



15.965 Technology & Strategy

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Documentum

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What would you do now, if you were Documentum?

- What did Documentum learn from its experience with the first two customers?
 - Boeing
 - Syntex
- What do you think of Jeff's decision to shift the focus to vertical markets from the original platform strategy?
- Which vertical market should Documentum focus on, and why?
 - insurance policy documentation
 - aircraft maintenance documentation
 - pharmaceutical NDA
 - chemical regulation management
 - telecom manufacturing
- Would you accept or reject the Marsh and McLennan deal, and why would you do so?

1993 and 1994

- Documentum customized its software to address the FDA application process
- It targeted major pharmaceuticals Merck and Glaxo
- Once they were customers, other pharmaceuticals bought in
- Documentum increased revenues from \$2 million in 1993 to more than \$10 million in 1994, 70 percent coming from pharmaceuticals.

1995 and 1996

- Documentum targeted adjacent markets
 - commodity and specialty chemical industry. From there
 - discrete manufacturing sector, customizing its technology for aerospace, electronics, and automotive manufacturers, customers such as General Motors and Sun Microsystems
 - then engineering and construction
- 1995 revenues of ~\$26 million, first profit of \$1.26 million
- 1996 sales \$45 million with profits of \$4.5 million.



1996

- Documentum became first of XTV ventures to go public
- In February, raised \$43.2 million: 1.8 million shares @ \$24
- By early May, it was priced above \$45
- Introduced Accelera, which allowed customers to access Documentum's document repository with a Web browser
- Acquired Relevance Technologies for \$36.5 million
 - San Francisco content-mining developer
 - Semantic Modeling Architecture, permitted users to locate unstructured text-based information

2000

- *“The first mountain we want to climb is to become the undisputed leader in the content management business. ... In a few years that's a \$3-\$5 billion marketplace, so whoever's going to get the leadership share there is going to be a very large, successful company, and we think we've got a great shot to do that.”*
- Net earnings of \$8.7 million
- Revenues of nearly \$198 million



2003

EMC acquired Documentum
for \$1.7 billion in
December, 2003



Insights from Documentum

- “We didn’t want to create a product that only a vendor could love”
- Early customers who are strongly motivated, and prepared to change their behaviours
 - Boeing - retooling
 - Syntex – in trouble, \$1million/day opportunity cost
- Vertical *versus* horizontal markets
- Focus on customers (industry) with a critical job to be done (application), dominate the value proposition

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