Document Imaging Report

Business Trends on Converting Paper Processes to Electronic Format

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August 2, 2002

THIS JUST IN!

KOFAX AND FILENET TEAM UP

Human sacrifices, dogs and cats living together... well, maybe it's not quite mass hysteria, but **FileNET** and **Kofax** are working together. Two of the imaging industry's leading players recently teamed up on a system for **Ventura County, CA**, just north of Los Angeles.

Both Kofax and FileNET are also located in Southern California, and Kofax was founded by a pair of ex-FileNET engineers. However, despite natural synergies—Kofax develops image capture technology and FileNET has one of the industry's leading repository and workflow systems—the relationship between the two companies has been cool over the years. This may stem from the fact that FileNET has its own capture module.

One thing FileNET does not have, however, is VRS. VRS is Kofax' technology for creating higher-quality, more consistent bi-tonal images by working with grayscale scans. The Ventura County application involves property assessment documents, some of which are color cards. Low-contrast color documents can be very difficult to scan cleanly without the aid of image processing technology like VRS. Look for more VRS-enabled FileNET systems in the future.

Speaking of Kofax, the *Ascent Capture* software modules developed by **ABBYY**, which we featured in our July 5 issue, have been Kofax certified. This means Kofax can now sell and distribute them.

[*Editor's note: For the uninitiated, this story opens with with a quote from the movie Ghostbusters. I'm probably dating myself.*] DIR

ECM Tables Have Turned

Document management vendors now hold the upper hand in the emerging ECM market.

The enterprise content management (ECM) market has come full circle. A space that once seemed destined for domination by upstarts specializing in Web-based technologies, is swinging back in favor of the document management vendors who once envied these upstarts. Now, it is the Web content management (WCM) vendors who are making moves to emulate document management vendors

For evidence of this reversal of fortunes, we present the second-quarter financial results of three major ECM players, all of which were announced during the same week in mid-July:

■ **Documentum**, which, as its name suggests, began life as a vendor of software for managing electronic documents, probably had the most successful quarter of the three vendors we'll discuss. For the second quarter of 2002, Documentum reported revenue growth of 17% over the second quarter of 2001. Documentum also brought its earnings back to break-even territory after reporting a $14 million net loss a year earlier.

■ **FileNET**, the document imaging behemoth who only recently added serious WCM technology to its offerings [*see* DIR 4/19/02], also reported revenue growth. FileNET turned a net profit of $1.7 million after posting a net loss of $10.7 for the second quarter of 2001.

■ On the other side of the fence, one-time WCM darling **Interwoven** is in the midst of some hard times. The second quarter of 2002 represented Interwoven's second consecutive quarter of revenue decline of more than 40% compared to the previous year. The company also reported a loss of $13.5 million.

These second quarter 2002 results represent a dramatic turnaround from the results of the second quarter of 2001. At that time, Interwoven's star was rising as the company reported 126% growth in revenue over the second quarter of 2000. FileNET meanwhile was hitting

2002 Second-Quarter Revenue

ECM Player	Revenue	Software Sales	YOY Growth	Growth From Q1	EPS
Documentum	$54.0	50%	17%	7%	-$0.01
FileNET	$88.2	39%	7%	2%	$0.05
Interwoven	$33.0	48%	-41%	1%	-$0.13

TALE OF THE TAPE

A look at some of the highlights from the second-quarter reports of three leaders in the ECM space reveals that Documentum and FileNET, two vendors with document management legacies, are currently operating more successfully than Interwoven, which began life as a Web content management vendor. The numbers we've represented are revenue for the quarter, percentage of revenue attributed to software sales, percentage of change from 2001 revenue, percentage of change from first-quarter 2002 revenue, and earnings per share.

rock bottom and reported a 13.6% decline in revenue. Documentum, which had released its own WCM product in 2000 to go with its document management platform [*see DIR 4/7/00*], was at least treading water and had reported revenue growth of 2% over the previous year's second quarter.

Obviously, it's no coincidence that this turning of the tables in the ECM market has coincided with the demise of the dot-com business model. As a WCM vendor, Interwoven catered to dot-coms, while legacy document management vendors like FileNET and Documentum were never quite accepted into the dot-com clique. Instead both companies kept plugging away at the market with the belief that if they could manage a business' mission critical documents in a network, they could manage them on the Web. Now, it seems that, as the mistrust of Web vendors has reached its peak, this message is starting to resonate. Why not go with someone tried-and-true for your Web content management needs? Both FileNET and Documentum reported that more than 70% of their second-quarter revenue was generated by sales to existing customers.

These sales were not just service of existing installations. In a reversal of a disturbing trend we reported on last year, both FileNET and Documentum reported double-digit growth in revenue from sales of software licenses. Last year, although their service revenue continued to grow, both Documentum's and FileNET's software license sales dropped precipitously from 2000 [*see DIR 11/2/01*]. The renewed growth of higher-margin software licenses no doubt contributed to the earnings turnarounds both companies experienced in the second quarter of 2002.

How Do You Like Me Now?

Even though it lost $13.5 million in the second quarter, Interwoven managed a bit of an earnings turnaround of its own—its loss in the second quarter of 2001 was $38 million. This improvement was in part achieved through a series of layoffs that helped cut Interwoven's operating expenses in half. Interwoven has now resized itself to compete in a market with more traditional values than those espoused by the typical dot-com player. And with some $200 million in cash and short-term investments on its balance sheet (most of which were accumulated through a series of stock offerings

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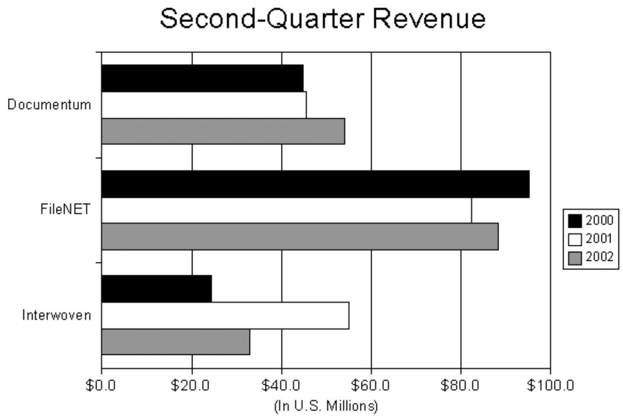

REVERSAL OF FORTUNES

A comparison of second-quarter revenue for the past three years reveals that Interwoven grew its revenue by the largest percentage between 2000 and 2002. Unfortunately for Interwoven, all its growth came between 2000 and 2001, and 2002 has represented a major step backwards. Meanwhile, FileNET and Documentum at least seem to have their numbers headed in the right direction.

during the Web-stock feeding frenzy), it appears Interwoven will be around for awhile. Now, however, Interwoven faces a challenge similar to the one that Documentum and FileNET faced just two years ago—it must gain the trust of customers in a new market.

Last year, Interwoven began promoting its software for document management applications. Now it has to deliver. Meanwhile, FileNET and Documentum are sitting in the ECM catbird's seat. They both own impressive install bases of document management customers who are listening to their ECM messages. WCM vendors like Interwoven are going to have a tough time unseating document management vendors who have a WCM offering of their own. How's that old saying go... possession is nine-tenths of the market?

For more information: **Documentum**, Pleasanton, CA, PH (925) 600-6800, **FileNET**, Costa Mesa, CA, PH (714) 327-3400; **Interwoven**, Sunnyvale, CA, PH (408) 774-2000.

SER's North American Management Team Picks Up The *SERbrainware* Torch

During his life, Vincent van Gogh sold one painting. He died in poverty, yet today his works fetch prices that would make him one of the wealthiest men in the world. Clearly, van Gogh was a man ahead of his time. Similarly, ***SER Solutions, Inc****. believes its former parent,* ***SER System AG****, was a company ahead of its time.*

Earlier this year, SER System AG, a German-based document management vendor, filed for insolvency. But not ready to give up on the model and the technology behind the company, its U.S.-based management team recently completed a buyout of a good portion of the assets. Known as SER Solutions, Inc., this team, led by CEO Carl Mergele, acquired properties that accounted for roughly half of SER AG's 2001 revenue of $132 million. These assets include the company's North American and United Kingdom-based businesses, as well as its *SERbrainware* intelligent document management engine.

According to Mike Ball, VP of marketing at SER, the much-hyped *SERbrainware* software was the key to the acquisition. "We'd like to say that in three months every business in the world will want that type of technology," Ball told *DIR*. "We realize it may take longer, but we believe the need for it is absolute."

If you're unfamiliar with *SERbrainware,* it's technology designed to automatically understand the content of documents. It can be used as a tool for intelligent filing, retrieving, analyzation, and even workflow. So far, SER has tried marketing *SERbrainware* in several ways with limited success. "Because of the current economy, like many companies we are getting back to basics," Ball told *DIR*. "We realize part of the original messaging for *SERbrainware* was speaking to academics. We are not going to talk anymore about concepts like empowering people with knowledge. We are going to talk about how our products can be used in a tangible solution that will provide short-term ROI to the business community."

According to Ball, one of those solutions could be eliminating the effort associated with constructing an imaging repository. It's his opinion that, applied correctly, *SERbrainware* has the potential to eliminate not only key entry of meta data, but the need to construct complex indexing hierarchies for that data as well. SER is in the process of integrating this type of functionality into its own *SERsynergy* document imaging and COLD software.

"It's been our experience, especially in the financial services market, that the demand for document imaging has been far less than the demand for COLD," said Ball. "Yet, people seem to understand the value that a safe, secure digital repository provides. The problem is that there is a perceived cost associated with getting documents into a repository. With *SERbrainware*, that cost can be eliminated. All you need to do is scan a document, send it to a repository, and then retrieve it through an intelligent free-form query that can be processed through the *SERbrainware* engine."

Ball said SER is on target to launch an *SERbrainware*-enabled version of its COLD software later this month and it has set an early 2002 launch date for a similarly enabled version of its document imaging software. SER already has three other products enabled with *SERbrainware*, including *SERdistiller*, a capture module designed for unstructured forms. According to Ball, SER currently has 13 installations of *SERdistiller* in the United States. "Some of those are at very large financial institutions," he said. "In the United Kingdom we have a great relationship with **KPMG** based around *SERdistiller*. That relationship is starting to trickle over into the United States as well. We believe Big 5-type consulting firms are going to be a key factor in our success."

"The problem is that there is a perceived cost associated with getting documents into a repository. With *SERbrainware*, that cost can be eliminated."

Mike Ball, SER Solutions

SER is also looking for partnerships in more traditional imaging channels and recently held a well-attended Web-inar on *SERdistiller*. "We've been doing Web-inars on all our products, but we had 75% more people sign up for the *SERdistiller* Web-inar than any other one to date," Ball said. "That shows the market is crying out for an *SERdistiller*-type solution."

In addition to *SERdistiller*, SER has also developed an e-mail management application and an intelligent search application utilizing the *SERbrainware* engine. "We've prioritized our current push around *SERdistiller* because we see such a tremendous opportunity in the document management market," said Ball. "The other two products also present attractive opportunities. Unfortunately people are not spending a lot of money currently in the markets they are focused on."

Ball added that he is excited about the opportunity SER has to direct future *SERbrainware* development from its North American headquarters in Dulles, VA. "Part of our problem for the past two-and-a-half years has been that we were dealing with a new product that was developed in Germany," he said. "We had to figure out what it could do, and more importantly what it could not do. When we found shortcomings in the initial release, we had to relay our feedback to Germany before changes could be made. Now the product management team is in the United States where 50% of the software market is located."

Some of the *SERbrainware* development team has also moved to the United States, although 30 developers remain at the company's German office. Overall, SER Solutions has 260 employees. In addition to the *SERbrainware* line, the MBO involved the former **Macrosoft** document imaging and COLD line acquired by SER in 1999 [*see DIR 8/6/99*]. A federally focused **ViewStar** integration business was also acquired, along with a telephony/call center software business, and a United Kingdom-based engineering document management software business.

But Ball made it clear that the jewel of the acquisition is *SERbrainware*. "In the mid-1990s I remember people at the **AIIM** show getting really excited about things like being able to mark-up or fax document images," he told *DIR*. "Those types of things were driving the industry. For the last three or four years, ever since browser-based access to the repository was introduced, there's been no compelling change to propel the industry to new heights. By redefining the way users can file and access images, we think *SERbrainware* will revolutionize document management."

For more information: **SER Solutions**, Dulles, VA, PH (703) 948-5500. DIR

A Changing Of The Guard In Records Management

The market for e-records management software is burgeoning. Driven by legal scares and the cracking down by regulatory agencies on the management of corporate records, worldwide e-records management software and services sales could reach $300 million by 2004. This is up from projections of around $67 million this year. With this type of anticipated growth, you'd think current e-records management vendors would be ecstatic. Not so fast, says industry pioneer Bruce Miller.

"The technology model that e-records management vendors have been delivering for the past 10 years is a complete failure," said Miller who co-founded Provenance Systems [now **TrueArc**] in 1989. "At Provenance we tried to sell records management as a desktop application, and we couldn't make it work. That model is never going to work."

In 1999, Miller left Provenance to form a new company, **Tarian Software**. Tarian is also an e-records management software developer, but with one major difference. "We sell our technology as an engine to embed in applications like document and content management systems," Miller told *DIR*. "Using this model, we are going to turn the e-records management market on its ear."

Bruce Miller, President, Tarian Software.

According to Miller, Tarian already has partnerships in place with major ECM vendors like **IBM**, **Lotus**, **FileNET**, **Identitech**, and **Vredenburg**. "At Provenance, we had integration with FileNET's system, but FileNET didn't do anything but bring us in if they had a requirement for records management. We had a connector that linked our two applications, but they still ran separate. In the Tarian model, our software will be an integrated module of *Panagon*."

To illustrate the increased level of integration, Miller explained how Tarian's strategy for achieving **Department of Defense** (DoD) 5015 records management certification differs from the strategy used at Provenance. "At Provenance, when we were certified with *Panagon*, FileNET wasn't even involved. It was basically a pairing of applications," he said. "With the Tarian engine, our partners are entirely responsible for their own certification. We aren't even involved."

[*Editor's note: DoD 5015 certification is required for any records management system installed in the DoD. It was implemented in 1997. It also serves as a measuring stick for records management applications. "Basically, there is so much market awareness of DoD 5015 and so many vendors that are certified, that most people won't look at a records management application that isn't certified," said Miller.*]

The tight integration Miller described between *Panagon* and the Tarian engine is in line with the ECM strategy that FileNET's Harris Hunt laid out for us a couple of months ago. Hunt agreed with Miller's view on current records management vendors and said the e-records industry would not be sustainable on its own. Hunt indicated FileNET would make a move to add records management functionality to its platform [*see DIR* 6/7/02].

According to Miller, Tarian has completed integration with IBM's *Content Manager*, and Big Blue has already closed sales involving the Tarian engine. "IBM hasn't reached the implementation stage yet, but I expect they will need our help when they do," Miller said. "The biggest problem I foresee for us is that most major software vendors have never sold a records management application. Our biggest challenge will be transferring our knowledge about the market to our partners."

Tarian currently has 26 employees, and Miller expects to ramp up to 45 by the end of the year. "We are a technology-centric company," he said. "We expect our partners to handle sales and front-line support. And to tell you the truth, with the average e-records management sale getting up near 10,000 users, e-records implementations are getting very difficult for small companies to support."

Miller estimated that the typical cost of an embedded records management application should be about one-quarter the cost of the "host" application. "Of course, as long as we get our royalty payments, our partners can charge whatever they want," he added.

In addition to its sales through partners, Tarian also has made three sales on its own, including an 8,500-seat sale to the **U.S. Patent and Trademark Office**. Tarian has also completed the integration of its engine with the **Microsoft** *SharePoint Portal Server*. "Microsoft basically told us it would never license our technology," said Miller. "However, we think *SharePoint* is an upcoming technology, and we wanted to take advantage of that. So we wrote our own connector that we will give away for free."

Tarian's main focus right now is increasing its partnerships. "We average signing about two partners per month," Miller told *DIR*. "At the top of our list are the major document and content management vendors. They are reaching the point where they can't carry on business without records management capabilities. Next we are looking at Web content management vendors, and after that, the growing market of e-mail management."

Miller concluded by saying that he expects his partners to dominate sales of records management software in the near future. "Two years from now, I don't think you'll see any small records management vendors around," he said. "E-records is a technology that will only be sold by the big guys."

For more information: **Tarian Software**, Fairfax, VA, PH (703) 934-0333, FX (703) 934-0334, www.tariansoftware.com. DIR

Softheon Sets Sites On Health Insurance Market

There's a new player in the healthcare imaging space, and it sounds like they mean business. **Softheon** recently won a contract to install an imaging and workflow system at 200,000-member HMO **Vytra Health Plans**. It is Softheon's first installation in the healthcare insurance market. Softheon won the bid by offering a system at half the price of its competition. "It boiled down to value. The Softheon system was less expensive than inferior products offered by the competition," Russell Esposito, VP and CIO of Vytra, told *DIR*.

At Vytra, Softheon is replacing a system from **SunGard** company **MACESS**. "We currently use the MACESS system for document management in every department," said Esposito. "Claims make up a large percentage of the documents we scan, but we also scan correspondence, contracts, and medical management information. We operate in a fairly paperless environment." [*Editor's note: Vytra processes approximately 10,000 claims per day through a combination of EDI and imaging. Vytra currently uses a key-from-image system to process the paper claims and will maintain a similar system after installing the Softheon software.*]

According to Esposito, Vytra opened its system for bid because "MACESS was forcing us into a very expensive upgrade." "And the last couple of upgrades had been horrific to manage," he added. "On top of that, the MACESS system was very proprietary, and because of that we couldn't do everything we wanted to. We had a lot of difficulty doing data mining, for example."

In addition to a bid from MACESS, Esposito said Vytra received bids from **FileNET** and Softheon. "FileNET and MACESS are the two major players that I'm aware of. But the FileNET bid was twice as much as Softheon's, and MACESS wanted the same price for an upgrade that Softheon wanted for a new system."

Price was not the only factor in Vytra's decision to go with Softheon. In fact, despite the fact that both companies are located on Long Island, Esposito admitted he was skeptical at first about Softheon's ability to deliver a solution for the health insurance market. "We took a look at a purchasing application at my alma mater, **Stony Brook University**, and I thought to myself, 'why am I wasting my time with Softheon?' However, the folks at Softheon then came in and took a look at our environment. Within a week they coded an application to process our claims. Softheon has an incredibly flexible product and received extremely high references from everyone we talked to. People said things like 'if Softheon says it will take six months, it will take three.'"

"Being able to rapidly deploy helps us keep our price down," said Chuck Strahlendorff, EVP of sales and marketing at Softheon. Strahlendorff added that aside from price and rapid deployment, Softheon's Web-based platform is its other major differentiator. "Whenever a user develops any type of document or workflow on a fat client in our system, we generate XML code behind the scenes that automatically makes it a Web document as well," he said. "So, if Vytra wants to change the look of one of its customer-facing forms, a user can modify a field on that form without touching the source code and have it automatically updated on the Vytra Web site."

This type of Web-functionality played a key part in Vytra's decision to go with Softheon. "We are very focused on leveraging the Internet," said Esposito. "We deal with 8,000 physicians, and 80% of them have PIN numbers for our portal. For an HMO to make that claim is incredible, because most providers are dealing with 10 different insurers.

"One of the things we do through the Web is notify providers if there are errors in their claims submissions. Typically, it's something like they filled-in the wrong provider number. All they have to do is enter the correct one, and the claim will be resubmitted. Unfortunately, a lot of times, even though we send them the error ID code, it's almost like they don't believe it, and they call us up and ask us about it. We think we could drastically reduce the number of calls we field by having images of the claims available to providers through the Internet. We couldn't do that with the MACESS system because of its proprietary nature, but we think we can with the Softheon technology."

Esposito expects the Softheon system to be up and running this fall. "We will probably run it in parallel

SOFTHEON FOCUSES ON HIPAA-COMPLIANCE

Part of **Softheon's** plan of attack in the healthcare industry involves a focus on installing HIPAA-compliant systems. Last year, we ran an article in which one healthcare industry analyst described some of the document management systems he had seen as "totally inadequate" in regards to HIPAA [*see DIR 11/2/01*]. Softheon has published an interesting white paper that details how its system complies with the published HIPAA regulations. If you're interested in a copy contact Softheon's Lisa Boccone at PH (631) 390-6362, or e-mail: lboccone@softheon.com.

with the current system before cutting over completely in January," he said.

By then Softheon hopes to have several more healthcare applications on its resumè. "We've taken some big steps in the direction of the healthcare market, and Vytra is a defining moment in our plan of attack," said Strahlendorff. "We already have done a lot of work with insurance companies, some of which are involved in healthcare, and that is what has pushed us along in the direction of healthcare insurance. Now, we are talking with a lot of prospects who have needs similar to Vytra."

For more information: **Softheon**, Hauppauge, NY, PH (631) 390-1100, FX (631) 390-1101. DIR

Finding A Place For DVD-R

Beware of the WORM (write once read many) solution that is really a snake in the grass warns Neil Aronson, sales and marketing director for **K-PAR Archiving Software**. "We have a competitor who has decided that the magic bullet for archiving is packet writing to DVD-R media," Aronson recently told *DIR*. "However, the problem with packet writing to DVD-R is that it has a lot of the same characteristics as packet writing to CD-R. Let's say you're burning 30 songs on a CD, and when you're on the 29th song, something goes wrong. Say, the media gets chipped, or there's a lightning strike or a power surge that damages it. If the media goes bad, you lose the whole disk, including all 28 songs you recorded earlier. The same is true regarding DVD-R disks, except you're talking about losing 10 times more data."

Aronson is not against the use of DVD-R for data storage. In fact, he is a big fan of it. "DVD-R represents a breakthrough in archival storage because of its incredibly low-cost per megabyte," he said. "There are a number of ways you can employ it effectively. However, packet writing without a reliable back-up is not one of them."

Aronson recommends that users looking for an archival media with the low-cost of DVD and the packet writing capabilities of MO (magneto-optical) consider DVD-RAM. "The only drawback to using DVD-RAM is that it is not true WORM media," he points out. "If you really want both packet writing and WORM capabilities, you'd better have the budget for MO."

Aronson did explain that currently more than half of K-PAR's revenue comes from installations that employ DVD-R. "If you want to take advantage of DVD-R, you want to use a very high-quality RAID solution to stage your data on before writing it in a single session to the DVD-R media," he said. "We have one customer in a very high-volume imaging environment that is staging its files on a DVD-RAM drive before archiving them on DVD-R. So, there are number of ways to do it, but in some environments, staging isn't practical, or it might not fit under regulations."

Aronson stressed however, that users should resist the siren call of vendors pushing DVD-R as a straight replacement for MO. "We've been around for awhile and know that MO is typically used for mission critical data," he said. "Losing that data can be catastrophic. We've seen it lost by users who tried to replace MO with CD-R. Sure, we could develop our own DVD-R packet writing solution in no time. But we don't want to get involved in that type of risky business solution."

For more information: **K-PAR Archiving Software**, Princetown, NJ, Neil Aronson, PH (617) 713-4503, e-mail: neal@k-par.com. DIR

Collaboration Vendor Wants To Team Up With DM Vendors

As an emerging market, the enterprise content management space is still defining itself. It seems like every couple of months there is a new "must-have" technology. First it was Web content management, then document management, then digital asset management, and last month it was syndication. The latest buzzword seems to be collaboration. Collaboration adds the ability for multiple parties to work on a single project.

While document management systems do a good job controlling who has what document and when, according to Brent Hensley, VP of marketing communications for **Workshare Technology**, they don't do a great job managing changes to documents after they've been checked out. "Most people, when they talk about collaboration are talking about a way to pass a document between parties. However, say a manager has five different people he wants to run a certain document by? Most document management software has no means for managing the content of the five different versions he'll receive back."

Workshare recently released its *Synergy* software, designed to manage document change in **Microsoft** *Word* environments. Not surprisingly, *Synergy* was originally launched in the legal market where Workshare has some presence with other types of change management tools. Hensley, however, thinks *Synergy* is applicable across multiple industries. "We currently have 5,000 users, but in the next three to six months we expect to add 20,000 more," Hensley told *DIR*.

Synergy currently sells for approximately $175 per seat in a "decent-sized organization." "However, we are developing a new pricing model to make it accessible to a lot more people," said Hensley.

Hensley stressed that *Synergy* is designed to work in conjunction with document management software. Workshare has already written connectors to software from **Open Text**, **iManage**, **Documentum**, and **Hummingbird**. The company also has a *Synergy* toolkit available and is open to OEM arrangements.

For more information: **Workshare Technology,** San Francisco, CA, PH (415) 975-3855.

Analyst Tolls The Bell For ECM

Is enterprise content management (ECM) D.O.A? Just when some experts are saying ECM has arrived as an infrastructure, the folks at **Forrester Research** think interest from end users is waning. The results of a recent Forrester survey of Global 3500 businesses seem to paint a bleak picture for the future of ECM. Over half the respondents indicated they would spend less than $200,000 on ECM technology this year, and in two years, 52% indicated their ECM spending would be less than $300,000. In an industry where the average sale is somewhere in the six-digit range, this is rather disturbing news.

Forrester's John P. Dalton authored a report on the survey entitled, "Enterprise Content Management Delusions." An interesting three-minute video in which Dalton discusses the report can be found at www.forrester.com/ER/Research/Report/Summary/0,1338,14981,00.html.

Among the points that Dalton makes is that usability is the number one challenge IT managers say content management systems have to overcome. He contends using one system to manage the diverse types of data utilized throughout a major corporation is not conducive to improved usability. "A marketing professional and a programmer, for example, rely on vastly different data types to do their jobs," Dalton says. "You are not going to get one content management interface that satisfies both."

The survey indicates homegrown systems are by far the leading way to manage content. "On the surface this would appear to be a gold mine for enterprise content management vendors," states Dalton. "However, content management needs are so diverse and specialized, one supplier is not going to solve them all."

Dalton indicates that he expects point, or application-specific solutions to continue to rule the content management market. "I view content management as a maturing market where users expect to get core capabilities with their other solutions," he says.

For more information: **Forrester Research**, Cambridge, MA, PH (617) 613-6000.