Document Imaging Report

Business Trends on Converting Paper Processes to Electronic Format

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June 1, 2007

THIS JUST IN!

EMC UNVEILS IMAGE MANAGEMENT UPGRADES

As promised at AIIM, last week at EMC World in Orlando, **EMC Software** announced upgraded document imaging capabilities for its *Documentum 6* ECM platform, which is due to begin shipping in July. EMC has introduced a new image viewer, as well as improved integration with its Captiva capture application. EMC refers to the greater document imaging space as "transactional content management [*see DIR 5/18/07*]."

"This is not a new space for us, but it is new for EMC to be offering such a strong solution set specifically targeting this environment," said Whitney Tidmarsh, EMC's VP of marketing for content management. "Over the past 3-4 years, we've made transactional content management a prime target, and now it's the largest contributor to our content management revenue stream." [*This jives with a **Forrester** figure quoted by EMC, which estimates that the ECM market will be worth $3.9 billion in 2008, with approximately $2.0 billion of that coming from transactional CM technology*.]

The new viewer is known as *TaskSpace* and features markup, queue management, and advanced viewing capabilities, such as the ability to optimize the download of large PDF files. "One differentiator is that *TaskSpace* can be customized through a GUI interface, rather than APIs," noted Toni Eddleman, a senior solutions marketing manager for EMC Software.

Pricing for *TaskSpace* has yet to be determined, but it will not come standard with *Documentum 6*. Tidmarsh noted that EMC will also continue to work with partners like **Snowbound** and **Daeja** who have developed their own viewers for Documentum applications. "Our customers prefer that we remain open to third-party viewers," Tidmarsh noted.

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Life At The Top Not So Simple For eCopy

MIAMI—**eCopy** was once known as Simplify, and at the time, its task sounded fairly simple—convince people to utilize copiers as scanners. Of course, nothing being as easy as it sounds, it took the company close to 10 years before it gained some real market traction [*see DIR 2/1/02*]. Its current name, eCopy, also is representative of a business strategy, albeit not necessarily eCopy's. There seem to be several would-be competitors out there trying to copy eCopy.

Ed Schmid, president & CEO, eCopy

"As I was walking around AIIM, looking at the booths, I felt like I had a big target on my back," said eCopy's founder, president, and CEO Ed Schmid, only half-jokingly. Schmid's vision has helped eCopy grow from less than $10 million in revenue in 2000, to more than $63 million in fiscal 2006. "Our fiscal year ends in June," he added, "and I can't say exactly how much, but we will grow again in 2007."

eCopy's initial success was fueled by a tight relationship with **Canon USA**. Since 1999, Canon has distributed eCopy's products to its channel, and eCopy recently announced that Canon USA has moved more than 50,000 seats of its *ShareScan* capture application. In 2002, Canon USA invested $15.8 million in its scanning partner [*see DIR 12/20/02*].

Although Canon USA still accounts for more than half of eCopy's business, European sales and sales with non-Canon hardware are picking up. In 2001, Canon Europe signed on as an eCopy reseller and has moved 15,000 *ShareScan* licenses. In 2005, eCopy began seriously partnering with additional MFP vendors [*see DIR 2/18/05*].

"In 2006, our European sales grew 102%; this year, we are looking at 70-80% growth," said Schmid. "For 2007, we are projecting European sales to account for 30% of total sales, with the U.S. at 65%, and the rest of the world at 5%. As far as non-Canon sales, they have grown more than 100% since last year."

Connecting with ISVs

At eCopy's recent Paper Connection Forum held at the Doral Golf Resort and Spa, *DIR* had a chance to sit down for a one-on-one interview with Schmid. The first question we asked was what is next for the company that pioneered scanning through the digital copier. Schmid's answer was that eCopy will continue down the path of integrating *ShareScan* with third-party software.

"We don't believe we've penetrated the ISV market as deeply as we can," Schmid told *DIR*. "There are currently 170 members in our SDK program, which is up from 120 at this time last year. That's a combination of ISVs, systems integrators, and in-house developers with proprietary software. However, when you think about all the applications in use, we've just scratched the surface.

"For example, we currently don't have direct integration with accounting systems from vendors like **Microsoft** or **SAP**. We also see tremendous opportunities for integration with vertical market applications in areas like medical records."

As digital copier vendors continue to improve their own scanning platforms, it's Schmid's view that *Connectors* (which is eCopy's term for software modules used to integrate

eCOPY TO OPEN UP CAPTURE PLATFORM TO THIRD PARTIES

eCopy's drive to recruit more partners does not stop at the ECM and ERP markets. It is also looking for capture partners. "Our plan is to create an open services layer through which users can implement advanced image processing capabilities," said eCopy CEO Ed Schmid. "For example, we envision a user capturing an invoice with *ShareScan*, releasing it to a forms processing service that could capture specified data, and then dropping that data back into *ShareScan* to be released, along with the image, into a workflow."

Schmid compared this to the strategy eCopy has taken in the cost recovery market. "Our customers were asking for cost recovery services, but we didn't want to write our own application, as there were already five or six established players in this area. So, we developed an API, went to the cost recovery vendors, and told them if they wanted to track scans in *ShareScan*, here's the API for doing that. That's been a very successful strategy for us. Although, we haven't made that type of functionality available yet to the capture market, *ShareScan* has always been architected to be open on both ends."

At the Paper Connection Partner Showcase Pavilion, **ABBYY USA** was showing its invoice processing technology. eCopy OCR partner **I.R.I.S.** also has invoice processing technology. We expect to see additional data capture players at next year's event.

http://www.ecopy.com/Partners_How_to_Become_an_eCopy_Partner.asp

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DIR is the leading executive report on managing documents for e-business. Areas we cover include:

1. Document Capture
2. Image Processing
3. Forms Processing/OCR/ICR
4. Enterprise Content Management
5. Records Management
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DIR brings you the inside story behind the deals and decisions that affect your business.

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ShareScan with third-party software) will play an increasing role in differentiating eCopy. "ISVs want a simple interface that enables people to use their products," said Schmid. "*ShareScan* provides a common, stable, scanning interface; it's a platform that has been well tested and is not going to be changing all the time. In addition, by integrating with *ShareScan*, with a single development effort, ISVs can cover multiple hardware vendors."

The Xerox question

eCopy currently has hardware partnerships with Canon, **Ricoh**, **Toshiba**, **Sharp**, **HP**, and **Konica Minolta**. It has distribution agreements with all of those except for HP. Schmid noted that one way for eCopy to grow would be to increase its distribution channels. So, we asked if he has any plans for a partnership with **Xerox**. "Potentially, we could buy our way into Xerox," he answered. "We could do this by acquiring a competitor that already has a relationship." [*For our speculation on who this might be, see story to the right*.]

To date, eCopy has not done any acquisitions, but that doesn't mean it hasn't considered them. "We're profitable and generating cash, so we wouldn't need additional financing," Schmid noted. "One acquisition strategy would be to buy someone that could leverage our strong distribution channel. To that end, we have thought about buying a printing software developer.

"After all, in addition to scanning, MFPs are used for printing. However, we found out that the person who buys a scanning app is not necessarily the same person who buys a printing app. So, there's no sales efficiency to be gained, because you end up making separate sales calls. Also, the print markets haven't realized the high growth rates that analysts have been promoting. In variable data printing, for example, you have leaders like **Objectif Lune**, but you also have a lot of little fish."

Upgraded professional services

eCopy's current focus is trained on increasing the breadth of its scanning applications. As part of this effort, at Paper Connection, eCopy formally launched a global eCopy Professional Services (ePS) group. "One of the lessons I learned from Geoffrey Moore's *Crossing the Chasm* is that not only do markets require new technology, they demand business restructuring. This involves creating new channels, new service organizations, and new ways to deliver products. We have to make it simpler for customers to deploy our *Connectors*. ePS is part of that strategy."

ePS evolved out of eCopy's field service consulting group. ePS currently employs 22 field consultants and six developers, who were hired specifically for ePS. "ePS will act as a professional services arm for our dealer channel," said Mark Roy, eCopy's VP of customer support services. "This will enable them to take on bigger, more complex projects."

Roy noted that the field service group was previously being called upon to bail out dealers who had gotten in over their heads. "ePS creates a more structured system for handling these projects," he said. "We will work closely with our partners in areas like setting the scope of projects, developing statements of work, and setting customer expectations. In this way, we hope to empower their own professional services groups. ePS will bill the dealers at an hourly rate; it will be up to them to set rates for their customers."

eCOPY ACQUISITION CANDIDATES

CEO Ed Schmid's mention that **eCopy** could potentially buy its way into **Xerox** led us to speculate about potential acquisition candidates. We are currently aware of three capture vendors that have distribution agreements with Xerox. Those are **Nuance**, **Notable Solutions, Inc**. (**NSi**), and **Omtool**.

First off, we'd have to say Nuance, or at least the document imaging portion of its business (the former ScanSoft), would be the least likely target. Granted, there have been rumors that this part of Nuance is for sale due to the company's growing speech recognition business. However, Nuance's imaging still represents a good sized business—about the same size as eCopy—and is probably too large for eCopy to digest. Plus, a good deal of Nuance's imaging revenue comes from OCR, which we cannot see eCopy getting into.

NSi and Omtool are attractive because both have reseller agreements with **HP**, as well as Xerox. However, we think Omtool is a more likely candidate for a couple reasons. First, Omtool is located in Andover, MA, not far from eCopy's Nashua, NH headquarters; NSi is in Rockville, MD. Second, and probably more significant, Omtool is a public company, so a reverse merger would get eCopy a public listing—which might be attractive at this stage of the game. Interestingly enough, ScanSoft (prior to changing its name to Nuance) took a similar path to the public market when it reverse-merged with **Visioneer** in 1998 [*see DIR 12/18/98*]. Also, Omtool's stock value has slipped considerably over the past year-and-a-half, and its current market cap is less than $8 million (with $4 million listed on its balance sheet). So, the price might be right.

For more information: http://www.omtool.com; http://www.nsius.com; http://www.nuance.com/

Roy added that the ePS development team recently helped eCopy win a large deployment of *eCopy Desktop* by coming up with custom viewing and mark-up tools for engineering drawings. "In the past, we would tell users they had to wait for the next version before we could introduce a new feature like that," Roy told *DIR*. "ePS's goal is that about 40% of our development work will eventually be included in the product line."

Connecting with end users

eCopy also plans to increase co-marketing efforts with its ISV partners. "To us, the logical place to start selling *Connectors* was through dealers," said Schmid. "However, even though this channel has historically been one of our strengths, it turns out, it might not always be the best route for getting *Connectors* to end users."

Schmid noted that the three-year leasing model employed by most dealers, for example, is not always conducive to *Connector* sales. "Many end users, when they first install *ShareScan*, are not ready to integrate it with a back-end application," said Schmid. "They don't want to be overwhelmed with a tidal wave of new technology. After a year or so, they might be ready to move forward. However, once a dealer installs a copier, the customer might not see them for another two-and-a-half years, or until the lease is up for renewal."

Sure enough, an end user panel presented at Paper Connection reinforced Schmid's theory that end users are often more comfortable with gradual rollouts of distributed capture. **Sprint**, for example, has more than 100 *ShareScan* licenses, and according to Bob Barrette, an IT spokesperson for Sprint, the company has a similar number of document management systems. "We are mainly just scanning to folders for now," Barrette noted. "But we are testing several eCopy *Connectors*."

Schmid said eCopy's *Connector* sales [eCopy has developed about a dozen *Connectors* to third-party applications] doubled from 2006 to 2007 and sales of third-party-developed *Connectors* increased even more than that. Top selling *Connectors* for the past 12 months included a **Laserfiche** *Connector* developed by systems integration/software development house **Software Connections** out of Baton Rouge, LA (in North America), an **ADOS** (an Austrian document management company and Canon partner) *Connector* (in Europe), and an **Interwoven** *Connector* (top-selling *Connector* developed by eCopy).

It's Schmid's opinion that eCopy's aggressive efforts to increase its number of *Connectors* should take some pressure off dealers, many of whom are not comfortable installing database-driven applications. "Having more *Connectors* will give

eCOPY CONSIDERS ENTERPRISE PRICING

It's been said more than once that **eCopy** has succeeded selling through dealer channels (somewhat derogatorily referred to as "box movers") by packaging a capture system in a box. Part of this packaging has included a one-to-one pricing model, meaning *ShareScan* is priced solely on the number of devices it is being run on.

The current list price for *ShareScan* is $2,995 for an embedded version and $3,995 for one that includes a Scan Station—a PC and a touchscreen that serves as the *ShareScan* interface. (About half of *ShareScan* installations are currently sold with Scan Stations, with embedded applications typically being installed in larger deployments.) The majority of eCopy's competition offers some sort of client/server based pricing model, in which MFPs are treated, and priced, as clients.

To date, eCopy has resisted changing its pricing too much to address the fact that its competitors' pricing is better suited for large-scale deployments. However, CEO Ed Schmid realizes eCopy needs to be flexible as its market evolves. "We are somewhat constrained when we deploy the Scan Station, because there are sunk costs for the hardware," said Schmid. "But, we have more flexibility around our embedded version. Our competitors have certainly become more aggressive in their pricing. We may need a different model for enterprise deployments."

EVENT WRAP-UP

What: eCopy's third annual Paper Connection Forum
Where: Doral Golf Resort and Spa, Miami
When: May 14-17, 2007
Who: 573 attendees (168 dealers reps, 140 hardware vendor reps, 115 ISV reps, 100 eCopy employees, 21 press and analysts, 29 end users and others)
Last year: 450 attendees
Platinum sponsors: Canon & EMC
Keynote: Author Jason Jennings
Quote: "Our first Paper Connection in 2005 was designed to bring together hardware manufacturers and ISVs. Last year, we wanted to educate dealers on selling the solutions being introduced by the ISVs. This year, we expanded our dealer focus and were really trying to get the message across that you don't have to sell complex applications to be in the solutions business." — eCopy CEO Ed Schmid
Fast Fact: Schmid estimated eCopy currently has a 25% penetration rate on Canon MFP devices in the 35-55 ppm range.

dealers more opportunities to integrate *ShareScan* with applications end users already have installed," said Schmid. "End users, of course, love it when they find out they can further leverage a piece of software they have already invested in."

What the future holds

Paper Connection, which featured more than 500 attendees, was definitely a testament to eCopy's market leadership in the MFP capture space. eCopy is so far ahead of the competition, we'd have to say it is their market to lose. That said, batch capture leader **Kofax** recently introduced its latest effort at penetrating the MFP space, and when it did, it pointed out some of eCopy's shortcomings [*see* DIR 5/4/07]. The most prominent one is that *ShareScan* is still typically used as a scan-to-e-mail and scan-to-folder application.

While this may be true today, it's our opinion that eCopy is making all the right moves to ensure this is not true in a few years. No, widespread *Connector* adoption is not going to occur overnight, but neither did widespread *ShareScan* adoption. Things just move slower in the copier arena than in the higher-tech world of production scanning. One thing that impressed us about the Paper Connection end-user panel was that the eCopy customers had implemented *ShareScan* as a cross-enterprise capture platform. One had even removed a production scanning app in its legal department to ensure cross-organization consistency. And this is where the danger lies for traditional capture vendors, and why it's probably so important for Kofax that its Digital Exchange Server succeeds. Much like the image capture and forms processing markets merged over the past decade, it now appears as if the distributed and batch capture markets could be merging.

Since he was such a gracious host at Paper Connection, we'll let Schmid have the final word on this. "One of our customers is a large insurance company who won't let us use its name," he said. "Prior to installing *ShareScan*, they would FedEx all their paperwork from their branch offices to their central office for scanning with *Ascent Capture*. Now, they use *ShareScan* for scanning at the branches and send the images to their centralized *Ascent Capture* server, which releases them into a workflow. At some point, it's our opinion they won't need *Ascent Capture* anymore, because they'll connect directly from *ShareScan* into their workflows."

It would appear the game is on.

For more information:
http://www.ecopy.com/Newsroom_eCopy_Paper_Connection_Forum_2007.asp

Laserfiche: Another Mid-Market Success Story

The mid-market continues to be a hot area for ECM growth, with **Laserfiche** the latest vendor that focuses on this segment to report to *DIR* some startlingly impressive numbers. According to Chris Wacker, Laserfiche's senior VP of sales and marketing, who was recently named to *VARBusiness*' list of "Top 25 Channel Executives You Need to Know," the company has grown from 75 employees in 2001 to its current total of more than 220. "For the past 10-12 years, we've enjoyed steady growth of 35-50% per year," Wacker told *DIR*. "Ninety-to-ninety-five percent of our revenue comes through our reseller channel, which has more than 1,000 members. This year, we expect to do north of $30 million in revenue."

Chris Wacker, VP of sales and marketing, Laserfiche

Laserfiche has always been known as a strong player in the state and local government market, which, combined with the federal market, still makes up about 30% of the Long Beach, CA-based ISV's revenue. Laserfiche has also started to emerge as having one of the more scalable and stable mid-market products. "A lot of our competitors do not manage database integration at the level we do," noted Wacker. "This means their products aren't as scalable. We have customers like Mexico's **National Immigration Institute,** which had their Laserfiche application featured on **CNN**, that are storing 140 million images.

"We're finding a lot of customers who have had a taste of imaging with another product, are switching to our product. Often they have experienced problems with their legacy systems when their volumes started to grow."

Laserfiche improves ISV program

Laserfiche recently launched a Professional Developer Partnership (PDP) program designed to encourage integration with third-party applications. "We've had the program in place for a couple years, but haven't really put a lot of effort behind it until now," noted Tom Wayman, Laserfiche's director of product strategy. "Historically, we've had a toolkit that VARs have used to integrate our software with third-party applications.

"Lately, we've had more customers asking, 'Do you link with this ERM package or this accounting system?' Of course, we can tell them we have a toolkit their VAR can work with, but, the fact is, in the mid-market especially, customers don't want to hear that their installation is going to turn into a project. To address this, we have begun looking for more ISVs, systems integrators, and software developers to build pre-packaged links with our software."

To encourage and facilitate this activity, Laserfiche is focusing on a couple areas. "We are making more code samples available, along with educational and Webinar materials. One of our goals is that we want the integrations to have a rapid time to market. Some people have told us they have completed integrations in a couple hours.

"We also realize that people are building these integrations to make money. So, we are going to enhance our marketing and sales efforts around them. We recently launched an online marketplace where developers can post information on their software and make downloads available. This provides exposure to some of the 10,000 visitors our site receives weekly."

Currently, the online marketplace features listings for about 20 applications in areas like document capture, electronic forms, digital signatures, geographic information systems, meeting management, and e-mail archiving. Joining Laserfiche's PDP program requires a one-time membership fee of $4,000, plus an annual maintenance fee of $1,000.

For more information:
http://www.laserfiche.com/pdp.html;
http://www.laserfiche.com/marketplace/

SAP And Open Text Strengthen Relationship

After years of dating, **SAP** and **Open Text** have taken the next step in their relationship….No, they haven't really become engaged—actually, they really never dated either, but we're using an analogy. They have been partners for years, dating back to SAP's relationship with IXOS, which was acquired by Open Text in 2004 [*see* DIR *11/7/03*]. SAP was even a minority investor in IXOS, and Open Text and SAP have more than 2,500 joint accounts.

Since the Open Text acquisition of IXOS, however, rumors have been circulating about how tight the two companies remained. It has even been rumored that Open Text was going to be acquired by SAP rival **Oracle**, that is, until Oracle bought ECM specialist **Stellent** last year [*see* DIR *11/17/06*]. Well, now that SAP has finally signed an OEM agreement (often seen as an engagement) with Open Text, could the next natural step be that SAP becomes the latest structured content management specialist to buy its way into the unstructured content management game (in other words, "getting married")?

But, we're getting ahead of ourselves. What has been officially announced is that SAP's sales force will now be actively selling two Open Text products. The first is *SAP Archiving by Open Text,* which is basically the latest evolution of the IXOS product for archiving documents related to SAP *R/3* applications. The second product is *SAP Document Access by Open Text*, which provides users with access to the Open Text/IXOS repository directly through their *R/3* interface.

More feet on the street for Open Text

"This is probably the most important announcement we've made in the two years I've been here," noted Doug Jones, the VP of strategic alliances for Open Text. "In the past year, we've doubled our revenue through partnerships, to where, for our last quarter, partnerships were responsible for 37% of our software licensing income. SAP accounted for the largest chunk of that.

"Historically, our SAP business has come primarily through referrals. Now, we will have the opportunity to leverage the worldwide SAP sales force, which is significantly larger than Open Text's. We also expect the size of our deals with SAP to increase. Finally, from a product standpoint, this relationship gives us better access to SAP's development group, which further ensures the quality of our integration and product offering."

SAP customers crave ECM

Two market dynamics motivated SAP to make ECM a core piece of its product offering. "As you know, companies are being pushed more than ever into regulatory compliance," said Tom Roberts, VP of corporate business development for SAP. "Initially, most of their compliance efforts were manual. Large checks were written to auditing firms who explained what these organizations needed to do to get in compliance. Now, these companies are looking at solutions to help them reduce the cost of compliance through automation. ECM technology is an important part of that."

The second dynamic has to do with the growth and evolution of SAP. "We've pushed out of our traditional niche in manufacturing and moved deeper into what we call 'battleground' markets, like financial services and public sector. These are the markets where we run more often into competitors like **Oracle**. If you look at the heart of what users do in these markets, it involves a lot of ECM.

"One of our advantages is that we can take everything we've done with management of engineering documents and combine it with Open Text's products for managing administrative documents. If you look at an automotive manufacturer, for example, they have engineering documents related to products, but they also have leasing and financial documents that are more on the administrative side. SAP will now have a product offering that addresses content management across the enterprise."

Competitive partners still welcome

Of course, both companies made sure to note that they will continue to play nice with their other partners. "One of the strengths of our NetWeaver platform is that it enables SAP to integrate tightly with multiple product lines," noted Roberts. "We're still open to integration with vendors like FileNet and Stellent. In fact, we have to play with everyone, because our customers demand it."

"A couple years ago, we looked at the direction of the ECM market and decided we needed to have relationships with three big players— SAP, Oracle, and **Microsoft**, for bringing applications to market," said Jones. "Of any ECM company, we feel we have the tightest integrations with those three vendors and view that very much as a competitive strength."

Roberts concluded by saying that the Open Text OEM deal represents just the first piece of SAP's overall ECM strategy. "Our ECM strategy is evolving," he said. "There will be more to come as we learn more about the market. ECM is a major topic among our customers and their needs are very rich. We see great opportunities in the enterprise space, but we also acquired rights to sell the Open Text products through our channels and subsidiaries and are considering future opportunities in the mid-market."

Try-then-buy?

It doesn't take much imagination to speculate that this OEM deal could be a try-then-buy arrangement. One only has to look back at EMC's acquisition of Captiva in 2005 for an example how this type of arrangement has played out on a large scale in the ECM market before. If that is the case, it certainly would be a coup for Open Text. After all, we speculated several years ago, Open Text was buying IXOS primarily to get itself in bed with SAP—but not too long ago that relationship appeared to be on the rocks. It would now seem to be fully back on track.

As we've said before, as the ECM market consolidates, some companies are going to get left behind. With **IBM**, Oracle, and EMC having already made their moves, you had to wonder how many potential suitors were left for a vendor the size of Open Text. Microsoft is more of mid-market player in this space, so that wouldn't work. HP, of course, has been mentioned as a potential buyer of several ECM companies. Maybe its recently announced partnership with **Vignette** will lead to something.

When all is said and done, we like the combination of Open Text and SAP much better than something like Stellent and Oracle, for example. Open Text and SAP have had a long history together, they address almost the same set of customers, and both are leaders in their respective spaces. We're also interested to see if document capture is on SAP's ECM wish list, as several capture vendors have already integrated their products with *R/3* for invoice processing…. but once again, we're getting ahead of ourselves, this is still an OEM relationship…

For more information:
http://www.documentimagingreport.com/SAP_Open_Text.1578.0.html

Gartner sizes the ECM Market

At *DIR*, we spend a lot of time trying to come up with accurate market size numbers. In a market as fragmented as document imaging, this can be a fairly daunting task. The enterprise content management (ECM) space is probably even more fragmented when you consider all the moving parts you have to deal with, but **Gartner** has done a pretty good job narrowly defining the ECM space and then coming up with some numbers that correspond to this definition. According to Tom Eid, a VP for Gartner, the global ECM software market was worth $2.6 billion in 2007 and will grow 13% in 2006 to reach $2.95 billion. 2006's growth rate was 12%.

"In the ECM space, we include document management (DM), Web content management (WCM), records management (RM), a basic form of imaging [not dedicated document capture], basic collaboration, and workflow when integrated with other ECM products," Eid told *DIR*. "Three orbiting moons that surround ECM and have some crossover, but, which we also track as standalone markets, are digital asset management, IDAR (integrated document archiving and retrieval), and e-mail archiving."

Gartner's market size numbers are based on new software licenses and maintenance revenue. Using these criteria, the combined **IBM/FileNet** entity had the largest market share in 2006 with $630.3 in revenue for 24.1% of the market. **Open Text** (including Hummingbird's revenue) was second with $457.8 million or 17.5% of the market. **EMC** Documentum was third with $374.8 million or 14.3% of the market.

"The ECM vendor landscape continues to change dramatically, with more than 50 M&As of vendors of ECM and related technologies since 2002," noted Eid. "As the market consolidates, 56% (as measured by total software revenue) is held by just three vendors: EMC, IBM, and Open Text."

Eid has forecasted a 12.9% growth rate for the global ECM market through 2011, with the market size reaching $4.8 billion by 2011. Interestingly enough, he does not see **Microsoft** emerging as a market share leader, but he does think *SharePoint* will have a positive effect on the market. "*SharePoint* fits in a segment we refer to as basic content services (BCS)," said Eid. "Increasing adoption of BCS will drive greater adoption of higher-end ECM software. BCS will serve to get more content under control, which will better enable users to evaluate their content management needs. This will lead to broader deployment of high-end products. Most of the ECM leaders have implemented a *SharePoint* strategy, which we see as the correct move."

Eid also dismissed **Oracle's** impact on the market, at least for the time being. "Oracle is currently working through a number of larger acquisitions, such as **Siebel**, that has affected some of its focus on content management," he said.

Other observations Eid made related to ECM:

■ Rich client, consumer-centric, and Web 2.0-based technologies used in wikis, blogs, and social Web sites, are creating easier-to-use and less intrusive technologies for sharing content and creating new requirements for managing content.

■ The WCM market is rebounding, as users need to replace older products and integrate Web content into a broader enterprise content strategy.

■ ECM buying patterns will shift in favor of comprehensive suites over best-of-breed products.

■ In 2006, content-enabled vertical applications represented approximately 20% of ECM vendors' software revenue; by 2010, this will increase to more than 40%.

■ Technologies that support both ECM for unstructured data and EIM for structured data will bring these domains closer together. XML will play a key role in this integration.

■ Many vendors are providing a comprehensive suite that includes WCM, DM, RM, imaging, workflow, and collaboration tools. However, migration to these "next generation" platforms has slowed because more comprehensive tools and services are needed from ECM vendors to improve the migration process.

http://www.gartner.com/AnalystBiography?authorId=15856

EMC Documentum, from page 1

On the Captiva front, EMC has created a unified interface for monitoring capture and workflow processes. "Users now have a single audit trail to track every touchpoint, from the scan through to the archive," said Eddleman. "This is a huge advantage for troubleshooting, because it creates a single view for determining where the bottlenecks are occurring in a document process."

http://www.emc.com/news/emc_releases/showRelease.jsp?id=5104&l=en&c=US

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