Document Imaging Report

Business Trends on Converting Paper Documents to Electronic Format

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March 22, 2002

THIS JUST IN!

TRAFFIC DOWN; QUALITY UP

So, another **AIIM** show is in the books. And, as expected, attendance continued to decline from its height in the mid-1990s. Unfortunately, as of press time, we didn't have any official numbers, but our guess is that the attendance was somewhere south of 20,000. Show traffic was at least halfway decent on Tuesday and Wednesday before practically disappearing on Friday. It's our suggestion that the show's third day be officially turned into a mixer for vendors (complete with drinks) because that's all it ever is anyway.

When the AIIM 2002 numbers do come in, show manager Brian Randall has promised a better breakdown of exactly who was there than has been provided in the past. "We did not let anyone on the floor this year without demographic information," said Randall. Randall went on to suggest that the increased screening of attendees may have accounted for some of the vendor feedback he received about a high quality of leads despite the lower gross numbers. We'll admit we heard that same type of feedback, but isn't that what you always here at a lightly attended show?

Although the show may have been lightly attended, the keynotes weren't. Extra chairs had to be brought in to accommodate the crowd at **Vignette** CEO Gregory Peters' opening speech—which was actually a real dud. It ran more like an advertisement for Vignette than anything else and even included a promotional video clip. Wednesday afternoon's disaster recovery panel also played to a full room and even received coverage from **CNN**.

After cramming two AIIM shows into 10 months, you'll have a full year to rest up for AIIM 2003. It's scheduled to be colocated with the **On Demand** printing event from April 7-10 at the **Jacob Javits Center** in New York City.

Captiva Continues Capture Consolidation Course

Forms processing vendor initiates third merger; size now rivals Kofax.

No one can accuse Reynolds Bish of lacking ambition. For the second time in four years, and the third time in his career, the president and CEO of **Captiva Software** is orchestrating a merger. This time he is combining his $24 million forms processing business with $22 million image capture specialist **ActionPoint**. The combined entity, which will be known as Captiva, will rival **Kofax** for the title of largest player in the $200 million space made up of the converging image capture and forms processing markets.

Reynolds Bish, president and CEO, Captiva Software.

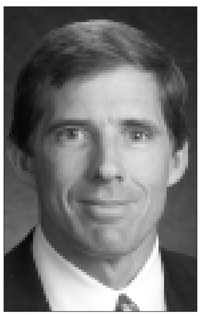
The announcement of the merger came on the eve of the kickoff of the **AIIM 2002** conference held March 5-8 in San Francisco. At AIIM, Bish was also named chair of the AIIM board for the next year.

"We have had merger conversations on and off with ActionPoint since 1997," Bish told *DIR* at AIIM. "We were talking with ActionPoint even before my first merger with **Symbus**. However, we really got serious about things sometime last year."

Bish would not comment as to what motivated the companies to "get serious." However, Arnold von Büren, the former president and CEO of Kofax who recently accepted a similar position with Kofax parent **Dicom**, offered his opinion. "Kofax recently landed some major forms processing deals leveraging our partnership with **Neurascript**," von Büren told *DIR*. "I think that we may have forced Captiva's hand."

The merger is still pending the approval of shareholders of both companies and is expected to close sometime in late May or early June. When it is complete, Bish will be president and CEO of the combined company, with ActionPoint Chair Kim Hawley assuming the Captiva chair. ActionPoint President and CEO Steve Francis has been appointed COO and will be in charge of coordinating the development efforts at the combined company's four locations—San Diego, CA; San Jose, CA; Park City, UT; and Waltham, MA.

According to Francis, the combined company has no current plans to merge its two product lines into one. "The heart of the deal is bringing together applications for the capture of both structured documents (or forms) and unstructured documents," Francis told *DIR*. "However, despite what the vendors in our industry have been preaching, in our customers' minds, unstructured and structured capture are still two different applications, so we need to continue to address them with different products."



"Despite what the vendors in our industry have been preaching, in our customers' minds, unstructured and structured capture are still two different applications, so we need to continue to address them with different products."

Steve Francis, ActionPoint

Historically, ActionPoint has worked with a variety of vendors to fulfill its customers' forms processing requirements. Captiva has been one of these partners, and its software is currently used in approximately 10 ActionPoint installations. ActionPoint also has active recognition/forms processing partnerships with Neurascript, **ScanSoft**, and **Mitek**, the latter two of which it licenses technology from through OEM agreements.

"We plan to continue to support all of our forms processing partnerships," John Stetak, ActionPoint's VP of marketing, told *DIR*. "We've found that a single forms processing application does not fit every customer's needs. That's why we formed a variety of partnerships in the first place. When the merger was announced, we had four partners going through certification, including recognition software vendor **A2iA**. That certification has been completed, and we are looking forward to working with A2iA."

Mitek's VP of North American Sales Bill Boersing, however, sounded less certain about his company's future with ActionPoint. "ActionPoint has been a major partner for us over the past couple of years," Boersing told *DIR*. "We supply the underlying recognition technology in the four forms processing modules that they offer in conjunction with their *InputAccel* capture software. However, I don't know what the future holds. I do know that we had a relationship with

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Vol. 12, No. 6

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DIR is published 24x per year, on the 1st & 3rd Fridays of the month, by:
Corry Publishing, Inc.
2840 West 21st Street
Erie, PA 16506
PH (814) 838-0025
Web: www.documentimagingreport.com

Subscriptions: $597 per year (outside North America add $33 postage)

[forms processing vendor] **Wheb**. And after Wheb merged with Captiva [in 1998], I know we saw considerably less business from that relationship because Captiva has its own recognition engine from Symbus."

In addition to its partnerships surrounding *InputAccel*, ActionPoint also has partnerships with several forms processing vendors involving its Pixel Translations division's ISIS drivers that connect scanners with software applications. "We did not typically run into ActionPoint in the forms processing space," Dennis Clerke, president and CEO of forms processing vendor Cardiff Software, told *DIR*. "Captiva, however, is a major competitor. With this merger, the whole neutrality of Pixel comes into question. I imagine a lot of vendors that use Pixel must feel uncomfortable with this and will spend more effort looking for alternative drivers. Whether they can find them or not, I'll leave to the technical guys. But, we will definitely be looking at TWAIN and other types of drivers."

Dennis Clerke, president and CEO, Cardiff Software.

Francis tried to diffuse Clerke's concerns by pointing out that Pixel has set a precedent by maintaining strong partnerships with image capture vendors, even though *InputAccel* competes directly in capture market. "Pixel's most telling relationship may be the one it has with Kofax," said Francis. "Kofax makes broad use of ISIS in applications like *Ascent Capture* and VRS, as well as in its *ImageControls* toolkit. Kofax gets a good price and top notch service despite being our largest competitor in the capture application market."

Francis added that, although there are several areas where the traditional ActionPoint and Captiva businesses should remain separate, there are also areas where a combination of resources will be appropriate. "We have a combined customer base of over 400 and there is little crossover," he said. "And even though our product lines may remain separate, the opportunity to purchase both lines from a single vendor can be an advantage. It saves the customer the effort of establishing two separate relationships for scanning its structured and unstructured documents."

In addition, Francis noted that both Captiva's forms application and ActionPoint's capture application will be able to leverage some of the same technology. "There are certain imaging underpinnings that are used in both applications," he said. "Historically, Captiva has not utilized Pixel's imaging tools but that will likely change."

Finally, Francis said that the companies bring an interesting mix of professional services and development resources to the table. "ActionPoint has traditionally focused on development, and as a result, we have generated the majority of our revenue through software licenses [*70% in 2001*]. Captiva, meanwhile, because of the nature of the high-end forms processing market, has a model a lot closer to 50% licenses and 50% professional services. This merger will enable us to increase our professional services resources, while enabling Captiva to increase its development power."

In addition to its development power, ActionPoint also brings $8 million in cash to the deal as a result of the sale of a Web-based product line this summer [*see DIR 6/12/01*]. Captiva, meanwhile, brings $1 million in cash and $2.5 million in debt. Despite this disparity in balances, and a similarity in revenue, the companies received almost the same valuation in the merger, with Captiva shareholders scheduled to receive 49% of the shares of the combined company.

Francis indicated that Captiva's growth and profitability in 2001 (25% revenue growth and $1 million EBIT) were weighted against ActionPoint's reduction in revenue and losses (-12%, -$2.6 million EBIT) in the same year. "After studying the numbers we felt the valuation of the two companies was close enough to being equal that we did not want to quibble about a few percentage points," Francis told *DIR*. "The real value of the company is in its future as a combined entity."

To complete the merger, ActionPoint, which is publicly traded, will double its total of traded shares by issuing approximately 4.3 million new shares, which will be distributed to Captiva shareholders. Captiva has announced plans to convert into equity at least $6 million and potentially all $8 million of its senior subordinated notes immediately prior to the merger. Presumably the company will leverage the newly issued shares to compensate the holders of these notes. When the merger is complete, the company will trade on Nasdaq under the symbol CPTV.

Bish, who had criticized ActionPoint in the past for keeping too much cash on its balance sheet without leveraging it, said that Captiva will leave its debt in place, as well as the $9 million in cash. "Nine million dollars is really not that much in the bank to have for stability when you are a growing $46 million company," he concluded.

For more information: **Captiva**, San Diego, CA, PH (858) 320-1000; **ActionPoint**, San Jose, CA, PH (408) 325-3800. DIR

Murphy Rides Adrenaline To CEO Appointment

A few years ago, everyone said **Kofax'** legacy business was dead. The vendor that had become a document imaging industry icon through the manufacture of its specialized Adrenaline image processing boards for scanners was being told it needed to transition to software. Increasing CPU power was making dedicated boards obsolete. In response to these warnings, Kofax launched its *Ascent Capture* software line. And *Ascent Capture* has been very successful. This year *Ascent Capture* sales are expected to grow 30%, helping Kofax' overall sales reach somewhere north of $50 million.

But a funny thing has happened on Kofax' way to becoming a software vendor—its hardware business has continued to grow. In its fiscal 2002, Kofax expects its Image Processing (IP) business unit, the one built around the "obsolete" scanner boards, to grow by 16%. Overseeing this surprising growth has been IP General Manager Rick Murphy, who was recently rewarded for his work by being named the new President and CEO of Kofax. Murphy succeeds Arnold von Büren, who after two years with Kofax will return to Germany to act as CEO of Kofax parent **Dicom**, a $200 million global business.

"We managed to turn the IP business around by introducing high-technology products like our Virtual ReScan (VRS) technology," Murphy told *DIR* at the recent AIIM 2002 show. "Not only has VRS been a huge success on its own, it's allowed us to get close to our scanner partners."

VRS leverages board horsepower to create higher quality bi-tonal images from grayscale scans [*see DIR 2/19/99*]. VRS being embedded in **Bell & Howell's** 8000 series has been cited by **Federal Express** as the key factor in its decision to purchase more than 1,000 scanners from Bell & Howell for a large distributed scanning app [*see DIR 9/7/01*].

Murphy said Kofax' future plans are to expand the number of manufacturers it works with, as well its number of OEM agreements. "Kofax offers technology that can take an image all the way from the CCD to the document management system," said Murphy. "We have ASICs and firmware that can process an image straight off the camera, then pass it on to *Ascent Capture. Ascent Capture* can massage the image some more and pass it on to the document management system. Nobody in the capture industry has the depth and broadness that we do."

Specifically Murphy said Kofax' next big strategic move is increasing the amount of work it does with digital copier and MFP vendors. "If you look at the number of production scanners that are shipped per year compared to the number of digital copiers—it's miniscule," said Murphy. "The move into the digital copier space represents a transition into a much larger market."

As evidence of this strategy, at AIIM Kofax announced a major partnership with digital copier giant **Xerox** (see following story).

On the *Ascent Capture* side of its business, Kofax continues to move into larger deals. This move upstream has been perpetuated by a recent increase in sales of the company's distributed, or Internet capture, technology. "We launched our Internet server product almost three years ago," explained David Oldfield, senior product manager for *Ascent*. "However, half of our distributed installations have come within the last year."

Arnold von Büren, CEO, Dicom Group.

Another way Kofax continues to move upstream is through its work with English forms processing software developer **Neurascript**. At AIIM 2001, Kofax announced a deal to be the exclusive North and South American reseller of Neurascript products. At AIIM 2002, Dicom expanded that relationship by announcing an agreement to act as the exclusive reseller for Neurascript in 22 European countries (not including the United Kingdom). According to von Büren, this move also contributes to Dicom's goal of moving upstream and increasing margins.

"Dicom is a distributor, but a European-based distributor is much more than what you think of when you think of a North American distributor," explained von Büren. "We also offer integration and professional services. So, as Kofax moves its product lines upstream, it creates higher margin, professional services opportunities for Dicom."

As the highest margin business of all is software sales, we asked von Büren if in light of the **ActionPoint** and **Captiva** merger, an acquisition of Neurascript could be in the cards for Dicom. "The great thing about the Neurascript relationship is that we get great forms processing technology without spending a penny," he answered.

Meanwhile, rumors of a possible Dicom acquisition of forms processing vendor **Cardiff**, in which Dicom currently has a 19% stake, continued to persist at AIIM.

For now though, Kofax is the only product manufacturer that Dicom owns. And, according to von Büren and Murphy, both sides are pleased with the way things have worked out. “When we announced the acquisition two years ago, I’m sure a lot of people looked at it and asked, ‘Where’s the synergy?’” said Murphy. “Aside from both companies continuing to operate profitably on their own, there have been some things people didn’t recognize at first.

“For example, Dicom’s business as a distributor has improved Kofax’ inroads with scanner vendors like **Ricoh** and **Fujitsu**. Leveraging Dicom has also increased Kofax’ geographic coverage. On the other hand, working closely with our products has increased Dicom’s opportunities for professional services revenue.”

von Büren added that Dicom’s network of distribution outlets in Asia and Europe gives Kofax an advantage over other North American vendors trying to penetrate those markets. “We have established local sales forces that would be very hard for Kofax competitors to duplicate.”

So, the marriage of the North American technology team and the European distributor continues to work. For the last six months of 2001, Dicom generated some $107 million in revenue with an operating profit of $7.8 million. Almost 80% of that profit came from the company’s Electronic Data and Document Capture business, which accounted for only 69% of the company’s revenue. von Büren said Dicom is continuing to explore a strategy for selling the lower margin **Samsung** distributorship that accounted for the other 31% of sales. He then told us to keep an eye on the company’s stock over the next 12 months.

For more information: **Kofax Image Products**, Irvine, CA, PH (949) 727-1733; **Dicom Group**, Freiburg, Germany, PH +49 (0) 761 452 69 0, FX +49 (0) 761 452 69 90. DIR

Kofax Introducing Xerox Channel To Ricochet

Thousands more feet on the street—that’s part of the net gain **Kofax** is expecting to receive from the recent agreement it signed with **Xerox**. The agreement involves Kofax’ *Ascent Ricochet* image capture software for digital copiers. Kofax is hoping to leverage Xerox’ sales force, some 2,000 strong, to sell *Ricochet*.

Kofax launched its digital copier software line late last year and promised it would leverage traditional digital copier sales channels to move it [*see DIR 12/7/01*]. The Xerox relationship is its first big step in that direction.

According to Mike Morper, the senior product manager for *Ascent Ricochet*, Kofax has already presented a course on *Ricochet* to 220 North American Office Solutions Specialists within Xerox. “We recently offered a week’s worth of education at Xerox’ Document University,” said Morper. “We were one of only four Xerox partners invited to present.”

Mike Morper, senior product manager for Ascent Ricochet, Kofax.

Kofax’ next step in educating the Xerox sales force is an 11-city tour during which Kofax will address the remaining 2,000 members of the Xerox sales team. “The key benefit *Ricochet* provides end users is a means of leveraging digital copiers as on-ramps for their content management systems,” said Morper. “We will be explaining to Xerox salespeople how to look for those opportunities.”

Morper said that Kofax resellers will be brought in to help with *Ricochet* sales and installations, but that Xerox salespeople will be financially compensated by both Kofax and Xerox for their work. To run, *Ricochet* requires Kofax *Ascent Capture*, so Kofax resellers could potentially benefit from the partnership in that way also.

DOCUWARE TARGETING DIGITAL COPIER DEALERS

While **Kofax** is attempting to penetrate the digital copier market through a relationship with **Xerox**, German-based document management vendor **DocuWare** is taking a more grass roots approach. DocuWare is trying to form relationships at the dealer level—an initiative it launched last year.

“We’ve been studying the digital copier channel for a year now,” explained Greg Schloemer, president of DocuWare’s U.S. operations. “From what we’ve seen the most successful way for a dealer to sell document management solutions is to dedicate two people—one technical and one sales—to it. We’ve seen that dedicating two full-time people to document management is a more effective method than having 10 people work on it part time.”

For more information: **DocuWare Corp.**, Montgomery, NY, PH (845) 457-4027, FX (845) 457-4028.

"One of our initial moves has been to take a look at a list of Xerox' 150 largest customers and compare them to our *Ascent Capture* install base," said Morper. "We found that 50% matched. We are now going arm-in-arm with Xerox to those customers and trying to sell *Ricochet*."

At AIIM, Morper indicated that a *Ricochet* deal with a large aerospace company was in the works, but at the time he was not at liberty to discuss it.

For more information: **Kofax**, Irvine, CA,
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e-mail: mike_morper@kofax.com.

Innovation Drives OTG's Incredible Valuation

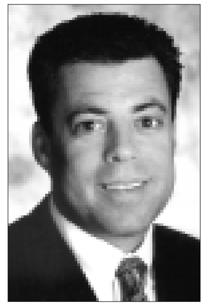
OTG never stopped innovating. That's the most plausible answer to a popular question bouncing around the show floor at **AIIM 2002**: Why did **Legato** pay six times revenue during a down market to acquire an unprofitable company?

If you didn't catch the news, last month storage software specialist Legato paid $403 million in a combination of cash and stock to acquire OTG—a document imaging and nearline storage management software developer. The amazing thing about the deal is that OTG's 2001 revenue was $65 million with a net loss of $7.6 million. This had to leave some people wondering, "What, is this 2000, and was that OTG.com?" It left many people in the document imaging industry wondering, "How do I get there from here?"

Well, the obvious answer is that you've first got to position yourself somewhere outside the traditional document management space. OTG had done this by successfully promoting itself as a storage software vendor in the months leading up to its successful IPO, which went off in April 2000. With stock values of around $50 per share, OTG's early market capitalization was close to $1.4 billion. As the market settled out OTG's stock value settled in at around $10 per share. Based on that price, OTG's market capitalization was around $330 million when the acquisition by Legato was announced.

In comparison, **Kofax**, an image capture technology vendor with a history of profitability and growth, and which reached revenue of $38 million in 1999, had trouble raising its market capitalization above $50 million. It was sold in 1999 to the European-based **Dicom Group** for just over $70 million.

So, OTG's positioning itself as a storage vendor got it a certain value on Wall Street (where everyone is looking for the next **EMC**—the RAID vendor whose stock broke all kinds of Nasdaq records before the recession hit) that it never could have achieved as a document imaging vendor. And storage is not the only hot area that OTG has zeroed in on. A couple of years ago, OTG acquired a software developer that specialized in searching and effectively managing e-mail [*see DIR 2/2/01*]. Leveraging that technology, the company has developed its *EmailXtender* platform. And according to Richard Kay, chairman, president, and CEO of OTG, the company is currently preparing to release a secure corporate instant messaging platform. "It's in development and we are working with all the major instant messaging platforms," was all Kay would reveal to us.



Richard Kay, chairman, president, and CEO, OTG.

However, Kay did comment on his overall strategy: "You concentrate on the hot sectors in order to increase shareholder value."

This is a strategy that Dennis Clerke, president and CEO of **Cardiff Software**, wholeheartedly agrees with. Clerke, whose company develops forms processing software, said he never considered merging with **ActionPoint** (which earlier this month announced a merger with Cardiff rival **Captiva**) because of the historical lack of valuation that has been given to document imaging companies. "OTG went after markets that were exciting, like storage and e-mail archiving," said Clerke. "They didn't position themselves as a peer to **FileNET** and **ActionPoint**; they positioned themselves as a peer to **Legato** and **Veritas**, who have traditionally had much higher market valuations than document imaging vendors."

With the recent launch of an electronic forms package, Clerke indicated he is trying to position Cardiff as a peer to **Adobe**—a company whose market cap at last check was somewhere north of $8 billion—or more than seven times its revenue.

So, the question for OTG is, in the aftermath of the Legato deal, will the lower valued document management business be sold or spun off? Kay emphatically denied this will happen. Kay told *DIR* that OTG currently has as many developers working on document management initiatives as it does on storage. He also indicated that the opportunity to differentiate itself through applications like document management was one of the key drivers of the acquisition for Legato.

"In the past 12 months, the investment community has realized that understanding applications, including content management, is important to understanding storage," Kay told *DIR*. "That means an understanding of what is stored, when it is stored, and what kinds of rules and guidelines should be put in place to access and manage the stored information. So, storage vendors with ties in to applications have a leg up.

"Fortunately we've been doing applications for years. We're now seeing them become an important part of every storage vendor's offerings. So, you'll see EMC talking about its content storage, Veritas and **Computer Associates** talking about application integration, and **BMC** talking about application centric storage management. We're sitting in good shape, because we've been working on applications for eight or nine years."

So, there you have it. Kay, who will become Legato's leading shareholder following the acquisition, views document management as an asset—not a liability—to Legato's valuation going forward. Granted, this may be just talk (when people know you are trying to get rid of something it never helps its value), but OTG's recent acquisition of the install base of **Minolta Imaging Systems** [*see DIR 7/20/01*] would seem to support a continued interest in the market.

So, if indeed Legato holds on to OTG's document management business, and if indeed the company's stock valuation rises as it combines document management with its storage solutions, everyone in the document management industry may want to take note and put some calls in to their storage partners. Maybe Richard Kay is on to something. When it comes to hot trends and innovation, he's certainly been right before.

For more information: **OTG Software**, Rockville, MD, PH (240) 747-6400, FX (240) 747-6200. DIR

COMMENTARY

The True Meaning Of Enterprise Content Management

With everyone cutting R&D expenditures due to the recession and only 10 months to come up with something new following last May's **AIIM 2001 Expo**, there was a decided dearth of new product hype at this month's AIIM 2002 Expo. The absence of the typical glitter associated with AIIM allowed us to focus on a more cerebral mission as we walked the floor of San Francisco's **Moscone Center** March 6-8. After leaving all preconceptions behind in the cleansing waters of Japantown's **Kabuki Springs and Spa**, we went in search of the true meaning of the theme of AIIM. In other words, just what the heck is enterprise content management (ECM)?

Yes, there were quite a few vendors on the floor who advertised themselves as players in the ECM space. And, some were competitors and some were partners and some were competing with their partners… so, it all got very confusing. However, after sitting through several hours worth of philosophical (and some not so philosophical) conversation and then sifting through a dozen pages of notes, here is what we came up with:

■ **ECM is a real concern of end users**—Going into the show, we wondered if this was even the case. After all, how the heck do you conceptualize that you even need something so all-encompassing as an ECM solution? However, most of the vendors we talked with said that while ECM might not be driving too many initial sales today, it was clearly in the long-term plans of most of their customers.

■ **ECM is more than document management plus Web content management**—Sure, that's a very broad starting point, but stuff like source code management, structured data management, and media asset management all play very important roles in an ECM solution.

■ **Selling ECM is still about applications**—This is probably the most important point about ECM that we learned at AIIM 2002. The majority of ECM solutions still start out as departmental applications with a clear ROI. The days of selling an architecture to be used as some sort of esoteric Web infrastructure are over. The key to a successful ECM solution is leveraging, across multiple departments, the same controls and infrastructure you installed in one department. This provides multiple departmental ROIs. A successful ECM application is not really about one big installation, but several small ones. This brings us to our conclusion:

Most successful ECM sales are made from the bottom up, not from the top down. So, don't be shy about attacking your customers at the departmental level. If your stuff works, with a little bit of a push it should propagate itself throughout the enterprise. Before you know it, you will find yourself with an ECM solution and have your arms around an application that once seemed as inscrutable as the samurai code of conduct.

Hope this helps. DIR

DIR MARKET WATCH
For March 13, 2002

Public Company Names	Phone	Exchange	Symbol	Close Price	52-Week High	52-Week Low	P/E Ratio	EPS
1MAGE Software, Inc.	(303) 694-9180	NASDAQ	ISOL.OB	0.56	1.00	0.5313	5.60	0.10
Accelio Corp.	(613) 230-3676	NASDAQ	ACLO	2.76	3.20	0.98	N/A	-1.27
ACS, Inc.	(214) 841-6111	NYSE	ACS	52.57	54.775	28.575	35.74	1.46
ActionPoint, Inc.	(408) 325-3800	NASDAQ	ACTP	2.20	6.25	1.11	N/A	-0.45
Altris Software	(619) 625-3000	OTC BB	ALTS.OB	0.13	0.875	0.11	N/A	-0.04
Autonomy Corp., plc	44-1223-421-220	NASDAQ	AUTN	5.80	18.50	2.50	75.64	0.07
BroadVision, Inc.	(650) 261-5100	NASDAQ	BVSN	2.03	8.48	0.68	N/A	-3.01
CE Computer Equipment	49-521-93-18-01	NASDAQ	CCEQ	1.05	9.3125	0.94	1.44	0.78
Convera Corp.	(703) 761-3700	NASDAQ	CNVR	3.70	11.6094	2.05	N/A	-20.08
DICOM Group, plc (in British pence)	49-761-45269-36	London	DCM.L	461.75	1000	205	20.35	23.10
Documentum, Inc.	(510) 463-6800	NASDAQ	DCTM	22.93	25.96	5.875	N/A	-1.01
FileNET Corporation	(714) 966-3400	NASDAQ	FILE	18.22	23.10	8.875	N/A	-0.47
Gauss Interprise Ag (in euros)	(949) 784-8000	XETRA	GSOG.DE	0.78	5.80	0.24	N/A	N/A
Global Imaging Systems, Inc.	(813) 960-5508	NASDAQ	GISX	17.50	21.30	4.30	13.65	1.30
Hummingbird Communications	(416) 496-2200	NASDAQ	HUMC	22.25	28.25	14.15	N/A	-0.22
IKON Office Solutions, Inc.	(610) 296-8000	NYSE	IKN	12.30	14.25	4.75	62.57	0.21
ImageMax, Inc.	(610) 832-2111	OTC BB	IMAG.OB	0.28	0.76	0.11	N/A	-0.16
iManage, Inc.	(650) 356-1166	NASDAQ	IMAN	6.81	8.45	1.50	N/A	-0.85
INSCI	(508) 870-4000	OTC BB	INSS.OB	0.045	0.50	0.011	N/A	-0.16
Interwoven, Inc.	(408) 774-2000	NASDAQ	IWOV	7.17	24.14	3.11	N/A	-1.29
Itesoft (in euros)	N/A	Paris	ITFT.LN	1.10	8.75	1.00	3.70	0.30
IXOS Software AG	(650) 294-5800	NASDAQ	XOSY	6.09	8.75	2.92	21.38	0.29
Lason, Inc.	(248) 597-5800	Pink Sheets	LSONQ	0.02	0.58	0.012	N/A	-8.46
Mitek Systems, Inc.	(858) 635-5900	NASDAQ	MITK	2.07	2.75	0.70	103.50	0.02
Mobius Management Systems, Inc.	(914) 921-7200	NASDAQ	MOBI	2.75	4.125	1.78	N/A	-0.20
On-Site Sourcing, Inc.	(703) 276-1123	NASDAQ	ONSS	3.35	3.75	1.05	14.00	0.25
Open Text Corp.	(519) 888-7111	NASDAQ	OTEX	25.89	31.79	15.75	102.50	0.26
Optika	(719) 548-9800	NASDAQ	OPTK	2.30	2.93	0.60	N/A	-0.46
OTG Software	(301) 897-1400	NASDAQ	OTGS	10.03	12.63	4.34	N/A	-0.24
PaperClip Software, Inc.	(201) 329-6300	OTC BB	PCLP.OB	0.025	0.12	.02	N/A	N/A
Peerless Systems Corp.	(310) 536-0908	NASDAQ	PRLS	1.24	2.27	.50	N/A	-1.05
Plasmon, plc (in British pence)	(952) 946-4100	London	PLM.L	52.50	158.625	45	5.56	9.62
ReadSoft (in Swedish Krona)	(858) 546-4438	Stockholm	RSOFb.ST	16.10	60	7.40	N/A	-2.76
Scan-Optics, Inc.	(860) 645-7878	OTC BB	SOCR.OB	0.32	0.20	1.00	N/A	-1.97
ScanSoft, Inc.	(510) 608-0300	NASDAQ	SSFT	4.37	5.75	0.50	N/A	-0.34
SER Systeme AG (in euros)	49-268-3984-0	Frankfurt	SESG.F	0.35	25	0.34	N/A	N/A
Sourcecorp	(214) 953-7555	NASDAQ	SRCP	25.72	22.08	44.50	N/A	-0.73
Staffware PLC	44-1628-786800	London	STW.L	429	1625	126	N/A	-26.00
Stellent	(952) 903-2000	NASDAQ	STEL	17.30	42.90	13.24	N/A	-0.16
Top Image Systems, Ltd	(760) 918-1660	NASDAQ	TISA	2.80	4.90	0.99	N/A	-0.44
TMSSequoia	(405) 377-0880	OTC BB	TMSS.OB	0.22	0.35	0.13	N/A	N/A
Vignette Corporation	(512) 306-4300	NASDAQ	VIGN	3.82	11.35	2.65	N/A	-6.32
Xenos Group (in Canadian dollars)	(905) 709-1020	Toronto	XNS.TO	1.50	3.24	0.90	N/A	-0.58
Xerox Corporation	(203) 968-3000	NYSE	XRX	10.33	11.45	4.73	N/A	-0.49