April 19, 2002

KAY CONFIDENT MERGER WILL GO THROUGH

Remember the $403 million that **Legato** agreed to pay for **OTG** back in February? Well, by mid-April, as Legato's stock price had slid to less than two-thirds the value it held at the time of the announcement, that $403 million was looking a little more like $285 million. And grumblings have started that the merger is in jeopardy.

"Sure there is chance that the merger won't go through, just like there is a chance on everything in life," Richard Kay, chairman, president, and CEO of OTG, told *DIR*. "However, it's my view that this is such a strategically perfect marriage there is no reason it won't close in May."

Legato's stock actually began a steady decline in mid-January, when it peaked at over $17 per share. On Feb. 21, the day the OTG acquisition was announced, its value fell 19%, to $10.12 per share. Then, after the market closed on April 4, Legato announced it would miss both revenue and earnings estimates for the first quarter of 2002. On April 5, Legato's shares closed at $7.71.

"Stock prices go up and down," Kay told *DIR*. "We are in this for the long haul, not the short haul. The first quarter results don't bother me. **IBM** had an off quarter too. Legato has a strong pipeline and strong alliances in place. And it has a good plan to be profitable by the end of the year."

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

FileNET Plunges Into Web Content Management

After pussyfooting around with partners for two years, FileNET antes up for WCM technology it can call its own.

A couple of years ago, who'd have thought a $10 million acquisition in the Web content management (WCM) space would be a big deal? After all, in early 2000 WCM market leaders like **Vignette** and **BroadVision** had market capitalizations soaring over $15 billion.

Well, with the Web world turned upside down and investors happy to get dimes on their dollars instead of dollars on their dimes, FileNET's recent acquisition of the assets of **eGrail** might just be a big deal after all. It's sure a far cry from the investment FileNET would have had to make to merge with Vignette in 2000, a rumor that was all the rage back in the day. And, after spending just $10 million on eGrail, FileNET now has the potential to beat Vignette at its own game.

Michael Harris, FileNET's senior VP of products and strategy.

With the eGrail acquisition, FileNET took an important step toward its goal of managing all the unstructured content of its customers. This includes both traditional documents (FileNET's legacy) and Web content—two areas that have been on a collision course for a while now. Their convergence is known as enterprise content management (ECM), and without WCM technology, FileNET had been losing ground to its competitors in the ECM space.

"I have personally been involved in several opportunities where customers have not chosen FileNET as their ECM vendor because it would have required them to bring in another vendor on top of FileNET to fulfill their WCM requirements," Michael Harris, FileNET's senior VP of products and strategy, said during

a recent conference call to discuss the eGrail acquisition. "There is absolutely a demand from our customer base for WCM technology."

According to FileNET, that customer base includes 3,600 mostly Global 5000 customers. If those customers can't get WCM technology from FileNET, they are going get it from someone else. And if that someone else is **Documentum** or **Interwoven**, FileNET not only loses WCM revenue, it also risks losing a portion of its lucrative document management business. Documentum, of course has roots in document management, and Interwoven hasn't been shy about saying its goal is to own both the document management and WCM spaces.

To compound this problem, at every customer site where FileNET loses document management business, it is losing the key advantage it had hoped to leverage to spur sales of the *Brightspire* collaboration platform it introduced last year. So, the question of FileNET adding WCM technology was not one of if, but one of when. And with the valuation of Web companies falling through the floor over the past 12 months, now was as good a time as any. "This acquisition sure cost me a lot less money than it would have a year ago," joked FileNET Chairman and CEO Lee Roberts during the eGrail conference call.

Previous to the acquisition, FileNET had relied on partnerships, first with Interwoven and then with Vignette, for WCM technology. Neither one proved very successful. FileNET broke off the Interwoven partnership because it correctly perceived that Interwoven

Lee Roberts, chairman and CEO, FileNET.

wanted FileNET's document management business. And the Vignette partnership, while well publicized, never really got off the ground.

"The reality is that we have not done a huge amount of business with Vignette," Roberts admitted. "The eGrail acquisition now puts that relationship in jeopardy. We might work with Vignette going forward when it makes sense. However, we can clearly fulfill WCM needs on our own now, and it's important that we no longer have to rely on Vignette for that functionality."

According to Harris, ECM competitors Documentum and Interwoven had used the fact that FileNET had to rely on WCM partnerships as a competitive advantage. "They told customers that when you work with FileNET you have to work with two large players," he said. "Even in situations where that wasn't correct, it was a disabler for us." [*Editor's note: Prior to the acquisition, FileNET did offer some Web-publishing capability which converted documents in its Panagon repository into an HTML format.*]

eGrail's stand-alone WCM solution has been rebranded as

FileNET WCM and is available from the company immediately. Versions integrated with FileNET's *Panagon* document management and *Brightspire* collaboration platforms are scheduled to hit the street by the end of the quarter. "We've been considering this acquisition for a couple of months," said Harris. "During that time, we've been able to do the preliminary integration work."

FileNET plans to start the pricing for its WCM software at just under $125,000 and scale it up towards $250,000 for "large scale configurations." These prices are considerably less than what a FileNET customer could get Vignette in the door for. Roberts feels that cost savings will be a key driver for ECM prospects.

"Our customers no longer want to buy a little bit of ECM from FileNET, a little bit from Vignette, and a little bit from Interwoven and then spend a gargantuan amount of money on systems integrators to make it all work together," he said. "Increasingly large enterprises are shifting away from point solutions and looking to large, financially stable vendors to provide a broad suite of integrated ECM offerings. Integrated ECM is a relatively nascent market but we expect it to grow quickly. We think we are positioned better than anyone to offer the greatest set of ECM functionality from a single vendor."

Roberts listed the components that he views as essential to a complete ECM package:

- enterprise application integration
- a process-centric e-business framework
- business process management
- WCM and Web site management
- digital assets management and rich media support
- records management
- portal integration
- document and image management

All of these items are self-explanatory, except for the second and third ones, which pretty much translate into workflow and collaboration. "If you look at the technologies in that set that we don't currently offer ourselves—like portal integration, records management, and digital asset management—we are making build vs. buy decisions on all of those," FileNET spokesperson Tom Hennessey told *DIR*. "You could also put partnerships into the equation. However, as you've seen with WCM, we want to control as much of our own destiny as possible."

SO, WHAT EXACTLY DID FILENET GET FOR ITS $10 MILLION?

- **FileNET** receives all the intellectual property of **eGrail's** WCM products. This includes the development, sales, marketing, and services expertise that supports the WCM line.

- FileNET inherits a customer base of approximately 50. This includes marquee names like the **General Accounting Office of the United States Government**, **Atkins Nutritionals**, and chemical company **Sigma-Aldrich**.

- The amount of venture development money invested in eGrail is unclear. The company, which was founded in 1997, had an initial round of $5 million in financing. According to Joseph Payne, president and CEO of eGrail, "More money was put in by the company's investors, but we never got to a second round of financing."

- Payne indicated he would help with the transition involved with the acquisition. FileNET indicated it would offer jobs to 90% of eGrail's 45 employees. FileNET will also keep eGrail's Bethesda, MD offices in operation at least through the transition.

- According to FileNET CFO Sam Auriemma, eGrail did approximately $5 million in business in 2001, while losing $8 million. "eGrail had already taken several steps in 2002 to reduce its operating costs," Auriemma said. "And, we expect to take further cost reduction steps. FileNET expects minimal earnings per share impact in 2002 as a result of this acquisition."

- According to FileNET, the reason eGrail could not compete successfully against WCM market leaders was its size. "eGrail was a small company competing against well-established companies with much stronger financial situations," said FileNET Chairman and CEO Lee Roberts. "The number one reason eGrail was not winning deals was that companies were worried about its long-term viability. With the acquisition, we've removed those doubts."

- Roberts added that eGrail had a very small "go-to-market capability." "We immediately have 200 salespeople who understand the ECM market," he said. "We are going to aggressively try to cross sell this WCM product to our 3,600 existing customers."

- Payne echoed Roberts' sentiments that, in the WCM market at least, size does matter. "The biggest challenges eGrail faced in selling had nothing to do with our product and everything to do with size," Payne told *DIR*. "If you talk to any small IT company today all you hear is that people are skittish about buying software from small vendors. All of our salespeople are moving over to FileNET and they are ecstatic because they figure with FileNET's backing all their barriers to landing deals will go away."

Added Roberts, "We are moving aggressively to address our weaknesses. We are spending $70 million on product development this year. And we also have a lot of cash on hand [*$170 million on the balance sheet at the end of 2001*] that we will selectively use to make appropriate technology acquisitions. The eGrail acquisition was appropriate, for example, because it reduced the time to market it would have taken to build WCM technology ourselves."

Whitney Tidmarsh, VP of product marketing at Documentum, said that from her perspective FileNET is already running a little late with its WCM offering. Documentum introduced its own WCM technology two years ago [*see DIR 4/7/00*].

"Frankly, FileNET is very late to market with WCM," Tidmarsh told *DIR.* "They have been pretty heavily criticized over the last year-and-a-half for not having crossed over into the Internet space. They have tried and failed on several partnership angles, which ultimately forced them to make an acquisition."

**Whitney Tidmarsh
VP of product
marketing,
Documentum.**

And now, as Tidmarsh pointed out, FileNET faces the challenge of integrating the eGrail technology into its ECM platform. If you remember, in the mid-1990s FileNET acquired three document management-related companies that many say were never successfully integrated with the company's core business.

If the integration is successful, however, it's Roberts' view that between them, Documentum and FileNET will obsolete traditional WCM vendors. "WCM is being commoditized as companies realize that a solution to manage 75,000 to 100,000 Web pages is not enough," he said. "Businesses need an integrated solution to manage all their content. We already have several installations that manage over one billion documents and one that manages over two billion. WCM vendors do not have that type of capacity and are going to have to go out and get it or get niched."

As Tidmarsh stated, FileNET may have missed the first call for the ECM train, but as **Microsoft** has shown us over the years, being first to market with a technology does not always make you the winner. Sometimes being the biggest and having a large install base makes up for not being on the cutting edge. Could FileNET be the Microsoft of the ECM space?

For more information: **FileNET**, Costa Mesa, CA, PH (714) 327-3400, FX (714) 327-3233; **Documentum**, Pleasanton, CA, PH (925) 600-6727, FX (925) 600-5570. DIR

Bargain Bonanza Drives ECM Acquisitions

The consolidation of the enterprise content management market (ECM) is picking up steam. **FileNET's** acquisition of **eGrail** was just one of several ECM-related acquisitions we've seen recently. In the past month, ECM players **Documentum**, **Stellent,** and **Interwoven** also got on board the acquisition train. The first two acquired technology for aggregating and distributing content, while Interwoven picked up some XML-management technology.

What's fueling the acquisition engine? Well, the fact that in many cases the price is right sure isn't hurting. According to Dan Ryan, senior VP of marketing and business development at Stellent, his company spent a mere $2.5 million to acquire the assets of **Kinecta Corporation**, a company that had raised $30 million in venture financing and spent the majority of it developing its technology and business.

"There is an unprecedented opportunity in the history of technology," Ryan told *DIR.* "There was something like a trillion and a half dollars in venture money put into technology three years ago, and many of those projects are coming to a close now. So, it might be a once in a lifetime opportunity for a technology company to make acquisitions."

And because of the cash on their balance sheets, many of the ECM leaders are in a great position to take advantage of these opportunities. Traditional WCM vendors **Vignette**, Interwoven, and **BroadVision** have the most—thanks to the

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STELLENT FACES LICENSING DECISION

Stellent faces an interesting decision following **FileNET's** acquisition of **eGrail**. FileNET currently licenses technology from Stellent to automatically publish documents from its *Panagon* repository to the Web. Previous to the acquisition, FileNET's lack of traditional WCM technology kept it from competing directly with Stellent. That has now changed of course. "We'll have to investigate the acquisition further," Stellent Senior VP of Marketing and Business Development Dan Ryan told *DIR*.

This is just one example of the coopetition that exists in the ECM market today and will only get more complicated as more acquisitions are made.

Internet-driven IPO boom of a few years back. At the end of 2001, Vignette had an astounding $390 million in cash and short-term investments, Interwoven had $220 million, and BroadVision had $170 million. Of course, as none of those companies has shown a profit yet, those reserves are being eaten into by operating costs.

"There is an unprecedented opportunity in the history of technology."

Dan Ryan, Stellent

And because these companies already have developed the Internet technology that is currently selling so cheaply, they would probably have to spend, at least comparatively, a little more to acquire a company in another area—like document management. However, as document management valuations are hardly setting the world on fire, don't be surprised if we see a WCM vendor pull the reverse of what FileNET did and acquire a traditional document management vendor. Judging from its stock value, **Optika**, for instance, could probably be had fairly cheaply.

Of the ECM players with document management backgrounds, FileNET reported the largest balance at the end of 2001 with $170 million in cash and short-term investments. Documentum reported around $90 million and Stellent checked in at $80 million.

FileNET and Documentum have both been profitable in the past but since starting their transitions to ECM have struggled to return to the black. Of course, the sluggish economy has not helped. Stellent, meanwhile, appeared to hit profitability in 2001, but questions about its accounting practices have cast a dark shadow over the company recently. Perhaps due to some of the rumors surrounding the company, Stellent prereported a disastrous first three months of 2002, with revenue just higher than half of what some analysts had predicted.

"The first thing we have to do is get our revenue back to where it was," Ryan told *DIR*. "However, we are going to continue to aggressively pursue acquisitions. The problem is that for every Kinecta, there are 50 companies that should go out of business. We just have to be cautious that we don't acquire anything that does more harm than good."

For more information: **Stellent**, Eden Prairie, MN, PH (952) 903-2000, FX (952) 8290-5424. ⬛

IBM Introduces DRM as Part of ECM Platform

IBM continues to makes its mark as a wild card in the enterprise content management (ECM) market. The $85 billion technology giant recently introduced digital rights management (DRM) technology as part of its ECM platform.

If you remember back in 2000, IBM was one of the first vendors to combine the management of documents and multimedia content in one platform. After some initial scoffing, most other ECM vendors are following suit. So, the introduction of DRM (which has traditionally been focused on multimedia files) ahead of most other vendors is really not that big of surprise. However, what is a surprise is the way IBM is positioning DRM.

"Traditionally, DRM has been installed as a point solution," explained Brett McIntyre, VP, Content and Information Integration, IBM. "There are DRM solutions available for managing music downloads. There are DRM solutions for managing medical records. When it comes to ECM infrastructure, DRM has been an afterthought. We are aiming to change that."

IBM's DRM solution, EMMS (electronic media management software) is actually a grown-up point solution. Its roots are in managing the rights associated with music downloads. And, while McIntyre said that most of the initial interest in DRM is coming from businesses in the media and publishing industries, he said a secondary market has emerged in the financial services and healthcare industries—two areas where document management has traditionally had a strong foothold.

"This emerging market includes hospitals that want to exchange x-rays or patient records which have restricted viewing rights," he said. "DRM can ensure that a document is viewed only once and then deleted. It can also contain the distribution of a document to a certain group or individual. Financial institutions also have sensitive records and statements they want to protect in a similar manner."

According to McIntyre, security concerns have hindered ECM adoption by some customers in the aforementioned markets. "They had questions as to how the rights and security associated with their files could be managed in their ECM systems," he said. "Our latest version of EMMS should help answer those questions and drive the adoption of ECM."

McIntyre estimated that adding EMMS capabilities

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to an ECM system could cost between $100,000 to $1 million. "It's a wide range depending on what you are doing," he said. "If you are using DRM to manage the sale of e-books, that's one thing. However, if you are using it to manage financial statements across a large corporation, it's obviously going to be more expensive."

IBM Holds Unique Position Among ECM Vendors

IBM's unique positioning of DRM as an infrastructure piece reinforces Big Blue's marketing message that it wants to be thought of as an ECM infrastructure provider rather than an application provider. "Our strategy is to maintain separation of application and data," McIntyre told *DIR*. "The goal is to store data once and then use it across multiple applications."

Brett McIntyre, VP, Content and Information Integration, IBM.

This infrastructure strategy positions IBM against **Oracle** and **Microsoft**. This group represents the major players in the database market who are attempting to expand their capabilities from the world of structured data to the world of unstructured data. These vendors have historically been partners, rather than competitors, with the likes of **Interwoven**, **FileNET**, and **Documentum**—three vendors that IBM would classify as application centric. This means that they would be brought into an organization to solve a specific problem such as transaction management or the management of a complex set of procedures or the creation and upkeep of a Web site.

True, IBM competes with FileNET in the document imaging application market, but according to McIntyre, this is more of an exception than a strategy. "Our applications only serve to give our customers more options," McIntyre told *DIR*. "Our technology is very open, and we are able to integrate with applications from almost any other vendor."

Indeed, consulting firm **Frost & Sullivan** recently lauded Big Blue for the openness of its ECM solution. The following paragraph recently appeared in a Frost & Sullivan report on the European content management market:

IBM's open technology infrastructure was highlighted as a key differentiator for IBM compared to competitive offerings that promote a vendor lock-in approach to content management.

IBM's ECM offerings allow customers to protect their technology investment by supporting content repositories from competing vendors such as FileNET, Documentum and Oracle.

So, where does EMMS fit into IBM's ECM infrastructure? [Try saying that three times fast.] Well, according to McIntyre, IBM's ECM infrastructure consists of the DB2 database and the *Websphere* application server and portal technology. IBM's repository technology sits somewhere on top of DB2 and can be connected to other applications through *Websphere.* And DRM, we'll assume sits somewhere on top of the repository. The question seems to be, "Is the repository an application or an infrastructure piece?" And the answer is that it depends on what you do with it.

Really it's a hazy line between ECM infrastructure and application, one which IBM plays on both sides of, probably moreso than any other vendor. IBM is able to do this successfully thanks to the fact that it has the mass to compete with Oracle and Microsoft and the agility, courtesy of its Global Services division, to compete with smaller application vendors. This is clearly a trick that IBM is in a unique position to perform, and we would not recommend trying it at home.

For more information: www.ibm.software/data/cm.

Xploring The World Of Small Business Imaging

Former consultant launches business specializing in low-end document imaging systems.

It's no secret that small businesses have been woefully underserved by document imaging technology. It's been estimated that only 5% of all businesses have document imaging installations. Most of those that do are fairly large size—Global 500 type—businesses. Historically, document imaging has been too elaborate and too expensive for small businesses to cost justify.

"Even on the low-end, businesses have been paying a minimum of $10,000 for a system," Ira Fogel, co-founder and COO of document management software developer **DocuXplorer**, told *DIR*. Fogel, a former small business owner himself, added, "Small businesses are notoriously cheap when purchasing any kind of technology. They don't want to spend one cent more than they have to."

Because of this frugality, most document

management vendors have taken their technology and gone upstream. They have found it's much easier to sell and support one $100,000 system than ten $10,000 systems. However, according to Fogel, just because vendors have left the market, doesn't mean it doesn't exist.

Before launching DocuXplorer, Fogel ran a women's belt manufacturing company for 15 years. "We had about 100 employees," he said. "At the time I had the business, computers were first starting to emerge as business tools. I think we were one of the most computerized businesses in the garment industry."

After taking his business international, Fogel "cashed out" and became a consultant to small businesses. "In this capacity I saw the need for an inexpensive document management solution," he said. "Small businesses have paper all over the place, and they really need a way to get it off the floor, organize it, and access it electronically. This protects them against losing information."

Fogel, a native New Yorker, added that the events of Sept. 11 have helped drive home the need for the conversion of paper to an electronic format. "Even small businesses are realizing they need to have off-site copies of their records," he said.

Fogel added that a few things have happened in the past couple of years to make document imaging considerably more affordable for small businesses. "First, the price of hardware has come down," he told *DIR*. "You can now buy a 15 ppm duplex scanner for $800. That was unheard of a few years back. The price of hard drives and storage has also dropped dramatically. In addition, with the proliferation of Windows and the number of people who know how to use it, software has become much easier to implement."

According to Fogel, the final piece of the puzzle is the introduction of low-priced document imaging software. "We sell our software for $1,195 per seat for the multi-user version," said Fogel. "Our average sale is to a five- to 10-person office that buys two to three seats. We also sell a personal version for $225."

Fogel stressed that in addition to being inexpensive, it is important that DocuXplorer's software is easy to install and operate. "We offer a free 30-trial," he said. "The key to the concept of try-and-buy is that the software has to be simple. If someone does not understand how to use our software on the first try, they are not going to buy it."

Fogel said simplicity is also important because it limits the support calls DocuXplorer takes, which keeps the company's overhead down. Fogel and co-founder and CTO Ron Wyman are the company's only two full-time employees. "We do most of our marketing through our Web site," Fogel said. "This gives us the appearance of being a much larger company than we actually are."

In addition to small business, Fogel also has a background in creative appearances. Prior to entering the garment business he spent 16 years as a television producer and director. Programs he worked on included *Good Morning America*, *Those Amazing Animals*, and *That's Incredible*. "When I started doing shows like *Those Amazing Animals* and *That's Incredible*, I decided television wasn't for me anymore," Fogel confided in *DIR*.

Fogel estimated that about 400 copies of software are currently being downloaded from DocuXplorer's site per month. "This represents about 10% of the people that visit our Web site," he said.

To get people to the come to the Web site, DocuXplorer pays search services to list them near the top in certain categories. For example, a "document management" search we did on **Overture.com** listed DocuXplorer seventh. Included with the listing was the information that DocuXplorer was paying $1.13 per click. "We've paid our way to the top," said Fogel. "It's a very targeted and inexpensive way to market yourself."

When we spoke with Fogel last month, he told us DocuXplorer had approximately 300 customers. "We are growing at about 20% per month," he said. "Our customer set is very diverse. It includes a healthcare management firm, a hospital, a law firm, and a winery."

DocuXplorer was also negotiating an OEM deal with a pension fund management software firm that wanted to image enable its solution.

"Our largest customer probably has eight to nine seats," said Fogel. "However, we are working on true client/server functionality that will enable our software to scale to 1,000s of users. Small businesses will always be important to us, but some of our small business customers are actually departments at large corporations, which may eventually want to scale up. The **World Health Organization**, which has installed our software in its New York office, is one example of this. It recently bought our software for its Oman site as well."

For more information: **DocuXplorer Software**, New York, NY, PH (212) 496-9871, FX (212) 496-8194. **DIR**

DIR MARKET WATCH
For April 10, 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	0.51	1.00	0.40	6.21	0.07
Accelio Corp.	(613) 230-3676	NASDAQ	ACLO	2.75	3.20	0.98	N/A	-1.27
ACS, Inc.	(214) 841-6111	NYSE	ACS	54.65	57.05	31.70	36.73	1.46
ActionPoint, Inc.	(408) 325-3800	NASDAQ	ACTP	2.00	4.35	1.11	N/A	-0.45
Altris Software	(619) 625-3000	OTC BB	ALTS.OB	0.18	0.75	0.11	N/A	-0.04
Autonomy Corp., plc	44-1223-421-220	NASDAQ	AUTN	5.28	9.00	2.50	75.71	0.07
BroadVision, Inc.	(650) 261-5100	NASDAQ	BVSN	1.26	8.48	0.68	N/A	-3.01
CE Computer Equipment	49-521-93-18-01	NASDAQ	CCEQ	0.62	7.83	0.57	0.22	3.03
Convera Corp.	(703) 761-3700	NASDAQ	CNVR	3.57	7.58	2.05	N/A	-20.08
DICOM Group, plc (in British pence)	49-761-45269-36	London	DCM.L	431 1/4	1000	400	18.18	23.10
Documentum, Inc.	(510) 463-6800	NASDAQ	DCTM	20.94	27.18	7.86	N/A	-1.01
FileNET Corporation	(714) 966-3400	NASDAQ	FILE	15.28	23.10	8.95	N/A	-0.47
Gauss Interprise Ag (in euros)	(949) 784-8000	XETRA	GSOG.DE	0.59	1.08	0.52	N/A	N/A
Global Imaging Systems, Inc.	(813) 960-5508	NASDAQ	GISX	17.372	21.30	4.30	12.62	1.30
Hummingbird Communications	(416) 496-2200	NASDAQ	HUMC	21.30	23.32	14.15	N/A	-0.22
IKON Office Solutions, Inc.	(610) 296-8000	NYSE	IKN	13.05	14.25	4.75	58.52	0.21
ImageMax, Inc.	(610) 832-2111	OTC BB	IMAG.OB	0.22	0.76	0.11	N/A	-0.16
iManage, Inc.	(650) 356-1166	NASDAQ	IMAN	6.35	8.45	1.65	N/A	-0.85
INSCI	(508) 870-4000	OTC BB	INSS.OB	.075	0.44	0.011	N/A	-0.16
Interwoven, Inc.	(408) 774-2000	NASDAQ	IWOV	4.99	24.14	3.11	N/A	-1.29
Itesoft (in euros)	N/A	Paris	ITFT.LN	1.30	1.70	1.00	4.33	0.30
IXOS Software AG	(650) 294-5800	NASDAQ	XOSY	5.50	8.60	2.92	18.97	0.29
Lason, Inc.	(248) 597-5800	Pink Sheets	LSONQ	0.03	0.45	0.012	N/A	-8.46
Mitek Systems, Inc.	(858) 635-5900	NASDAQ	MITK	2.45	2.95	0.70	112.50	0.02
Mobius Management Systems, Inc.	(914) 921-7200	NASDAQ	MOBI	2.65	4.04	1.78	N/A	-0.20
On-Site Sourcing, Inc.	(703) 276-1123	NASDAQ	ONSS	3.24	3.75	1.17	13.32	0.25
Open Text Corp.	(519) 888-7111	NASDAQ	OTEX	20.31	31.79	16.99	80.35	0.26
Optika	(719) 548-9800	NASDAQ	OPTK	2.00	2.93	0.60	N/A	-0.46
OTG Software	(301) 897-1400	NASDAQ	OTGS	7.76	12.63	4.34	N/A	-0.24
PaperClip Software, Inc.	(201) 329-6300	OTC BB	PCLP.OB	0.035	0.12	.0023	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	62 1/2	76.00	48.00	6.55	9.62
ReadSoft (in Swedish Krona)	(858) 546-4438	Stockholm	RSOFb.ST	13.00	17.80	10.60	N/A	-2.76
Scan-Optics, Inc.	(860) 645-7878	OTC BB	SOCR.OB	0.37	1.00	0.20	N/A	-1.97
ScanSoft, Inc.	(510) 608-0300	NASDAQ	SSFT	7.20	6.88	0.72	N/A	-0.34
SER Systeme AG (in euros)	49-268-3984-0	Frankfurt	SESG.F	0.16	1.90	0.20	N/A	N/A
Sourcecorp	(214) 953-7555	NASDAQ	SRCP	29.70	44.50	22.08	N/A	-1.08
Staffware PLC	44-1628-786800	London	STW.L	435.00	463.50	342.50	N/A	-26.00
Stellent	(952) 903-2000	NASDAQ	STEL	7.50	42.90	7.14	N/A	-0.16
Top Image Systems, Ltd	(760) 918-1660	NASDAQ	TISA	2.63	4.90	0.99	N/A	-0.44
TMSSequoia	(405) 377-0880	OTC BB	TMSS.OB	0.20	0.35	0.15	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	1.20	3.00	0.90	N/A	-0.58
Xerox Corporation	(203) 968-3000	NYSE	XRX	9.94	11.45	5.10	N/A	-0.49