

Headquarters

97 Libbey Industrial Parkway
Suite 300
Weymouth, MA 02189
Phone: 781-616-2100
Fax: 781-616-2121
Email: info@capv.com
www.capv.com

Europe

3rd Floor, Sceptre House
7-9 Castle Street
Luton, Bedfordshire,
United Kingdom LU1 3AJ
Phone: +44 1582 400120
Fax: +44 1582 411001
Email: euro.info@capv.com

Japan

Hiroo Office Building
1-3-18 Hiroo Shibuya-ku
Tokyo 150-0012 Japan
Phone: +81 3 5475 2663
Fax: +81 3 5475 2710
E-mail: info@gsm.to
www.gsm.to

This Material is prepared specifically for clients of InfoTrends/CAP Ventures. The opinions expressed represent our interpretation and analysis of information generally available to the public or released by responsible individuals in the subject companies. We believe that the sources of information on which our material is based are reliable and we have applied our best professional judgment to the data obtained.

Dynamic Content Software Strategies Consulting Service

May 26, 2005

Interwoven Gears Up for the Future

It is fitting that Interwoven chose Jay Leno to be its headliner for GearUp 2005. Like Interwoven, he has seemingly been around forever. As a young comic he was always at the forefront, bringing new, innovative material to those who sought him out. As his audience has grown, he has adapted to become more mainstream, appealing to a broader range of people. As such, he has necessarily lost some of the cutting-edge freshness that used to define him to newcomers like Dave Chapelle. Jay Leno, however, has managed to refine his material, while still keeping some of that edge, and become a long running success in Late Night TV.

Interwoven may very well be the Jay Leno of Enterprise Content Management (ECM). The company is one of the most established and solid in the market, with an electronic content heritage dating back to well before Y2K. Necessarily, the company cannot dedicate all its time to the bleeding edge of innovation, throwing new ideas out onto production servers to see what sticks. That isn't what its customers desire. More and more, Interwoven's customers need technology solutions to solve specific business problems with quick, measurable return on investment (ROI). Interwoven's ability to provide these solutions has enabled the company to take its place among the top ECM providers.

Reflecting these customer desires, Interwoven's theme for GearUp '05 was "Profit from your Content." To back this statement, it requires "unbreakable" technology solutions that have been proven in the field.

That is not to say that Interwoven doesn't have some exciting new developments. The company has long espoused the 2x2 chart with solution depth on the vertical axis and platform completeness on the horizontal. Thus to get to the upper right quadrant, which some would say is the magical place to be, a company either takes a "left jab" approach starting with deep solutions, or a "right hook" approach that starts with a platform and gradually develops depth. Classic right hook vendors would be those like Microsoft. Interwoven, on the other hand, has made a commitment to develop solutions and indicated that it would increasingly rely on partners to provide the platform.

With this solutions theme, Interwoven had many interesting and relevant announcements at GearUp. The company also revealed some areas of focus through keynote sessions and breakout presentations, backed up with well-presented customer case studies that should serve it well in the future.

Points of Interest

As is the general rule with events such as GearUp, Interwoven had many solution and direction announcements throughout the week. Some of the more interesting and timely involved an upgraded partnership with Microsoft, and solution areas like collaboration and intranets and extranets.

Microsoft Partnership

Coming from the solution side, Interwoven will rely on partners for the platform completeness. One company that it will have a closer relationship with is Microsoft. At GearUp '05 Interwoven announced that it had attained Gold Certified status in the Microsoft Partner Program. To demonstrate each company's commitment, Microsoft's General Manager of Global ISVs, Rob Bernard, attended GearUp and participated in the keynote announcement.

As part of the expanded relationship, Interwoven announced tight integration of many Interwoven solutions with the ubiquitous Microsoft platform including Office and Windows. Initially this will mean that a subset of Interwoven's solutions (specifically legal, accounting, corporate legal, e-mail management, intranet/extranet, and records management) will be founded on the Microsoft platform. Before the end of the year, the companies will have a "deep integration" between SharePoint Portal Server and WorkSite. Also coming is an early Interwoven adoption of SQL Server 2005 and a .NET based Records Management console.

It is important to note that prior to Interwoven's acquisition, iManage had a very tight integration with Outlook for a long time. This is the impetus that helped the company succeed in the legal vertical, with its strong reliance on e-mail as a communication method. This partnership and product announcements will extend on that successful strategy.

This announcement meshes nicely with Interwoven's solutions strategy. By integrating its technologies with Microsoft, Interwoven enables its development and sales teams to completely focus on solutions, rather than wasting resources on platform development. The word inside Interwoven is that retention rates for engineers have sky-rocketed since they have been able to focus on developing concrete, deep solutions.

Interwoven will begin this partnership through offerings to professional services firms including legal, accounting, management consulting, corporate legal departments, and IT consulting. The partnership should also open up more small and medium-sized businesses to Interwoven. Many of these companies already use Microsoft products, and also don't have large IT budgets. Interwoven's integration with Microsoft will enable it to provide targeted solutions to these companies with less initial development and integration requirements.

Collaborative Document Management Solutions

InfoTrends/CAP Ventures has done much research on the convergence of collaboration and content. One thing that has become abundantly clear through this work is that collaboration technology and solutions relating to content are only becoming more important in day-to-day business. Interwoven is poised to take advantage of this fact with its Collaborative Document Management (CDM) technology based on Worksite MP.

Following with what is becoming a theme, through its PartnerNetwork, Interwoven announced many targeted solutions. These include Imaging and Accounts Payable, Construction Project Management, IT Project Management, and Claims Management among a host of others. Interwoven has also designed it with the intention that customers will be able to develop customized solutions in addition to those offered by partners. That is the purpose of the Solution Toolkit, which includes canned workflows, search forms, and user interfaces that can be included in custom solutions and should serve to speed their development time.

A great example of Interwoven's targeted collaborative document management solutions at work was presented by Christopher Laping, Vice President and CIO of GMAC Commercial Holding Capital Corporation (Capital Corp.). Capital Corp. is focused on multi-family, affordable housing real estate finance and is divided into 6 main groups with 11 more niche products and services. The projects that Capital Corp. invests in are generally complex and require multiple sources for financing. In the past Capital Corp. had provided all required platforms, but through the distinctly branded operating organizations under the Capital Corp. hood. Unfortunately, processing across these organizations was an overly time-consuming and expensive process, with more than its fair share of duplication of effort.

Capital Corp. turned to Interwoven in an attempt to develop a "seamless due diligence and underwriting process that yielded lower pricing and shorter deal cycles [which] would further improve market share and create fiercely loyal clients." The solution that Interwoven and Capital Corp. developed leverages Interwoven's deal management solutions and demonstrates the high level of customizability. Based on WorkSite, a Common Underwriting Platform (CUP) was developed in 2001 that "streamlined origination, due diligence, and underwriting." Then in 2003 an enterprise-wide system was developed (dubbed iDeal) that integrated "people, process, and technology and effectively supported CUP" not just for employees, but for customers and third-party providers as well.

Capital Corp. saw these developments as such a differentiator that it began marketing the system as "Affordable OneSource." Since CUP was launched in 2001, Capital Corp. has closed over \$2 billion worth of OneSource transactions. The company also claims to save \$500,000 a year in shipping and copying costs, and that OneSource deals generally close up to 60 days faster than even other single-platform deals.

Having so many deep, targeted solutions allows Interwoven (and partners) to have a variety of entry points into a potential customer. For example, deal management and contract management solutions have the most appeal to COO and CFO type purchasers. Its campaign management would find the most traction with a CMO, while its IT project management and other solutions find their audience with CTOs. This enables the company to tailor sales to specific roles, and likewise not be shut out should one area of an organization decide to go in a different direction.

LiveSite: A Solution for Intranets and Extranets

Interwoven used GearUp '05 to showcase its LiveSite solution for intranets and extranets. This is a significant announcement for Interwoven, and the company took time at a keynote session to present a live LiveSite demonstration. The demo served as a good introduction to the break-out session detailing the product announcement and a case study session that illustrated the solution in action.

Intranets and extranets represent a growing issue in corporate America. There are many reasons for this phenomenon, as pointed out by Kevin Cochrane, Interwoven's VP of Web Content Management, in his presentation detailing the solution. These reasons include:

- Speeding product development cycles
- Improving customer service, sales, and sales productivity
- Reducing internal training costs, while increasing employee skill development
- More effective knowledge-sharing and decision-making
- Generally promoting corporate culture

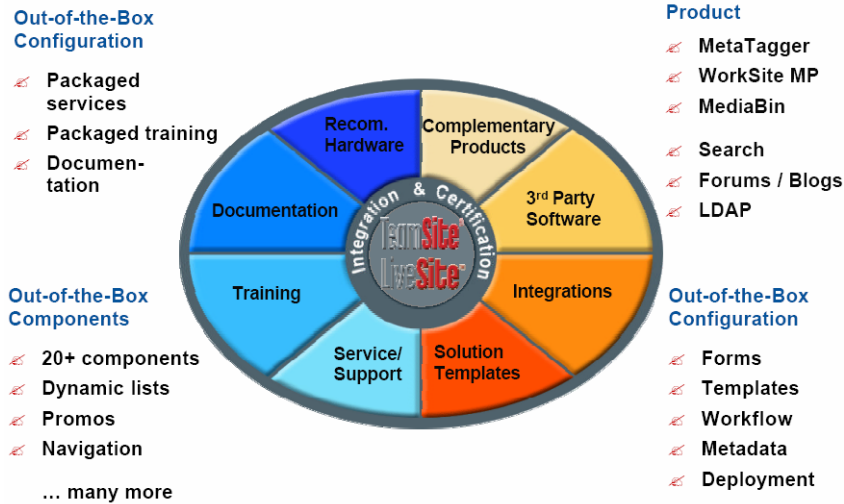
While intranets and extranets are no doubt exciting ways to get a large quantity of information to a broad audience, they also present some problems. Unmanaged intranets can present corporations numerous, disconnected sites, each with different designs, looks, and standards. These sites are difficult to maintain and may lack basic fundamentals such as navigation and page flow, making information difficult to find. This presents serious problems with providing a consistent brand, and can also bring in compliance

issues. Also, the sites don't develop and maintain themselves. With many groups and individuals trying to get intranet or extranet sites up, it can present a real crush for already taxed IT staffs. This is often compounded by little content and code reuse.

To make sure it solved the most important intranet challenges with its LiveSite release, Interwoven held a focus group of 23 "IT leaders" in 2003. Through some intense sessions, this group came up with some distinct needs that had to be addressed by a solution, including:

- Lower site publishing costs
- Self-adopting: "Fast, friendly, and easy," WYSIWYG (what you see is what you get)
- "Illusion" of business user control

Interwoven's Packaged Intranet Solution



With these requirements, Interwoven and the focus group hoped to enable developers to be less bogged down by site maintenance and focus on actual development.

The LiveSite solution offers many features that will enable business users to effectively develop intranet sites. One of the first things that jumps out is the number of out-of-the-box components (over 20) that are offered with the solution, like dynamic lists and navigation. These components are shared and re-usable, as are content and rich media assets. The

solution also has out-of-the-box configuration for forms, templates, workflow, and many other areas, with customization possible with a "point and click" functionality. All these out-of-the-box items, added to the drag-and-drop and WYSIWYG usability, leads to a solution that should be adopted fairly smoothly by users – "self-adopting" as Interwoven would say.

This should help customers to more centrally manage IT infrastructure, while allowing content contribution to be decentralized and teams to produce an increasing number of "microsites." A customer example of LiveSite used in conjunction with TeamSite was illustrated by Mindy Shin, Director of Global e-Business Technology at Mercer Human Resource. Mercer is the largest benefits consulting company in the world, with over 13,000 employees in over 40 countries/territories worldwide, generating \$1.5 billion in revenue in 2004.

With so many locations, Mercer needed to be able to localize content in tune with area customs. For example, Japan "is more community-oriented than magazine page-oriented." The company also needed to speed Web page creation time, recognizing that "Web page use does not have a long lifecycle" and is "unfortunately always a last minute idea internally." At the same time, Mercer wanted to eliminate its IT bottleneck, freeing technical resources for higher value development and eliminating 4-month page cycles.

To do all this, Mercer required a solution that enabled "true and complete" self-service Web page creation for business users. At the same time, the company wanted some control of style issues (fonts, colors, etc.) to ensure a consistent branding. Interwoven's solution enabled the accomplishment of most of Mercer's goals. The TeamSite and LiveSite components allow MercerHR to control content, to ensure

compliance, consistent branding, and best practices, while giving business users “control of visual layout and configuration of each page area.”

In the future, Mercer plans theme-based extensions to existing sites, dubbed “mini sites,” and e-commerce functionality. Although hard numbers were not available, Ms. Shin summarizes the solution in a way Interwoven surely enjoys, “lots of potential for LiveSite! A good complement to TeamSite.”

Use It!

One of the major findings of InfoTrends/CAP Ventures' *Content-Centric Collaboration* research was that getting users to take advantage of technology is one of the biggest road blocks towards making a solution successful. Interwoven would seem to agree, as a focus of many of the presentations was the fact that the solutions are WYSIWYG, or user friendly and intuitive. While these are great buzzwords, Interwoven has taken steps to make sure they come to fruition.

Interwoven's expanded partnership with Microsoft serves to further hammer this home. Like it or not, most users are familiar with and have used many of Microsoft's products. Any integration that can be provided only makes it easier for the user to leverage Interwoven's solutions. That Interwoven CEO Martin Brauns jokingly likened the process of becoming a Microsoft Certified Gold Partner to "jumping through burning hoops," illustrates that the partnership is very comprehensive and not just a marketing relationship. As such, it should prove fruitful for both companies, Interwoven especially.

Another aspect of user friendliness permeates to working with the Interwoven organization as a whole, with DevNet. As one might guess, DevNet is Interwoven's Developer Network. While many companies offer some kind of customer site, Interwoven seems especially dedicated to the concept. For example, the company offers some interesting SOA (services oriented architecture) software developers' kits (SDKs) for products like MediaBin and TeamSite. To make sure they are available to those who want them (developers), the company makes the SDKs available on DevNet.

In the technology-focused sessions this non-developer attended, it was striking how often the site was mentioned by customers. It is clearly not just a place to download software, but a community of people with similar roles and similar issues willing to collaborate and find solutions. This extends the concept of ease of use to a depth that is clearly appreciated by customers.

Conclusion

Held at the Palace Hotel in San Francisco, GearUp '05 was a well attended event. Although official estimates varied, Interwoven was clearly pleased with the level of customer involvement. It was often mentioned that it was the largest attendance since the glory days of the technology bubble. This speaks well for Interwoven and the industry as a whole.

Unlike those heady days of the late 1990s, very few potential customers are throwing funds at far-reaching technology projects with questionable ROI. Therefore, Interwoven's clear focus on providing solutions to specific business problems, rather than a wide ranging platform, is a solid strategy. Coming in and solving a specific problem quickly – or providing quick time to “Champagne events” as Martin Brauns put it – ideally makes that company more likely to turn to Interwoven with its next business issue.

It will be interesting to see how Interwoven executes this strategy. Based on conversations, there is clearly buy in from the executive and sales teams. With continued sales growth and new customers, the company seems poised for an interesting year.

Jon Franke