Logility elects not to renew its term. The Facilities Agreement may be terminated by Logility for any reason with respect to any particular facility upon thirty days' written notice. Logility's lease of space at any facility under the Facilities Agreement is limited by the term of the underlying lease between the Company and a landlord with respect to any facility leased by the Company and by the disposition by the Company of any facility owned by the Company. For the fiscal years ended 1999 and 1998 the services related to this agreement have been $342,000 and $330,000, respectively.

Tax Sharing Agreement

Logility is included in the Company's federal consolidated income tax group, and Logility's federal income tax liability will be included in the consolidated federal income tax liability of the Company and its subsidiaries. Logility and the Company have entered into a Tax Sharing Agreement (the "Tax Sharing Agreement") pursuant to which the Company and Logility will make payments between them such that the amount of taxes to be paid by Logility, subject to certain adjustments, will be determined as though Logility were to file separate federal, state, and local income tax returns, rather than as a consolidated subsidiary of the Company. Pursuant to the Tax Sharing Agreement, under certain circumstances, Logility will be reimbursed for tax attributes that it generates after deconsolidation of Logility from the consolidated tax group of the Company, such as net operating losses and loss carryforwards. Such reimbursement, if any, will be made for utilization of Logility's losses only after such losses are utilized by the Company. For that purpose, all losses of the Company and its consolidated income tax group will be deemed utilized in the order in which they are recognized. Logility will pay the Company a fee intended to reimburse American Software for all direct and indirect costs and expenses incurred with respect to the Company's share of the overall costs and expense incurred by the Company with respect to tax related services.

Technology License Agreement

The Company and Logility have entered into a Technology License Agreement (the "Technology License Agreement") pursuant to which Logility has granted the Company a non-exclusive, worldwide license to use, execute, reproduce, display, modify, and prepare derivatives of the Logility Value Chain Solutions product line, provided such license is limited to maintaining and supporting users that have licensed Logility Value Chain Solutions products from the Company. Pursuant to the Technology License Agreement, the Company and Logility are required to disclose to one another any and all enhancements and improvements which they may make or acquire in relation to a Logility Value Chain Solutions product, subject to confidentiality requirements imposed by third parties. The term of the Technology License Agreement is indefinite, although Logility may terminate the Technology License Agreement for cause, and the Company may terminate the Technology License Agreement at any time upon sixty (60) days' prior written notice to Logility. Upon termination of the Technology License Agreement, all rights to Logility Value Chain Solutions products licensed by Logility to the Company revert to Logility, while all rights to enhancements and improvements made by the Company to Logility Value Chain Solutions products revert to the Company.

Marketing License Agreement

American Software USA, Inc. ("USA"), a wholly-owned subsidiary of the Company, and Logility have entered into a Marketing License Agreement (the "Marketing License Agreement") pursuant to which USA has agreed to act as a non-exclusive marketing representative of Logility for the solicitation of license agreements relating to the Logility Value Chain Solutions product line. The Marketing License Agreement provides for the payment to USA of a commission equal to 30% (or 50% for affiliates of USA located in the United Kingdom and France if they carry out installation and provide first-line support services) of the net license revenue collected by Logility under license agreements for the Logility Value Chain Solutions product line with certain end-users who are also licensees of software products of the Company which are secured and forwarded to Logility by USA and accepted by Logility. The Marketing License Agreement has a five-year

term, although Logility may terminate the Marketing License Agreement for cause, and either party may terminate the Marketing License Agreement at any time upon twelve (12) months' prior written notice to the other party. For the fiscal years ended 1999 and 1998 the services related to this agreement have been $308,000 and $1.1 million, respectively.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Documents filed as part of this report.

1. Financial statements; All financial statements of the Company as described in Item 8 of this report on Form 10-K.

2. Financial statement schedule included in Part IV of this Form:

<TABLE>
<CAPTION>

	Page
<S>	<C>
Report of Independent Auditors....................................	56
Schedule II--Consolidated Valuation Accounts--for the three years ended April 30, 1999..	57

</TABLE>

All other financial statements and schedules not listed above are omitted as the required information is not applicable or the information is presented in the financial statements or related notes.

3. Exhibits

The following exhibits are filed herewith or incorporated herein by reference:

3.1	The Company's Amended and Restated Articles of Incorporation, and amendments thereto. (1)
3.2	The Company's Amended and Restated By-Laws dated November 13, 1989. (2)
10.1	Amended and Restated 1991 Employee Stock Option Plan dated August 27, 1998. (3)
10.2	Amended and Restated Directors and Officers Stock Option Plan effective August 27, 1998. (3)
10.3	Stock Option Agreement between the Company and James C. Edenfield dated May 15, 1990. (4)
10.4	Stock Option Agreement between the Company and James C. Edenfield dated January 30, 1995. (5)
10.5	American Software, Inc. 401(k)/Profit Sharing Plan and Trust Agreement. (6)
10.6	Lease Agreement dated December 15, 1981, between Company and Newfield Associates. (7)
10.7	Amendment dated January 14, 1983, to Lease Agreement between the Company and Newfield Associates. (7)
10.8	Subsidiary Formation Agreement entered into among the Company, Logility, Inc., and certain subsidiaries of the Company, as amended, dated January 23, 1997. (8)
10.9	Services Agreement between the Company and Logility, Inc., dated August 1, 1997. (8)
10.10	Facilities Agreement between the Company and Logility, Inc., dated August 1, 1997. (8)
10.11	Tax Sharing Agreement between the Company and Logility, Inc., dated January 23, 1997. (8)
10.12	Stock Option Agreement between the Company and Logility, Inc., dated August 1, 1997. (8)
10.13	Technology License Agreement between the Company and Logility, Inc., as amended, dated August 1, 1997. (8)
10.14	Marketing License Agreement between USA and Logility, Inc., as amended, dated August 1, 1997. (8)
10.15	The Company's Employee Stock Purchase Plan dated September 30, 1998. (9)
10.16	Logility, Inc.'s Amended and Restated 1997 Stock Plan dated August 26, 1998.
10.17	Logility, Inc.'s Employee Stock Purchase Plan dated September 30, 1998.
11.1	Statement re: Computation of Per Share Earnings (Loss).
21.1	List of Subsidiaries.
23.1	Independent Auditors' Consent.
27.1	Financial Data Schedule.

----

(1) Incorporated by reference herein. Filed as an exhibit to the Company's quarterly report filed on Form 10Q for the quarter ended October 31, 1990.

(2) Incorporated by reference herein. Filed as an exhibit to the Company's quarterly report filed on Form 10Q for the quarter ended January 31, 1990.

(3) Incorporated by reference herein. Filed by the Company as an exhibit to the Registrants's Registration Statement No. 333-62529 filed on Form S-8 on August 31, 1998.

(4) Incorporated by reference herein. Filed as an exhibit to the Company's annual report filed on Form 10K for the fiscal year ended April 30, 1990.

(5) Incorporated by reference herein. Filed as an exhibit to the Company's annual report filed on Form 10K for the fiscal year ended April 30, 1995.

(6) Incorporated by reference herein. Filed by the Company as an exhibit to the Registrants's Registration Statement No. 33-55214 filed on Form S-8 on December 1, 1992.

(7) Incorporated by reference herein. Filed by the Company as an exhibit to the Company's Registration Statement No. 2-81444 filed on Form S-1 on January 21, 1983.

(8) Incorporated by reference herein. Filed as an exhibit to the Company's annual report filed on Form 10K for the fiscal year ended April 30, 1998.

(9) Incorporated by reference herein. Filed by the Company as an exhibit to the Registrants's Registration Statement No. 333-67533 filed on Form S-8 on November 19, 1998.

(b) Reports on Form 8-K

The Company did not file a report on Form 8-K during the fourth quarter of the recently completed fiscal year.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
American Software, Inc.:

Under date of June 23, 1999, we reported on the consolidated balance sheets of American Software, Inc. and subsidiaries as of April 30, 1999 and 1998, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended April 30, 1999, which are included in the April 30, 1999, annual report on Form 10-K. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedule included in the Form 10-K. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP

Atlanta, Georgia
June 23, 1999

SCHEDULE II

AMERICAN SOFTWARE, INC. AND SUBSIDIARIES

Consolidated Valuation Accounts

Years ended April 30, 1999, 1998, and 1997

Allowance for Doubtful Accounts

<TABLE>
<CAPTION>

Year ended	Balance at beginning of year	Additions charged to costs and expenses	Deductions (1)	Balance at end of year
<S>	<C>	<C>	<C>	<C>
April 30, 1997..................	$1,200,000	$ 720,935	$ 739,164	$1,181,771
April 30, 1998..................	1,181,771	176,000	135,771	1,222,000
April 30, 1999..................	1,222,000	1,880,000	1,384,000	1,718,000

----
(1) Write-offs of accounts receivable.

Deferred Income Tax Valuation Allowance

<CAPTION>

Year ended	Balance at beginning of year	Additions Charged to costs and expenses	Deductions	Balance at end of year
<S>	<C>	<C>	<C>	<C>
April 30, 1997..................	1,980,209		--	1,980,209
April 30, 1998..................	1,980,209	--	--	1,980,209
April 30, 1999..................	1,980,209	4,416,000	--	6,396,209

</TABLE>

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this amended report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERICAN SOFTWARE, INC.

/s/ James C. Edenfield
By ___________________________________
James C. Edenfield
President, Chief Executive
Officer, Treasurer and Director

Date: July 26, 1999

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ James C. Edenfield ______________________________ James C. Edenfield	President, Chief Executive Officer, Treasurer and Director	July 23, 1999
/s/ Thomas L. Newberry ______________________________ Thomas L. Newberry	Chairman of the Board of Directors	July 23, 1999
/s/ David H. Gambrell _____________________________ David H. Gambrell	Director	July 23, 1999
/s/ Thomas R. Williams ______________________________ Thomas R. Williams	Director	July 23, 1999
/s/ James M. Modak __________________________ James M. Modak	Chief Financial Officer and Sr. Vice President	July 23, 1999
/s/ Vincent C. Klinges ______________________________ Vincent C. Klinges	Principal Accounting Officer	July 23, 1999

EXHIBIT 10.16

LOGILITY, INC.
1997 STOCK PLAN

(AMENDED AND RESTATED AUGUST 26, 1998)

Logility, Inc., a Georgia corporation (the "Company"), hereby establishes the Logility, Inc. 1997 Stock Plan (the "Plan"), effective as of August 7, 1997, the date on which this Plan was approved and adopted by the Board of Directors and Shareholders of the Company.

1. Purpose. The purpose of the Plan is to attract and retain the best available talent and encourage the highest level of performance by officers, employees, directors, advisors and consultants, and to provide them with incentives to put forth maximum efforts for the success of the Company's business in order to serve the best interests of the Company. Stock Options granted under the Plan may be Incentive Stock Options or Nonqualified Stock Options, as such terms are hereinafter defined. Participants in the Plan may also receive Stock Appreciation Rights, as hereinafter defined, in lieu of or in addition to Stock Options.

2. Definitions. The following terms, when used in the Plan with initial capital letters, will have the following meanings:

(a) "Act" means the Securities Exchange Act of 1934 as in effect from time to time.

(b) "Board" means the Board of Directors of the Company.

(c) "Change in Control" means the occurrence, prior to the expiration of a Stock Option or Stock Appreciation Right, of any of the following events:

(i) the Company is merged, consolidated or reorganized into or with another corporation or other legal person, and as a result of such merger, consolidation or reorganization less than two-thirds of the combined voting power of the then-outstanding securities entitled to vote generally in the election of directors ("Voting Stock") of such corporation or person immediately after such transaction are held in the aggregate by the holders of Voting Stock of the Company immediately prior to such transaction;

(ii) the Company sells or otherwise transfers all or substantially all of its assets to another corporation or other legal person, and as a result of such sale or transfer less than two-thirds of the combined voting power of the then-outstanding Voting Stock of such corporation or person immediately after such sale or transfer is held in the aggregate by the holders of Voting Stock of the Company immediately prior to such sale or transfer;

(iii) there is a report filed on Schedule 13D or Schedule 14D-1 (or any successor schedule, form or report), each as promulgated pursuant to the Act, disclosing that any person (as the term "person" is used in Section 13(d)(3) or Section 14(d)(2) of the Act) has become the direct or indirect beneficial owner (as the term "beneficial owner" is defined under Rule 13d-3 or any successor rule or regulation promulgated under the Act) of securities representing 50% or more of the combined voting power of the then-outstanding Voting Stock of the Company;

(iv) the Company files a report or proxy statement with the Securities and Exchange Commission pursuant to the Act disclosing in response to Form 8-K or Schedule 14A (or any successor schedule, form or report or item therein) that a change in control of the Company has occurred or will occur in the future pursuant to any then-existing contract or transaction; or

(v) if, during any period of two consecutive years, individuals who at the beginning of any such period constitute the directors of the Company cease for any reason to constitute at least a majority thereof; provided, however, that for purposes of this clause (v) each director who is first elected, or first nominated for election by the Company's stockholders, by a vote of at least two-thirds of the directors of the Company (or a committee thereof) then still in office who were directors of the Company at the beginning of any such period will be deemed to have been a director of the Company at the beginning of such period; and provided further that this clause (v) shall not commence applicability until such time as at least five directors are serving concurrently on the Board, but shall apply thereafter regardless of the number of directors.

Notwithstanding the foregoing provisions of clauses (iii) or (iv) above, unless otherwise determined in a specific case by majority vote of the Board, a "Change in Control" will not be deemed to have occurred for purposes of clause (iii) or clause (iv) above (A) solely because (1) the Company, (2) a Subsidiary, or (3) any Company-sponsored employee stock ownership plan or any other employee benefit plan of the Company or any Subsidiary either files or becomes obligated to file a report or a proxy statement under or in response to Schedule 13D, Schedule 14D-1, Form 8-K or Schedule 14A (or any successor schedule, form or report or item therein) under the Act disclosing beneficial ownership by it of shares of Voting Stock of the Company, whether in excess of 50% or otherwise, or because the Company reports that a change in control of the Company has occurred or will occur in the future by reason of such beneficial ownership or any increase or decrease thereof; or (B) solely because of the distribution by American Software, Inc., a Georgia corporation ("ASI"), of all or any portion of its Voting Stock of the Company to the Shareholders of ASI.

(d) "Code" means the Internal Revenue Code of 1986, as in effect from time to time.

(e) "Committee" shall refer to either the Stock Option Committee or the Special Stock Option Committee.

(f) "Common Stock" means the common stock of the Company or any security into which such common stock may be changed by reason of any transaction or event of the type described in Section 10.

(g) "Date of Grant" means the date specified by the Stock Option Committee or the Special Stock Option Committee, as applicable, on which a grant of Stock Options or Stock Appreciation Rights will become effective (which date will not be earlier than the date on which such Committee takes action with respect thereto).

(h) "Incentive Stock Option" means a Stock Option granted in accordance with Section 422 of the Code.

(i) "Market Value per Share" means (i) for Stock Options granted prior to the Company's registration of the Common Stock under the Securities Exchange Act of 1934 ("1934 Act Registration"), the fair market value per share of the Common Stock on the Date of Grant as determined by the Stock Option Committee or the Special Stock Option Committee, as applicable, and (ii) with respect to Stock Options granted after 1934 Act Registration, the average of the high and low closing sale prices as reported on any national securities exchange or automated quotation system on which the Common Stock is listed on the Date of Grant if such date is a trading day and, if such date is not a trading day, on the immediately preceding date which is a trading day.

(j) "Nonemployee Director" means a member of the Board who is not an employee of the Company or any Subsidiary and who qualifies as a "disinterested person" within the meaning of Rule 16b-3.

(k) "Nonqualified Stock Option" means a Stock Option other than an Incentive Stock Option.

(l) "Option Price" means the purchase price per share payable on exercise of a Stock Option.

(m) "Participant" means a person who is selected by the Stock Option Committee or the Special Stock Option Committee, as applicable, to receive Stock Options or Stock Appreciation Rights and who is at that time (i) an executive officer or other key employee of the Company or any Subsidiary,

(ii) an advisor or consultant to the Company or any Subsidiary, or (iii) a member of the Board.

(n) "Rule 16b-3" means Rule 16b-3 under Section 16 of the Act, as such Rule is in effect from time to time.

(o) "Special Stock Option Committee" means (i) a committee that at all times consists of at least two Nonemployee Directors and all of whose members qualify as "outside directors" within the meaning of Section 162(m) of the Code.

(p) "Stock Appreciation Right" means the right of a Participant, without payment to the Company (except for applicable withholding taxes), to receive the excess of the Market Value per Share on the date on which a Stock Appreciation Right is exercised over the Unit Exercise Price as provided in the stock appreciation right agreement, multiplied by the number of Units exercised. A Stock Appreciation Right may be exercised in whole or in part, and if exercised in part the excess above the Unit Exercise Price is calculated only on those Units as to which the Stock Appreciation Right is exercised.

(q) "Stock Option" means the right to purchase shares of Common Stock upon exercise of an option granted pursuant to Section 4 or 5.

(r) "Stock Option Committee" means the Stock Option Committee appointed by the Board. Prior to the appointment of such a committee, the Board shall be deemed the Stock Option Committee.

(s) "Subsidiary" means any corporation, partnership, joint venture or other entity in which the Company owns or controls, directly or indirectly, not less than 50% of the total combined voting power or equity interests represented by all classes of stock issued by such corporation, partnership, joint venture or other entity.

(t) "10-Percent Shareholder" means any person who at the time of a Stock Option grant owns capital stock of the Company possessing more than 10% of the combined voting power of all classes of capital stock of the Company.

(u) "Units" means the number of shares of Common Stock covered by a Stock Appreciation Right which, although not issued to the Participant, are used to

measure, at any particular time, the amount payable to the Participant upon exercise of the Stock Appreciation Right.

(v) "Unit Exercise Price" means the price set forth in a stock appreciation right agreement executed pursuant to Sections 5 or 7 with which the Market Value per Share is compared in order to determine the amount payable to the Participant upon exercise of the Stock Appreciation

Right.

3. Shares and Units Available Under Plan.

(a) The shares of Common Stock which may be issued under the Plan will not exceed in the aggregate 1,200,000 shares, subject to adjustment as provided in Section 10. Such shares may be shares of original issuance or treasury shares or a combination of the foregoing. Any shares of Common Stock that are subject to Stock Options that are terminated, expire unexercised, are forfeited or are surrendered will again be available for issuance under the Plan.

(b) The Units on which Stock Appreciation Rights may be based will not exceed in the aggregate 300,000 Units, subject to adjustment as provided in Section 10. Any Units on which Stock Appreciation Rights are based will again be available for the granting of Stock Appreciation Rights under Section 6 if the Stock Appreciation Rights that were based on those Units are terminated, expire unexercised, are forfeited or are surrendered.

4. Stock Options for Participants - Nonexempt Grants. The Stock Option Committee may from time to time authorize grants to any Participant of options to purchase shares of Common Stock upon such terms and conditions as such committee may determine in accordance with the provisions set forth below. Grants made by the Stock Option Committee pursuant to this Section 4 are not intended to comply with or otherwise satisfy the requirements of Rule 16b-3.

(a) Each grant will specify the number of shares of Common Stock to which it pertains.

(b) Each grant will specify the Option Price, which, in the case of an Incentive Stock Option, will be not less than 100% of the Market Value per Share on the Date of Grant or, in the case of an Incentive Stock Option granted to a 10% Shareholder, not less than 110% of the Market Value per Share on the Date of Grant.

(c) Each grant will specify whether the Stock Option is intended to be an Incentive Stock Option or a Nonqualified Stock Option.

(d) Each grant may specify whether the Option Price will be payable (i) in cash or by check acceptable to the Company, (ii) by the transfer to the Company of shares of Common Stock owned by the Participant for at least six months (or, with the consent of the Committee, for less than six months) having an aggregate fair market value per share at the date of exercise equal to the aggregate Option Price, or (iii) by a combination of such methods of payment; provided, however, that the payment method described in clause (ii) will not be available at any time that the Company is prohibited from purchasing or acquiring such shares of Common Stock. In the absence of any such specification, only the payment method in clause

(i) shall be permitted. Any grant may provide for deferred payment of the Option Price from the proceeds of sale through a bank or broker of some or all of the shares to which such exercise relates.

(e) Successive grants may be made to the same Participant whether or not any Stock Options previously granted to such Participant remain unexercised.

(f) Each grant will specify the term of the Stock Option, which in the case of an Incentive Stock Option granted to a 10% Shareholder shall not be greater than five years and for all other Stock Options shall not be greater than ten years.

(g) Each grant will specify the required period or periods (if any) of continuous service by the Participant with the Company or any Subsidiary and/or any other conditions to be satisfied before the Stock Option or installments thereof will become exercisable, and any grant may provide, or may be amended to provide for the earlier exercise of the Stock Option in the event of a Change in Control.

(h) Each Stock Option granted pursuant to this Section 4 will be subject to the transfer restrictions set forth in Section 9.

(i) Each grant will be evidenced by a stock option agreement executed on behalf of the Company by the Chief Executive Officer or Chief Financial Officer (or another officer designated by the Board of Directors or by the Stock Option Committee) and delivered to the Participant and containing such further terms and provisions, consistent with the Plan, as the Committee may approve.

5. Stock Options for Participants - Exempt Grants. The Special Stock Option Committee may from time to time authorize grants to any Participant of options to purchase shares of Common Stock upon such terms and conditions as it may determine in accordance with the provisions set forth below. Grants made by the Special Stock Option Committee pursuant to this Section 5 are intended to comply with and otherwise satisfy the requirements of Rule 16b-3. To the extent that (i) any provision of the Plan applicable to a Stock Option

granted pursuant to this Section 5, or (ii) any act of the Board, Stock Option Committee or Special Stock Option Committee would cause such Stock Option to fail to satisfy or comply with any requirements of Rule 16b-3, such provision or act will be deemed null and void for purposes of such Stock Option.

(a) Each grant will specify the number of shares of Common Stock to which it pertains.

(b) Each grant will specify the Option Price, which, in the case of an Incentive Stock Option, will be not less than 100% of the Market Value per Share on the Date of Grant or, in the case of an Incentive Stock Option granted to a 10% Shareholder, not less than 110% of the Market Value per Share on the Date of Grant.

(c) Each grant will specify whether the Stock Option is intended to be an Incentive Stock Option or a Nonqualified Stock Option.

(d) Each grant will specify whether the Option Price will be payable (i) in cash or by check acceptable to the Company, (ii) by the transfer to the Company of shares of Common Stock owned by the Participant for at least six months (or, with the consent of the Special Stock Option Committee, for less than six months) having an aggregate fair market value per share at the date of exercise equal to the aggregate Option Price, or (iii) by a combination of such methods of payment; provided, however, that the payment method described in clause (ii) will not be available at any time that the Company is prohibited from purchasing or acquiring such shares of Common Stock. In the absence of any such specification, only the payment method in clause (i) shall be permitted. Any grant may provide for deferred payment of the Option Price from the proceeds of sale through a bank or broker of some or all of the shares to which such exercise relates.

(e) Successive grants may be made to the same Participant whether or not any Stock Options previously granted to such Participant remain unexercised.

(f) Each grant will specify the term of the Stock Options, which in the case of an Incentive Stock Option granted to a 10% Shareholder shall not be greater than five years and for all other Incentive Stock Options shall not be greater than ten years.

(g) Each grant will specify the required period or periods (if any) of continuous service by the Participant with the Company or any Subsidiary and/or any other conditions to be satisfied before the stock Options or installments thereof will become exercisable, and any grant may provide, or may be amended to provide for the earlier exercise of the Stock Options in the event of a Change in Control.

(h) Each Stock Option granted pursuant to this Section 5 will be subject to the transfer restrictions set forth in Section 9.

(i) Each grant will be evidenced by a stock option agreement executed on behalf of the Company by the Chief Executive Officer or Chief Financial Officer (or another officer designated by the Board of Directors or by the Special Stock Option Committee) and delivered to the Participant and containing such further terms and provisions, consistent with the Plan, as the Special Stock Option Committee may approve.

6. Stock Appreciation Rights - Nonexempt Grants. The Stock Option Committee may from time to time authorize grants of Stock Appreciation Rights to any Participant upon such terms and conditions as such Committee may determine

in accordance with the provisions set forth below. Grants made pursuant to this Section 6 are not intended to comply with or otherwise satisfy the requirements of Rule 16b-3.

(a) Each grant will specify the number of Units to which it pertains.

(b) Each grant will specify the Unit Exercise Price, which will be not less than 100% of the Market Value per Share on the Date of Grant.

(c) Successive grants may be made to the same Participant whether or not any Stock Appreciation Rights previously granted to such Participant remain unexercised.

(d) Each grant will specify the term of the Stock Appreciation Rights, which shall not be greater than five years.

(e) Each grant will specify the required period or periods (if any) of continuous service by the Participant with the Company or any Subsidiary and/or any other conditions to be satisfied before the Stock Appreciation Rights or installments thereof will become exercisable, and any grant may provide, or may be amended to provide for the earlier exercise of the Stock Appreciation Rights in the event of a Change in Control.

(f) Each Stock Appreciation Right granted pursuant to this Section 6 will be subject to the transfer restrictions set forth in Section 9.

(g) Each grant will be evidenced by a stock appreciation right agreement executed on behalf of the Company by the Chief Executive Officer or Chief Financial

Officer (or another officer designated by the Board of Directors or the Stock Option Committee) and delivered to the Participant and containing such further terms and provisions, consistent with the Plan, as the Committee may approve.

7. Stock Appreciation Rights - Exempt Grants. The Special Stock Option
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Committee may from time to time authorize grants of Stock Appreciation Rights to any Participant upon such terms and conditions as such Committee may determine in accordance with the provisions set forth below. Grants made pursuant to this Section 7 are intended to comply with and otherwise satisfy the requirements of Rule 16b-3. To the extent that (i) any provision of the Plan applicable to a Stock Appreciation Right granted pursuant to this Section 7, or (ii) any act of the Board, Stock Option Committee or Special Stock Option Committee would cause such Stock Appreciation Right to fail to satisfy or comply with any requirements of Rule 16b-3, such provision or act will be deemed null and void for purposes of such Stock Appreciation Right.

(a) Each grant will specify the number of Units to which it pertains.

(b) Each grant will specify the Unit Exercise Price, which will be not less than 100% of the Market Value per Share on the Date of Grant.

(c) Successive grants may be made to the same Participant whether or not any Stock Appreciation Rights previously granted to such Participant remain unexercised.

(d) Each grant will specify the term of the Stock Appreciation Rights, which shall not be greater than five years.

(e) Each grant will specify the required period or periods (if any) of continuous service by the Participant with the Company or any Subsidiary and/or any other conditions to be satisfied before the Stock Appreciation Rights or installments thereof will become exercisable, and any grant may provide, or may be amended to provide for the earlier exercise of the Stock Appreciation Rights in the event of a Change in Control.

(f) Each Stock Appreciation Right granted pursuant to this Section 7 will be subject to the transfer restrictions set forth in Section 9.

(g) Each grant will be evidenced by a stock appreciation right agreement executed on behalf of the Company by the Chief Executive Officer or Chief Financial Officer (or another officer designated by the Board of Directors or by the Special Stock Option Committee) and delivered to the Participant and containing such further terms

and provisions, consistent with the Plan, as the Committee may approve.

8. Stock Options for Nonemployee Directors. This Section 8 shall become activated and shall be effective immediately following the close of the initial public offering of the Common Stock by the Company (the "IPO"). Thereafter, each Nonemployee Director in office at that time will be granted a Stock Option as of the first business day following the close of the IPO, and each Nonemployee Director thereafter newly elected or appointed to the Board will be granted a Nonqualified Stock Option effective upon his or her initial election or other appointment to the Board, to purchase 2000 shares of Common Stock. Each Nonemployee Director will also be granted an additional Nonqualified Stock Option to purchase 1000 shares of Common Stock as of the last day of each fiscal quarter following his or her initial option grant under this Section 8, beginning on the last day of the first complete fiscal quarter following such date, provided that such individual has served continually as a Nonemployee Director through the close of business on such date. Each grant will specify the Option Price, which will not be less than 100% of the Market Value on the Date of Grant. All Stock Options granted pursuant to this Section 8 will contain the terms and conditions set forth in paragraphs (a), (d), (e), (f), (g), (h) and (i) of Section 4. Stock Options granted pursuant to this Section 8 are intended to comply with and otherwise satisfy the requirements of Rule 16b-3. To the extent that (i) any provision of the Plan applicable to a Stock Option granted pursuant to this Section 8, or (ii) any act of the Board, Stock Option Committee

or Special Stock Option Committee would cause such Stock Option to fail to satisfy or comply with any requirements of Rule 16b-3, such provision or act will be deemed null and void for purposes of such Stock Option.

9. Transferability. Except as otherwise expressly provided in the agreement evidencing a Stock Option or a Stock Appreciation Right, or in any amendment to such agreement, no Stock Option or Stock Appreciation Right will be transferable by a Participant other than by will or the laws of descent and distribution, and during the lifetime of the Participant may be exercised only by the Participant.

10. Adjustments. The Board or the Stock Option Committee, with respect to Stock Options granted under Section 4 or Stock Appreciation Rights granted under Section 6, and the Board or the Special Stock Option Committee, with respect to Stock Options granted under Section 5 or Stock Appreciation Rights granted under Section 7, may make or provide for such adjustments in the maximum number of shares of Common Stock or Units specified in Section 3, in the number of shares of Common Stock or Units covered by outstanding Stock Options or Stock Appreciation Rights granted hereunder, in the Option Price or Unit Exercise Price, applicable to any such Stock Options or Stock Appreciation Rights and/or in the kind of shares or Units covered thereby (including shares of another issuer), as the Board or such Committee in its sole discretion, exercised in good faith, may determine is equitably required to prevent dilution or enlargement of the rights of Participants that otherwise would result from any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, merger, consolidation, spin-off, reorganization, partial or complete liquidation, issuance of rights or warrants to purchase securities or any other corporate transaction or event having an effect similar to any of the foregoing. Any fractional shares resulting from the foregoing adjustments will be eliminated with respect to Stock Options, but not with respect to Stock Appreciation Rights.

11. Withholding of Taxes. To the extent that the Company is required to withhold federal, state, local or foreign taxes in connection with any benefit realized by a Participant under the Plan, or is requested by any Participant to withhold additional amounts with respect to such taxes, and the amounts available to the Company for such withholding are insufficient, it will be a condition to the realization of such benefit that the Participant make arrangements satisfactory to the Company for payment of the balance of such taxes required or requested to be withheld. In addition, if permitted by the Stock Option Committee, with respect to Stock Options granted under Section 4, or by the Special Stock Option Committee, with respect to Stock Options granted under Section 5, an optionee may elect to have any withholding obligation of the Company satisfied with shares of Common Stock that would otherwise be transferred to the optionee on exercise of the Stock Option.

12. Administration of the Plan.

(a) The Plan will be administered by the Stock Option Committee with respect to Stock Options granted under Section 4 and with respect to Stock Appreciation Rights granted under Section 6 and by the Special Stock Option Committee with respect to Stock Options granted under Section 5 and with respect to Stock Appreciation Rights granted under Section 7. For purposes of any action taken by the Stock Option Committee or the Special Stock Option Committee, whichever is applicable, a majority of the members will constitute a quorum, and the action of the members present at any meeting at which a quorum is present, or acts unanimously approved in writing, will be the acts of such Committee. The Board of Directors as a whole shall administer the Plan with respect to Stock Options granted under Section 8.

(b) Subject to the allocation of administrative responsibilities set forth in Section 12(a), the Stock Option Committee and the Special Stock Option Committee have the full authority and discretion to administer the Plan and to take any action that is necessary or advisable in connection with the administration of the Plan, including without limitation the authority and discretion to interpret and construe any provision of the Plan or of any agreement, notification or document evidencing the grant of a Stock Option or Stock Appreciation Right. The interpretation and construction by the Stock Option Committee, the Special Stock Option Committee or the Board of Directors, as applicable, of any such provision and any determination by the respective Committee

pursuant to any provision of the Plan or of any such agreement, notification or document will be final and conclusive. No member of the Board or of either Committee will be liable for any such action or determination made in good faith.

(c) Notwithstanding the provisions of Section 12(b), if any authority, discretion or responsibility granted to the Special Stock Option Committee under the Plan would, if exercised or discharged by the Special Stock Option Committee, cause the provisions of Section 5 or any Stock Option granted under Section 5 to fail to satisfy the requirements of Rule 16b-3, such authority, discretion or responsibility may be exercised by the Board to the same extent and with the same effect as if exercised by the Special Stock Option Committee; provided, however, that such act of the Board will not cause the provisions of Sections 5 or 7, any Stock Option granted under Section 5 or any Stock Appreciation Right granted under Section 7 to fail to satisfy the requirements of Rule 16b-3 or cause any member of the Special Stock Option Committee to cease to be a disinterested administrator for purposes of Rule 16b-3.

13. Amendments, Etc.

(a) The Stock Option Committee, or the Special Stock Option Committee, as applicable, or the Board of Directors as to grants under Section 8, may, without the consent of the Participant, amend any agreement evidencing a Stock Option or Stock Appreciation Right granted under the Plan, or otherwise take action, to accelerate the time or times at which the Stock Option or Stock Appreciation Right may be exercised, to extend the expiration date of such Stock Option or Stock Appreciation Right, to waive any other condition or restriction applicable to such Participant or to the exercise of such Stock Option or Stock Appreciation Right, to reduce the exercise price of such Stock Option or Stock Appreciation Right, to amend the definition of a Change in Control to expand the events that would constitute a Change in Control, even if such definition may be different from that contained in the Plan, and may amend any such agreement in any other respect with the consent of the Participant.

(b) The Plan may be amended from time to time by the Stock Option Committee or the Board but may not be amended without further approval by the shareholders of the Company if such Plan amendment would result in any grant or other transaction with respect to Stock Options under Section 5 or Stock Appreciation Rights under Section 7 no longer satisfying the requirements of Rule 16b-3. Notwithstanding the foregoing, the provisions of Section 8 that designate Nonemployee Directors eligible to receive Stock Options and specify the amount, Option Price and timing of Stock Option grants may be amended only by the Board and may be amended no more than once every six months except to comply with changes in the Code, the Employee Retirement Income Security Act of 1974, as amended, or the rules and

regulations thereunder. In the event any law, or any rule or regulation issued or promulgated by the Internal Revenue Service, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc., any stock exchange upon which the Common Stock is listed for trading, or any other governmental or quasi-governmental agency having jurisdiction over the Company, the Common Stock or the Plan requires the Plan to be amended, or in the event Rule 16b-3 is amended or supplemented (e.g., by addition of alternative rules) or any of the rules under Section 16 of the Act are amended or supplemented, in either event to permit the Company to remove or lessen any restrictions on or with respect to Stock Options or Stock Appreciation Rights, the Board of Directors reserves the right to amend the Plan to the extent of any such requirement, amendment or supplement, and all Stock Options or Stock Appreciation Rights then outstanding will be subject to such amendment.

(c) The Plan may be terminated at any time by action of the Board, but in any event will terminate on the tenth anniversary of the effective date of the Plan. The termination of the Plan will not adversely affect the terms of any outstanding Stock Option or Stock Appreciation Right.

(d) The Plan will not confer upon any Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate a Participant's employment or other service at any time.

LOGILITY, INC.

By:/s/

Name: J. Michael Edenfield
Title: PresidentJuly 21, 1999

EXHIBIT 10.17

LOGILITY, INC.
EMPLOYEE STOCK PURCHASE PLAN

1. PURPOSE.

The Logility Inc. Employee Stock Purchase Plan (the "Plan") is intended to encourage employee stock ownership by offering employees of Logility, Inc. and its subsidiaries Purchase Rights (as such term is defined in Section 2) to purchase shares of Common Stock.

2. DEFINITIONS.

"Base Pay" means regular straight-time and overtime earnings received from the Company, including commission income, but excluding payments for incentive compensation, bonuses and other special payments.

"Board" means the Board of Directors of Logility, Inc.

"Committee" means the Compensation Committee of the Board.

"Common Stock" or "Stock" means the Common Stock, no par value, of Logility, Inc., and any other stock or securities (including any other shares or securities of an entity other than Logility, Inc.) for or into which the outstanding shares of Stock are hereinafter exchanged or changed.

"Company" means Logility, Inc.

"Custodian" means First Union National Bank of Georgia.

"Effective Date" means September 30, 1998, which date shall be the first day of a Purchase Period.

"Exercise Date" means the first trading day of the Common Stock after the end of a Purchase Period (as such term is defined in Section 4(b)), or if it is not practicable to purchase Common Stock on that date, the earliest practicable trading day thereafter, on which date all Participants' outstanding Purchase Rights will automatically be exercised.

"Fair Market Value" means the closing "asked" price of the shares of Stock in the over-the-counter market on the day on which such value is to be determined or, if such "asked" price is not available, the last sales price on such day or, if no shares were traded on such day, on the next preceding day on which the shares were traded, as reported by NASDAQ or other national quotation service. If the shares are listed on a national securities exchange, "fair market value" means the closing price of the shares on such national securities exchange on the day of which such value is to be determined or, if no shares were traded on such day, on the next preceding day on which shares were traded, as reported by National Quotation Bureau, Inc. or other national quotation service. If at any time shares of Common Stock are not traded on an exchange or in the over-the-counter market, Fair Market Value shall be the value determined by the Board of Directors or Committee administering the Plan, taking into consideration those factors affecting or reflecting value which they deem appropriate.

"NASDAQ" means the National Association of Securities Dealers Automated Quotation System.

"Participant" means an employee of the Company or of a subsidiary of the Company who has enrolled in the Plan by completing a Participation Form (as such term is defined in Section 5) with the Plan Administrator. For purposes of the Plan, a parent means a company that owns a majority interest in the Company and effectively controls the Company, and a subsidiary means a company in which the Company owns a majority interest and which the Company effectively controls.

"Plan Administrator" means the Chief Financial Officer of the Company, or any other person so designated by the Committee.

"Purchase Period" means a fiscal quarter period as defined in Section 4(b).

"Purchase Right" means a Participant's option to purchase shares of Common Stock that is deemed to be granted to a Participant during a Purchase Period pursuant to Section 7.

"Section 16(b) Insider" means those persons subject to the requirements of Section 16(b) of the Securities Exchange Act of 1934, as amended.

"Trading Day" refers to a day during which the market system or exchange on which the Common Stock is traded at any particular time is available for trading shares of Common Stock.

3. Eligibility.

(a) Participation in the Plan is voluntary. All full-time employees of the Company, including officers and directors who are full-time employees but who are not members of the Committee, who have completed at least one month of continuous service with the Company are eligible to participate in the Plan. The employee's entry date in the Plan shall be the first day of the Purchase Period immediately following the date the employee has satisfied the eligibility provisions. Full-time employees mean those employees who work at least 20 hours per week.

(b) Subject to Committee approval, any employees of a company or other entity which is acquired directly or indirectly by the Company (whether by merger, consolidation, stock purchase or otherwise) and becomes a subsidiary of the Company may, for purposes of determining eligibility to participate in the Plan under Section 3(a), be granted past service credit for employment with such company or entity.

4. SECURITIES SUBJECT TO THE PLAN AND PURCHASE PERIODS.

(a) The maximum number of shares that may be purchased under the Plan may not exceed Two Hundred Thousand (200,000) shares of Common Stock (subject to adjustment as provided in Section 15), all of which shall be shares bought on the open market. If any Purchase Right granted shall expire or terminate for any reason without having been exercised in full, the unpurchased shares of Common Stock shall again become available for purposes of the Plan, unless the Plan has been terminated.

(b) Purchase Period means each three-month fiscal quarter period, beginning on May 1, August 1, November 1 and February 1, with the first such Purchase Period beginning concurrently with the Effective Date of the Plan.

5. PARTICIPATION.

Eligible employees become Participants in the Plan by authorizing payroll deductions for the purpose through a "Participation Form" filed with the Plan Administrator no later than fifteen (15) days prior to the start date of a Purchase Period. Notwithstanding the above, and subject to Committee approval, the Plan Administrator may provide for a special election period for participation in the Plan following the acquisition of a company or other entity directly or indirectly by the Company (whether by merger, consolidation, stock purchase or otherwise) which results in such company or entity becoming a subsidiary of the Company. Subject to Committee approval, all employees of the Company and its subsidiaries shall be eligible to participate in such special election period.

6. PAYROLL DEDUCTIONS.

(a) In order to purchase Common Stock each Participant must elect and indicate on the Participation Form the amount he or she wishes to authorize the Company to deduct at regular payroll intervals during the Purchase period, expressed either as (1) an integral percentage amount ranging from one percent (1%) to fifteen percent (15%) of such

Participant's Base Pay for the applicable payroll period, with a minimum deduction of $20.00 per payday during the Purchase Period, or (2) a dollar amount to be deducted pro rata at regular payroll intervals during the Purchase Period, with a minimum deduction of $20 per payday and a maximum dollar amount per payday to be set by the Committee. The Committee shall determine from time to time whether method (1) or (2), or both, shall be utilized. The Participation Form will include authorization for the Company to make payroll deductions. If the actual amount of Base Pay of a Participant available to be withheld during a Purchase Period is less than the fixed amount designated in accordance with his or her instructions under (2) above, then the lower amount shall apply.

(b) A Participant may not be granted Purchase Rights under the Plan with respect to more than Fifteen Thousand Dollars ($15,000.00) worth of Common Stock for any fiscal year during which such Purchase Rights to purchase Common Stock are outstanding pursuant to the terms of the Plan. The Fifteen Thousand Dollar ($15,000.00) limit is determined according to the Fair Market Value of the Common Stock on the first day (the grant date) of the Purchase Period. Participants will be notified if these limitations become applicable to them.

(c) The amounts deducted from the Participant's compensation shall be credited to a bookkeeping account established in the Participant's name under the Plan, but no actual separate account will be established by the Company to hold such amounts. There shall be no interest paid on the balance credited to a Participant's account. Amounts deducted from the Participant's Base Pay may be commingled with the general assets of the Company and may be used for its general corporate purposes prior to the purchase of Common Stock for a Purchase Period.

(d) Payroll deductions shall begin on the first payday of each Purchase Period, and shall end on the last payday of each Purchase Period. Eligible employees may participate in the Plan and purchase shares only through payroll deductions. Notwithstanding the above, a Participant on an approved leave of absence may continue participating in the Plan by making cash payments to the Company within a normal pay period equal to the amount of the normal payroll deduction had a leave of absence not occurred. The right of a Participant on an approved leave of absence to continue participating in the Plan shall terminate upon the expiration of twelve (12) weeks of leave, unless the Participant's right to re-employment by the Company after a longer leave is guaranteed by statute or contract, in which case termination of the right to participate will occur upon the expiration of such extended period.

(e) So long as a Participant remains an employee of the Company, payroll deductions will continue in effect from Purchase Period to Purchase Period, unless at least fifteen (15) calendar days prior to the first day of the next succeeding Purchase Period the

Participant: (i) elects a different rate by filing a new Participation Form with the Plan Administrator; or (ii) withdraws from the Plan in accordance with Section 9.

Unless a Participant files with the Plan Administrator a new Participation Form electing to withdraw prior to fifteen (15) calendar days before the beginning of the next Purchase Period as permitted under the Plan, such Participant's payroll deductions will continue throughout the next Purchase Period and his or her Purchase Right to purchase Common Stock will be deemed to be fully and automatically exercised on the last day of such Purchase Period with respect to payroll deductions made during that Purchase Period, subject to the further withdrawal provisions of Section 9.

7. GRANT OF PURCHASE RIGHT.

(a) At 5:01 p.m. Eastern Standard Time, on the last day of each Purchase Period (the Exercise Date), each Participant who has not withdrawn from the Plan pursuant to Section 9 shall be deemed to have been granted a Purchase Right as of the first day of the Purchase Period to purchase as many full shares of Common Stock as can be purchased with the balance credited to such Participant's account as of the Exercise Date.

(b) The price at which each Purchase Right to purchase Common Stock shall be exercised is the lower of (i) 85% of the Fair Market Value of the Common Stock on the NASDAQ National Market System on the first Trading Day of a Purchase Period; or (ii) 85% of the Fair Market Value of the Common Stock on the NASDAQ National Market System on the last Trading Day of such Purchase Period.

(c) The number of shares purchasable by each Participant per Purchase Period will be the number of whole and fractional shares obtained by dividing the amount credited to the Participant's Account as of the Exercise Date in the Purchase Period by the purchase price in effect for the Purchase Period.

(d) A Participant may not purchase shares of Stock with a Fair Market Value exceeding Three Thousand, Seven Hundred and Fifty Dollars ($3,750) for any particular Purchase Period. The Committee has the power, exercisable at any time prior to the start of a Purchase Period, to increase or decrease the dollar value maximum for that Purchase Period, subject to the limitations in Section 6(b). The maximum, as thus adjusted, will continue in effect from Purchase Period to Purchase Period until the Committee once again exercises its power to adjust the maximum.

8. EXERCISE OF PURCHASE RIGHT.

(a) Each outstanding Purchase Right shall be deemed automatically exercised as of 5:01 p.m. on the Exercise Date. The exercise of the Purchase Right is accomplished by applying the balance credited to each Participant's account as of the Exercise Date to the purchase on the Exercise Date of whole and fractional shares of Common Stock at the purchase price in effect for the Purchase Period.

(b) If a Participant purchases the maximum share amount set forth in Section 7(d), any amount not applied to the purchase of Common Stock for that Purchase Period will be held for the purchase of Stock in the next Purchase Period.

(c) If the number of Shares for which Purchase Rights are exercised exceeds the number of Shares available in any Purchase Period under the Plan, the Shares available for exercise will be allocated by the Plan Administrator pro rata among the Participants in such Purchase Period in proportion to the relative amounts credited to their accounts. Any amounts not thereby applied to the purchase of Common Stock under the Plan will be refunded to the Participants after the end of the Purchase Period.

9. WITHDRAWAL AND TERMINATION OF PURCHASE RIGHTS DURING PURCHASE PERIOD.

(a) A Participant may withdraw from the Plan during a Purchase Period by providing written notice to the Plan Administrator on or before 5:00 p.m. on the 15th day prior to the last business day of such Purchase Period. Such withdrawal will become effective upon receipt by the Plan Administrator of such notice, payroll deductions will cease as soon as is administratively feasible from the date of such notice, and no additional payroll deductions will be made on behalf of such Participant during the Purchase Period. Such notice shall be on a form (the "Withdrawal Form") provided by the Plan Administrator for that purpose. The Withdrawal Form will permit such a Participant to elect to receive all accumulated payroll deductions as a refund without penalty or to exercise such Participant's outstanding Purchase Rights to purchase Stock on the following Exercise Date in the amount of all payroll deductions withheld during the Purchase Period prior to the Participant's withdrawal.

(b) Any Participant who withdraws from the Plan pursuant to Section 9(a) will not be eligible to rejoin the Plan until the second (2nd) Purchase Period following the Purchase Period of withdrawal. A Participant wishing to resume participation may re-enroll in the Plan by completing and filing a new Participation Form for a subsequent Purchase Period by following the applicable enrollment procedures.

(c) To the extent, if any, required by Section 16(b) of the Securities Exchange Act of 1934, as amended, and the rules, regulations, decisions and no action positions thereunder, in the event a Participant who is a Section 16(b) Insider ceases participation in the Plan,

whether as a result of withdrawal during a Purchase Period or of such Participant's decision to discontinue his or her enrollment for subsequent Purchase Periods, such insider may not re-enroll in the Plan until the Purchase Period beginning coincident with or immediately following the expiration of a six (6) month period beginning upon the effective date of such Section 16(b) Insider's withdrawal from the Plan.

(d) If a Participant ceases to be an employee of the Company for any reason during a Purchase Period, his or her outstanding Purchase Right will immediately terminate, and all sums previously collected from such Participant during such Purchase Period under the terminated Purchase Right shall be refunded to the Participant.

10. RIGHTS AS SHAREHOLDER.

(a) When at least one whole share of Common Stock is deemed purchased for a Participant's account, the Participant will have all of the rights or privileges of a stockholder of the Company with respect to whole or fractional shares purchased under the Plan whether or not certificates representing full shares are issued. Any cash or stock dividend or other distribution on Common Stock held in a Participant's account will be credited to the account. Any such cash dividends will be utilized to purchase additional shares of Common Stock. Proxy information will be provided for each meeting of the Company's stockholders so that each Participant may vote his other shares in accordance with his or her instructions. If no written instructions are received on a timely basis, the voting of shares in the account will be governed by the rules of the Securities and Exchange Commission and the rules and policies of any applicable stock exchange or quotation system.

(b) Upon a written request made to the Custodian, the Participant will be entitled to receive, as soon as practicable after the Exercise Date, a stock certificate for the number of purchased shares. The Custodian may impose upon, or pass through to, the Participant a reasonable fee for the transfer of shares of Common Stock in the form of stock certificates from the Custodian to the Participant. It is the responsibility of each Participant to keep his or her address current with the Company through the Plan Administrator and with the Custodian.

11. SALE OF COMMON STOCK ACQUIRED UNDER THE PLAN.

(a) Participants may sell the shares of Common Stock they acquire under the Plan only in compliance with the restrictions set forth below.

(i) Section 16(b) Insiders may be subject to certain restrictions in connection with their transactions under the Plan and with respect to the sale of shares of Stock obtained under the Plan or other

shares of Stock, including, but not limited to, the Company's Insider Trading Policy.

(ii) Sales of Stock obtained under the Plan by a Participant must comply with the Company's Insider Trading Policy, as the same may exist from time to time.

(iii) No Participant purchasing shares of Common Stock under the Plan shall be entitled to sell such shares of Stock until the first day of the second (2nd) Purchase Period immediately following the Purchase Period in which the shares of Stock were obtained. For purposes of this restriction, the Company may, at its option, include the following legend on any certificates representing the Stock so purchased:

"The shares represented by this Certificate are subject to certain restrictions on sale and disposition contained in the Logility, Inc. Employee Stock Purchase Plan, a copy of which is on file with the Corporation."

(b) The Participant understands and agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent.

(c) The Company is authorized to withhold from any payment to be made to a Participant, including any payroll and other payments not related to the Plan, amounts of withholding and other taxes due in connection with any transaction under the Plan, and a Participant's enrollment in the Plan will be deemed to constitute his or her consent to such withholding.

12. PLAN ADMINISTRATION.

(a) The Plan shall be administered by the Committee. No member of the Board will be eligible to participate in the Plan during his or her period of Committee service.

(b) The Committee shall have the plenary power, subject to and within the limited of the express provisions of the Plan:

(i) to determine the commencement and termination date of the offering of Common Stock under the Plan; and

(ii) to interpret the terms of the Plan, establish and revoke rules for the administration of the Plan and correct or reconcile any defect or inconsistency in the Plan.

(c) The Committee may delegate all or part of its authority to administer the Plan to the Plan Administrator, who may in turn delegate the day-to-day operations of the Plan to the Custodian. The Custodian will establish and maintain, as agent for the Participants, accounts for the purpose of holding shares of Common Stock as may be necessary or desirable for the administration of the Plan.

(d) The Committee may waive or modify any requirement that a notice or election be made or filed under the Plan a specified period in advance in an individual case or by adoption of a rule or regulation under the Plan, without the necessity of an amendment to the Plan.

13. TRANSFERABILITY.

(a) Any account maintained by the Custodian for the benefit of a Participant with respect to shares acquired pursuant to the Plan may only be in the name of the Participant; provided, however, that the Participant may elect to maintain such account with right of joint ownership with such Participant's spouse. Such election may only be made on a form (the "Joint Account Form") provided by the Company.

(b) Neither payroll deductions credited to a Participant's account nor any Purchase Rights or other rights to acquire Common Stock under the Plan may be assigned, transferred, pledged or otherwise disposed of by Participants other than by will or the laws of descent and distribution and, during the lifetime of a Participant, Purchase Rights may be exercised only by the Participant.

14. MERGER OR LIQUIDATION OF THE COMPANY.

In the event the Company merges with another corporation and the Company is not the surviving entity, or in the event all or substantially all of the stock or assets of the Company is acquired by another company, or in the event of certain other similar transactions, the Committee may, in its sole discretion and in connection with such transaction, cancel each outstanding Purchase Right and refund all sums previously collected from Participants under the canceled outstanding Purchase Rights, or, in its discretion, cause each Participant with outstanding Purchase Rights to have his or her outstanding Purchase Right exercised immediately prior to such transaction and thereby have the balance of his or her account

applied to the purchase of whole and fractional shares of Common Stock (subject to the maximum dollar limitation of Section 7(d)) at the purchase price in effect for the Purchase Period, which would be treated as ending with the effective date of such transaction. The balance of the account not so applied with be refunded to the Participant. In the event of a merger in which the Company is the surviving entity, each Participant is entitled to receive, for each share as to which such Participant's Outstanding Purchase Rights are exercised as nearly as reasonably may be determined by the Committee, in its sole discretion, the securities or property that a holder of one share of Common Stock was entitled to receive upon the merger.

15. ADJUSTMENT FOR CHANGES IN CAPITALIZATION.

To prevent dilution or enlargement of the rights of Participants under the Plan, appropriate adjustments may be made in the event any change is made to the Company's outstanding Common Stock by reason of any stock dividend, stock split, combination of shares, exchange of shares or other change in the Common Stock effected without the Company's receipt of consideration. Adjustments may be made to the maximum number and class of securities issuable under the Plan, the maximum number and class of securities purchasable per outstanding Purchase Right and the number and class of securities and price per share in effect under each outstanding Purchase Right. Any such adjustments may be made retroactively effective to the beginning of the Purchase Period in which the change in capitalization occurs, and any such adjustment will be made by the Committee in its sole discretion.

16. AMENDMENT AND TERMINATION.

The Board may terminate or amend the Plan at any time; provided, however, that no termination or amendment of the Plan shall change or affect Purchase Rights previously granted under the Plan without the consent of the affected Participant. If not sooner terminated by the Board, the Plan shall terminate at the time Purchase Rights have been exercised with respect to all shares of Common Stock reserved for grant under the Plan.

17. NO EMPLOYMENT RIGHTS.

Participation in the Plan will not impose any obligations upon the Company to continue the employment of the Participant for any specific period and will not affect the right of the Company to terminate such person's employment at any time, with or without cause.

18. COSTS.

Except as set forth in Section 10(b), all costs and expenses incurred in the administration of the Plan and the maintenance of accounts with the Custodian will be borne by the Company. Any brokerage fees and commissions for the purchase of Common Stock under the Plan (including shares of Common Stock purchased upon reinvestment of dividends and distributions) will be borne by the Company. Each Participant shall be responsible for any brokerage commissions and other expenses incurred in connection with the sale of Common Stock from his or her own account.

19. REPORTS.

After the close of each Purchase Period, each Participant in the Plan will receive a report from the Custodian indicating the amount of the Participant's contributions to the Plan during the Purchase Period, the amount of the contributions applied to the purchase of Common Stock for the Purchase Period, the purchase price per share in effect for the Purchase Period, the amount of the contributions (if any) carried over to the next Purchase Period and the total number of shares of Stock held in the Participant's account.

20. GOVERNING LAW.

The validity, construction and effect of the Plan and any rules and regulations relating to the Plan will be determined in accordance with laws of the State of Georgia, without giving effect to principles of conflicts of laws, and applicable Federal law.

21. COMPLIANCE WITH LEGAL AND OTHER REQUIREMENTS.

The Plan, the granting and exercising of Purchase Rights hereunder, and the other obligations of the Company, the Plan Administrator and the Custodian under the Plan will be subject to all applicable federal and state laws, rules, and regulations, and to such approvals by any regulatory or governmental agency as may be required. The Company may, in its discretion, postpone the purchase or delivery of shares of Common Stock upon exercise of Purchase Rights until completion of such registration or qualification of such shares of Common Stock or other required action under any federal or state law, rule, or regulation, listing or other required action with respect to any automated quotation system or stock exchange upon which the shares of Common Stock or other Company securities are designated or listed, or compliance with any other contractual obligation of the Company, as the Company may consider appropriate, and may require any Participant to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of shares of Common Stock in compliance with applicable laws, rules, and regulations, designation or listing requirements, or other contractual obligations.

22. TAX STATUS OF PLAN.

The purchase of shares of Common Stock under the Plan will be made with "after-tax" dollars of Participants. The amount deducted from a Participant's paycheck or invested in a lump sum will have been subject previously to withholding of applicable income and employment taxes.

The Plan is not a qualified plan under the Internal Revenue Code. Shares of Common Stock purchased under the Plan on behalf of Participants will be purchased in the open market and will not be issued or sold directly by the Company to the Participant. Consequently, Participants will realize income equal to the amount of the difference between the Fair Market Value of the Common Stock on the Exercise Date and the purchase price. Participants also may realize a gain or loss on the sale of any Common Stock purchased under the Plan. EACH EMPLOYEE IS ADVISED TO CONSULT WITH HIS OR HER OWN TAX ADVISORS PRIOR TO PARTICIPATION IN THE PLAN.

The Company may make such provisions as it deems appropriate for withholding by the Company pursuant to federal or state tax laws of such amounts as the Company determines it is required to withhold in connection with the purchase or sale by a Participant of any Common Stock acquired pursuant to the Plan. The Company may require a Participant to satisfy any relevant tax requirements before authorizing any issuance of Common Stock to the Participant.

23. ERISA.

The Plan is not subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

24. EFFECT OF PLAN.

The provisions of the Plan shall, in accordance with its terms, be binding upon and inure to the benefit of, all successors of each employee participating in the Plan, including, without limitation, such employee's estate and the executors, administrators or trustees thereof, heirs and legatees, and any receiver, trustee in bankruptcy or representative of creditors of such employee.

EXHIBIT 11.1

AMERICAN SOFTWARE, INC. AND SUBSIDIARIES
Statement re: computation of Per Share Earnings (loss)
(In thousands, except per share amounts)
(Unaudited)

	Year Ended April 30,		
	1999	1998	1997
Common Shares:			
Weighted average common shares outstanding:			
Class A shares	17,462,367	17,868,994	18,535,593
Class B shares	4,768,289	4,798,289	4,819,501
Basic weighted average common shares outstanding:	22,230,656	22,667,283	22,353,192
Dilutive effect of outstanding Class A common stock options outstanding*	0	1,747,232	1,172,340
Total	22,230,656	24,414,515	23,525,532
Net earnings (loss)	$(32,817,051)	$ 7,795,281	$ 2,331,854
Net earnings (loss) per common share:			
Basic	$ (1.48)	$ .34	$ .10
Diluted	$ (1.48)	$ .32	$ .10

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* Diluted weighted average common shares outstanding are not included in the twelve months ended April 30, 1999 calculations due to the anti-dilution of the net loss per share.

Exhibit 21.1

AMERICAN SOFTWARE, INC. SUBSIDIARIES:

AmQUEST, Inc.

AMEDIA, Inc.

American Software, Inc.

American Software Asia Pacific

American Software Australia PTY

American Software Foreign Sales Corporation

American Software France

American Software Japan

American Software Research and Development Corporation

American Software Thailand

American Software U.K., Ltd.

American Software USA, Inc.

ASI Properties, Inc.

Distribution Science, Inc. (DSI)

Intellimedia Commerce, Inc.

Logility, Inc.

New Generations Computing, Inc.

The Proven Method, Inc.

EXHIBIT 23.1

The Board of Directors
American Software, Inc.:

We consent to incorporation by reference in the registration statements (Nos. 333-62529, 333-67533 and 33-55214 on Form S-8 and No. 33-79640 on Form S-3) of American Software, Inc. of our reports dated June 23, 1999, relating to the consolidated balance sheets of American Software, Inc. and subsidiaries as of April 30, 1999, and 1998, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended April 30, 1999, and related schedule, which reports appear in the April 30, 1999, annual report on Form 10-K of American Software, Inc.

/s/ KPMG LLP

Atlanta, Georgia
July 22, 1999

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