Ballardvale Research

Market View

In Retrospect: Q4 2004

Summary

The hot sub-sector within the larger market of online presence — Web content management, search/categorization, personalization/behavioral marketing, and Web analytics — is search/categorization. Perhaps the best indicator of this trend is that, of the 11 new products announced during the quarter, six were search-related. Within the sector-at-large, two CFOs and three VPs of Marketing were appointed — making for a relatively quiet quarter management-wise.

Funding, Mergers, and Acquisitions

Funding and M&A activity is half as robust as it was a year ago. In Q4, 2003, there were 10 funding and M&A "events"; in Q4, 2004, there were 5.

Two companies announced funding injections:
1. *Nedstat* — A round of €3 million, consisting of investments of €1.5 million from Prime Technology Ventures and existing shareholders as well as a subordinated load of €1.5 million from CenE Bankiers.
2. *Visual Sciences* — An investment (amount undisclosed) by In-Q-Tel, the VC arm of the CIA.

Three acquisitions/divestitures were announced:
1. Copernic Technologies created Coveo Solutions to market its enterprise search products; Copernic Technologies would continue to serve the consumer search market.
2. Google acquired Keyhole Corporation, a digital mapping company.
3. Siebel acquired edocs, a provider of eBilling and customer self-service solutions.

To confirm that this quarter was quiet, no companies IPO'd.

Management Appointments

Omniture and TACODA appointed new CFOs; Mediasurface, MetaCarta, and Touch Clarity added new Vice Presidents of Marketing. WebSideStory hired a VP of Professional Services.

Product Releases

Twenty-one companies — Attensity, Autonomy, ClickTracks, Convera, Coremetrics, DeepMetrix, DoubleClick, EasyAsk, Ektron, Endeca, Entopia, FatWire Software, Interwoven, Maxamine, Omniture, Open Text, Percussion Software, Sane Solutions, SiteBrand, Stratify, and Verity — announced product updates.

New products announced during the quarter included:

- *ATG Adaptive Customer Outreach* — software that uses customer profile information, interaction or purchase history, and segmentation rules to execute targeted and personalized e-Marketing and customer service campaigns.
- *Autonomy IDOL Enterprise Desktop Search* — a desktop search tool that finds data on the Web, corporate networks, and a local PC.
- *CrownPeak Search* — an on-demand search solution that integrates with CrownPeak's content management system.
- *DeepMetrix LiveSTATS.BIZ* — an on-demand Web analytics solution that contains, among other things, clickstream analysis, A/B testing, campaign tracking, and data mining.
- *DoubleClick ClearEDGE* — an on-demand database marketing solution that includes a multi-channel marketing database and web-based access to campaign management, reporting and analytics.
- *FAST ImPulse* — an enterprise search, navigation, and merchandising software solution for business-to-business (B2B) and business-to-consumer (B2C) e-Commerce applications.
- *FatWire Software's FirstSite* — a collection of standard templates and site components, combined with documentation, training, and best practices methodology, to help companies using FatWire Content Server get their first Web site up quickly.
- *Google Desktop Search* — a Windows-based utility for searching through documents and e-mails on a user's PC.
- *InQuira Contact Center Advisor* — a search module that plugs into the contact agent dashboards of CRM applications such as Siebel and Amdocs Clarify.
- *InQuira Information Manager* — a content authoring, editing, review, and publishing environment designed for the contact center environment.
- *WebSiteStory HBX Stream* — A set of APIs that enables WebSideStory partners — e.g., e-mail service providers, search engine marketing firms, affiliate marketing companies, and CRM vendors — to integrate their products, services, and data with WebSideStory's analytics.

Ballardvale Conclusions

The serious days of hurt are now behind this sector. The weaklings have gone out of business or been acquired, and the emphasis is now on building up rather than tearing down.

This quarter's activity makes it clear that search is the hot sub-sector. Six out of the 11 newly released products described above are search-related. Web analytics keeps chugging along, as does Web content management, but those sub-sectors are more into refinement, rather than coming up with something new.