

→ Whatever happened to THE GONK? <http://en.wikipedia.org/wiki/Gonk>

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Open Text v Interwoven: Ding ding, round two?



The new kid on the Hummingbird block: Mark Portu, VP Open Text Legal Solutions. They are getting their "house in order" first and then plan an aggressive bid to open the purse strings of top 100 law firms.

Neither Open Text nor Interwoven will like my tabloid style headline but it signifies the start of a new era: from here we rekindle the verbal battle which has notoriously existed between the two foes.→

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Open Text is easily twice the financial size of Interwoven. It opened its doors for business in 1991

For the quarter ended September 30, 2006, Opentext expects to report revenue between \$99 million and \$101 million. The Hummingbird transaction was valued at approximately US\$489 million. Nine of the top 10 global law firms and 65 percent of AmLaw 100 firms now own these products (Hummingbird and Opentext). After acquiring Hummingbird they have a workforce of 3,500 people but plan to reduce this with a 15% head-count redundancy programme.

Interwoven has achieved their success in one decade

Interwoven revenues for 2005 totaled \$175 million. Interwoven customers include 9 of the top 10 global companies and 64 of the top 100 US law firms. They started the company in 1995.



These days in UK legal the facts speak for themselves: Interwoven on numbers has won the sales battle of the DM/ECM and Geoff Hornsby is officially a David Beckham "golden balls" style superstar. Even the president of Interwoven happily talks of his success.

In an article I wrote some time ago for Citytech, Interwoven was winning the race for having been consistent in supporting legal, which can not be underestimated: good vendor relationships matter, as does consultancy and solid sales support.

Chewing the ECM cud

Strangely there is still some confusion about the two competing DM/ECM companies in legal. Trying to get direct comparison's on the two (or in fact others) isn't always easy.

Buying software is a worrying experience. No-one wants to make a mistake so confidence is something that software companies need to build, like governments campaigning for your vote. There are expensive teams of people ensuring you get lots of good news, have the right spin and people standing up to be counted (testimonials/case studies).

Interwoven say: look at our market share and look at our recent success in legal. They also say: Why did Simmons & Simmons drop Open Text in favour of Interwoven recently?

Open Text say: concentrate on the products - they will stand the test of time. Open Text has a 95% customer retention rate and positions itself against meatier players like IBM/ Filenet.

I say: The spin here is really about UK legal and Geoff Hornsby (Interwoven sales) who is definitely basking in the ECM sunshine. However all software needs replacing at some stage. Both companies will have to deliver consistent products or the balance can shift either way. As Cathy Wallach, President at EncoreTech said in a Citytech interview: "the use of each software goes in waves of popularity." Over time like stockmarkets, blips iron out.





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Mark Portu at Opentext says of the future of ECM: "More on more applications will merge and be built on top of each other. The main players will be IBM/Filenet, EMC/ Documentum and we are the third and already have 50% market share."

So, why the heck should we get involved with some more vendor DM/ECM hustle as Hummingbird turns into OpenText and they insist on tempting us with their slick software ways and interesting interfaces? Well if you haven't realised already, everything changes. Staff come and go, branding and websites look like dogs dinners after a couple of years and more and more organisations are in buyout mode: your boss today, may not be your boss tomorrow (so no point sucking up to them too much).

In our modern day, which will undoubtedly look prehistoric in years to

come, we must understand that software isn't an heirloom to be handed down over generations. It's a temporary state that provides excellence and good effort at that slot in time. The minute something new is developed like email replacing the phone call and fax replacing the telex, its time to march forward and listen to new stories. Making the most of your software and current purchases is fine but there is a point where you just have to say "telex go to that landfill site and create a hole in the ozone layer."

Whether you are looking at a DM/ECM purchase or not and many of you at the top

OpenText pitch

John Shackleton is President and CEO of Open Text. He joined in 1998 and has a background that encompasses Oracle and Sybase and also on the management team of the first ever DM company Viewstar.

Hot shot clients on board already: "The merger of Hummingbird and Open Text has resulted in a leading independent ECM vendor that is one of the top three vendors in this rapidly consolidating market," said Sue Hall, CTO, Baker & McKenzie and co-chair of Open Text Legal CIO Advisory Board. "This brings exciting possibilities for legal customers both in terms of products and services. I am looking forward to working with Open Text management to help deliver solutions that meet the needs of the legal market."

Open Text statistics: Open Text supports approximately 46,000 customers and millions of users in 114 countries and 12 languages. For the quarter ended September 30, 2006, Open Text expect to report revenue between \$99-101 million.

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Open Text Worldwide
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Neil Araujo who runs Interwoven's, VP of Legal Services Marketing says he sees Opentext as "a Swiss army knife, with multiple blades, tin openers and cork screws. You need it if you are going camping but perhaps not if just cooking a meal." Of the best campaign he has ever run in legal he says "switch to Interwoven" was the most effective. Of other marketers he praises 'Apple' and Denton Wilde Sapte. He says "people just love Apple" and "Denton Wilde Sapte really got their message across – if you want this type of law, ring us." He sees their success in clearly identifying what they are about.



end won't be for a couple of years with so many new Interwoven sales on the books, there is an undisputed growth in the desire to have this type of software. Interwoven sales stats showed a 25% increase in a recent quarter of completely fresh deals. Never been seen in legal before and not gravitated. That means that IT Directors are spending, if not at the top end then moving down a bit to mass-market, mid tier and smaller firms.

So there is lots of business sloshing around and some of you do need to know which way to turn. I'm afraid the answer is not easy.

Current management thinking, says that organisations will have to shape up to face the future. Considering both OpenText and Interwoven, each have positioned themselves well. Interwoven is the

leaner, meaner, marketing machine, able to react on a dime and provide what you want. OpenText are going for 100% market share which is said to be a sure-fire way to win by ensuring you grab all customers before anyone else can.

Speaking to Mark Portu, VP Open Text Legal Solutions, he hypnotises you with sensible, explanations. Its hard not to buy into his philosophy. Their reason for buying Hummingbird was simple he says "It brought two markets to us: government and legal. We realised the nuances in each vertical market were important and knew it was essential to have the particular expertise within. Acquiring this information, "allows us to translate products into useable software." He also says that the fit was perfect in that

Magic Hornsby

Geoff Hornsby
Sales Director
Interwoven



Interwoven sound bite

Neil Araujo, VP Legal Services Marketing, Interwoven wrote the first few versions of the software. He says that the forward motion for Interwoven is to make the IT experience for lawyers/attorneys much simpler.

He believes that customers don't like being sold to and that you really only want to see them when your need arises and not before. He thinks that all vendors in this space have functionality, performance and stability but that Interwoven are better at performance and stability.

He confirms the biggest change their industry ever saw was brought about by the email.



Interwoven movers & shakers

Max Carnecchia
President (Far left picture)

Ben Kiker
Senior Vice President (Middle)

Neil Araujo
VP Legal Services Marketing (Right)

Hummingbird did well with Canada, Australia and UK government and Open Text did well with the US government. It seems for some time the Hummingbird customer share had been coveted in the Open Text camp.

With twenty years in the business of document management he is not a revolving door person. Mark Portu has been with OpenText for seven years and a quick Google on him shows he has sorted out more than one or two mergers for OpenText.

His approach is pragmatic. "Its going to take time to get our

house in order but that is what we are concentrating on first." He continues "Our responsibility now is to current customers and to make sure they are happy and are behind the direction we are taking. After that, when our install base is behind us, then we will be targeting new customers aggressively. We have world class support and developers to maintain market share and a 95% client retention rate."

I asked what he thought made a successful software company. He said it was a combination of things: Opportunity; being ready for opportunity; relentless focus on a

market; extraordinary development and support staff and focused management.

Of the merger Mark Portu finishes "This merger will give customers real benefits as we go deeper into R&D. We are significantly larger now which will give us enormous leverage."

Interwoven of course, do not agree.

Max Carnecchia is President at Interwoven and no-one can dispute that his eye for a hire and staff motivation must be top tier. With a background in electrical engineering he

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“Its all about information hygiene”.

Neil Araujo, Interwoven

has spent the last five or so years on the customer side of the business. It is obvious he is a gifted man manager: you don't get rocketing sales with unhappy and demotivated staff.

He is resolute in saying that “the customer drives everything.” He is closely in touch with his workforce and knows that their Gear Up conference doubled in size this year and that Geoff Hornsby is on a roll. I quiz Max Carnecchia about his average day and he says confidently that he spends “25% planning and 75% working with teams and keeping lines of communication open.”

The next big thing for Interwoven in this space is the “corporate legal department.” As in-house counsel wise up to technology, Interwoven see an easy extension of their expertise into the notoriously ill equipped in house counsel territory.

Ben Kiker is set to help this push, a new hire he sits as Senior Vice President controlling the marketing function. (Neil Araujo is in his team).

His background encompasses a mortgage call centre and then substantial time in the CRM space. He takes his job very seriously and believes Interwoven have one of the strongest brands in legal.

So Interwoven v Open Text? As you can see, I am not giving you much help, in fact firmly sitting on the fence. Interwoven say “look at our proven track record with legal”; Open Text say “We own Hummingbird and now Open Text in this space, things are going to get much more interesting.”

Whatever happens, both sides agree that relationships are everything. Both are very keen to say that its all about the customer and

seem prepared to bend over backwards to deliver software that suits you exactly.

Its clear, Interwoven are sitting pretty. They already have deals in most of the key UK legal firms and now extending their client base into corporate legal consolidates this.

Open Text are battling with a merger; making staff redundant and putting themselves up against Interwoven who are a proven, slick machine running at full speed. At best that looks a difficult place to be.

So what does Mark Portu at OpenText think about his stiff competition? “I'd be surprised if Interwoven were still around in a few years time” he said. □