



TABLE OF CONTENTS

EXECUTIVE SUMMARY	4
PROBLEM DEFINITION	5
MARKET OVERVIEW	6
Market Definition	6
Business Processes & Supporting Technologies	6
Enterprise Content Management (ECM)	6
Web Content Management (WCM)	6
Document Management (DM)	7
Digital Asset Management & Digital Rights Management (DAM & DRM)	7
Enterprise Information Portal (EIP)	7
Knowledge Management (KM)	7
Software Configuration Management (SCM)	7
Market Segmentation	9
Market Segments	9
Market Size	10
Selected Imaging/Workflow Market Statistics	10
Selected Document Management Market Statistics	10
Selected Text Retrieval Market Statistics	10
COMPETITIVE ENVIRONMENT ANALYSIS	11
Recent Trends in the Handheld Appliance and PDA Industry	12
A Changing Industry	12
The Rise of Knowledge Management Software	12
Outsourcing of Wireless Software	13
Darwin Analysis, or Who Will Win?	14
DISTRIBUTION CHANNEL ANALYSIS AND DESIGN	15
Current Xaguar Distribution Channels	15
Channel Attributes and Design	16
Customer Characteristics	16
The ECM Distribution Food Chain	16
Software Vendors	17
Generalist Integrators	17
Specialist Integrators/Solutions Providers	17
Value Added Resellers	17
Specialist Outsourcers and Application Service Providers	17
Distribution structures in general	18

Character	18
Capital	19
Control	19
Communication	20
Analysis of Xaguar's Channel Strategy	20
RECOMMENDATIONS FOR XAGUAR SOLUCIONES	21
Develop a Marketing Strategy	21
Define the Value Xaguar Brings to its Customers:	21
Define Core Customer Profile	21
Refine Product Offering	21
Develop Channel and Distribution Plan	22
Sources for Leads on Distributors	22
Evaluating Distributor Candidates	23
Other Options	25
Complementary Marketing	25
Licensing	25
Franchising	25
Develop a sales plan	26
CONCLUSIONS	26
APPENDIX A: BIBLIOGRAPHY	27
APPENDIX B: BIOGRAPHIES	28

Executive Summary

Xaguar is a small-to-medium sized internet firm that has survived the dot-bomb downturn in the internet sector. The company's mission is to offer high-quality technical products and services for enterprises that seek success in Internet-based business interactions. Before the dot-com crisis in 2000-2001, Xaguar was a rising star and the founders - José Luis Porcayo, Ángel Vargas, Alejandro, Raul and Mario Gutierrez -- hoped to sell the company in 2004 for \$16 million USD.² Today, Xaguar still has many ingredients for medium to long-term success, especially given the strength of their flagship software product, Xaguar FACIL and their sturdy relationships with their clients.

Xaguar FACIL was developed using Open Source technology tools such as PostgreSQL, Linux, Python and Apache. Client firms have few limitations on the applications possible using Xaguar FACIL, which has a highly innovative and flexible design. Uses of the Xaguar technology include Decision Support Systems, Sales Force Automation, Distributed Working Equipment, Facilitation for Field Employees and Inventory Management, e.g. VMI, Shipping, JIT, etc. The advent of wireless services and personal digital assistants (PDAs) in the business world both in the U.S. and Mexico has been a boon to Xaguar.

Yet, despite their successful survival to date, Xaguar faces growing competition. Large firms such as Adobe, IBM, Microsoft and Xerox have become big players in this specialty field and are positioning themselves for increased use of wireless internet applications and PDAs by both consumers and businesses. Meanwhile, there are also many smaller boutique firms in Mexico, the U.S. and other countries such as Japan and India that provide similar products to Xaguar FACIL and Xaguar's other products, i.e. Xaguar Collaborative Framework, Xaguar Web Report Publishing for SAP and Xaguar Customer Relationship Management (CRM).

Xaguar is at a crossroads and must decide how best to position itself for the next phase of the internet revolution. The purpose of this report is to provide an objective analysis of the market for Xaguar and its competitors on both sides of the U.S.-Mexico border. This report also contains recommendations based on research and theoretical frameworks and techniques that, if pursued, will help to define Xaguar's unique strengths and opportunities.

The Georgetown team intends to provide useful information for Xaguar and its founders to help propel the firm toward a brighter future. We believe that Xaguar retains the possibility of achieving many of its goals even in a challenging business environment.

² "Making Business Easier on the Internet", May 2001 edition of Punto-com

Problem Definition

This report provides an objective analysis of the market for Xaguar and its competitors on both sides of the U.S.-Mexico border. This report also contains recommendations based on research and theoretical frameworks and techniques that, if pursued, help to define Xaguar's unique strengths and opportunities. Specifically, this report attempts to answer the following questions for Xaguar Soluciones:

- What is the state of development of such software in the US? Who are the major producers? What are their selling strategies?
- What has been the market response to date? What problems have buyers and sellers encountered in developing this market? What sorts of solutions if any to problems are emerging?
- What are the kinds of applications for this software that show greatest promise? What kind of firms, in which industries, would be likely buyers?

Market Overview

Market Definition³

The explosion of unstructured content and business documents continues to grow, and, as it does, organizations face greater challenges in document and content management. For documents, spreadsheets, data, images and sounds, and items that can be considered inventory, new companies are entering this space previously owned by a number of existing companies.

A number of information management technologies, including document management, Web content management, enterprise portals, and knowledge management, are converging to create a framework for managing unstructured information within the enterprise. This has led to the creation of a new category Enterprise Content Management (ECM), which provides a broad range of capabilities to address this need.

There are two main trends in Document Management. One is to create a content infrastructure that integrates both structured and unstructured content, wherever it resides within the organization. The second is the benefit that can be obtained from content collaboration – enabling knowledge workers to cooperate on business documents, and information-centric projects. According to analysts, there will be a significant period of market consolidation over the next two years, from 2002-2004.

Business Processes & Supporting Technologies

There are many different types of technologies, not only of document management and content management, but also other centralized information technologies. These information technologies support business processes and include corporate enterprise portals, knowledge management, and collaboration tools.

Enterprise Content Management (ECM)

ECM is a new term that is used to differentiate Content Management systems that adopt a broad definition of content. This definition also addresses the role of content within the extended enterprise. An ECM system handles many types of content, including business documents, Web-based content, electronic transactions, e-mails, document images, and media. To support such a broad view, this type of system must implement a complete infrastructure to manage the storage, processing, and distribution of content, documents, and other media. Common features are strong XML-handling capabilities, support for portals, workflow and business process management tools, and the ability to search and categorize content.

Web Content Management (WCM)

A WCM system focuses primarily on Web-based content, although will not be limited solely to XML and HTML content. These formats are the most common storage and presentation formats for Web pages. WCM ranges from basic applications that are capable of handling a company intranet, up to full-blown systems that specialize in supporting the largest scale e-commerce initiatives, and the management of multiple Web properties, in other words scalable. It is

³ Butler Direct Limited White Paper, September 2002

suitable for large-scale e-commerce initiatives in both consumer and business-to-business environments.

Document Management (DM)⁴

Document Management involves managing electronic documents as an integral part of business processes. DM systems include document storage, indexing and retrieval, strong workflow⁵ capabilities, document versioning, document collaboration and distribution. These applications have a good understanding of the relationship between documents and business processes, and are capable of managing the life of a document.

Digital Asset Management & Digital Rights Management (DAM & DRM)

As the name suggest, this segment refers to the management assets, such as images, video, or audio. This application helps to capture, catalogue, and secure these assets. DRM is an associated discipline that extends these capabilities to securing and managing the use of assets by third parties. This would include distribution of paid content over the Web, and through other channels, and helps and control the assets or media files.

Enterprise Information Portal (EIP)

The strength of a portal lies in its ability to draw together the information and applications, both internal and external, that are available to an organization, and present a personalized view to employees to add value to their everyday work. It simplifies the process of information discovery in support of business decisions, and is often used as the basis for the creation of a knowledge network, enabling collaboration on a wide range of projects.

Knowledge Management (KM)

These tools are designed to help an organization maximize value from its intellectual or knowledge-based assets. Some applications in this category provide a platform for capturing, organizing, and distributing knowledge. Others focus on more specific areas such as searching, indexing, e-learning, data mining, and particularly collaboration. Collaboration is regarded as part of the KM space, because facilitating collaboration between employees, and externally with partners and suppliers, is important. Collaboration technologies include instant messaging, interactive discussions, online meetings, peer-to-peer knowledge exchange, and project-based team working.

Software Configuration Management (SCM)

Configuration Management (CM) comes from the standards community (e.g. IEEE, ISO, ANSI, etc...) Software Configuration Management is simply a subset of CM standards. Many definitions exist for SCM. Here are two examples:

1) IEEE STD 610.12-1990 defines, SCM as a “discipline applying technical and administrative direction and surveillance to identify and document the functional and physical characteristics of a configuration item, control changes to those characteristics, record and report change processing and implementation status, and verify compliance with specified requirements.”

2) Carnegie Mellon’s Software Engineering Institute (SEI) Capability Maturity Model for Software (SW-CMM) defines as “Software Configuration Management involves identifying the configuration of the software (i.e., selected software works products and their descriptions) at given points in time, systematically controlling changes to the configuration, and maintaining the

⁴ Document management is the ability to manage the structure and content of an electronic document over its lifecycle. “Document Management Technologies”, Gordon W. McCoun, Brean Murray Research, November 8, 1996, p 2

⁵ Workflow is the electronic automation of business processes. “Document Management Technologies”, Gordon W. McCoun, Brean Murray Research, November 8, 1996, p 2

integrity and traceability of the configuration throughout the software lifecycle. The work products placed under software configuration management include the software products that are delivered to the customer (e.g., the software requirements document and the code) and the items that are identified with or required to create these software products (e.g., the compiler).”

Table 1 demonstrates the overlap between business processes and supporting technologies. ECM covers the greatest number of business processes, which is expected by the broad definition of ECM. Conversely, DM covers fewer business processes because DM has a narrower definition than ECM.

Table 1 - Business Process and their Supporting Technologies

	ECM	WCM	DM	DAM	EIP	KM	SCM
Content Authoring	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>	
Template Support	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		
Document Capture	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Content Repository	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Workflow	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
Web Site Development	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>
Indexing & Searching	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Categorization	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Version Control	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
Personalization	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Web Publishing	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Content Delivery	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Multi-Channel Publishing	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Collaboration	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Content Syndication	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Content Aggregation					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Digital Asset Security	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
Content Lifecycle Management	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Records Management	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				
Multiple Web Site Management	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>					
Application Integration	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>		

ECM: Enterprise Content Management
WCM: Web Content Management
DM: Document Management
DAM: Digital Asset Management
EIP: Enterprise Information Portal
KM: Knowledge Management
SCM: Software Configuration Management

Market Segmentation

Table 2 below compares business functions with supporting technologies. Example, a sales department may have need for Customer Relations Management (CRM) technology, but a manufacturing department may not have need for CRM technology.

Table 2 - Enterprise Content Segments by Business Function

	ECM	WCM	DM	DAM	EIP	KM	SCM	CRM	G	W
Sales	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		
Customer Service		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		
Administration			<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>
Finance	<input checked="" type="checkbox"/>									<input checked="" type="checkbox"/>
Human Resources			<input checked="" type="checkbox"/>							<input checked="" type="checkbox"/>
Marketing				<input checked="" type="checkbox"/>						
Product Development			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Logistics			<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>
Manufacturing							<input checked="" type="checkbox"/>			
Operations			<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>

Market Segments

Customer Segmentation (by function)

Sales Organizations, Customer Service/Customer Relations, Administration, Human Resources, Finance, Product Management, Academic Departments, Student Organizations, Law Enforcement, Regulators, Litigators, Judiciary, Professional Services, Logistics, Operations

- DCM Document & Content Management
- ECM Enterprise Content Management
- WCM Web Content Management
- DAM Digital Asset Management & Digital Rights Management
- EIP Enterprise Information Portal
- KM Knowledge Management
- W Workflow
- G Groupware
- CRM Customer Relations Management

Market Size

According to BHF Bank (2000), the market size of document management system was USD 17B and expected to grow by 20-25% per annum for 2-3 years.

Selected Imaging/Workflow Market Statistics⁶

Aggregate Imaging/Workflow Markets in 1995: \$1.5B
Projected in 2000: \$4.6B

Image Management software revenues in 1995: \$820 million
Production Workflow software revenues in 1995: \$462 million (25% CAGR)
Ad-hoc Workflow revenues in 1995: \$200 million

Image Management software revenues, estimate 2000: \$1.6B (14.4% CAGR)
Production Workflow software revenues, estimate 2000: \$1.435B (25.5% CAGR)
Ad-hoc Workflow revenues in 1995: \$1.45B (48.6% CAGR)

Selected Document Management Market Statistics⁷

Revenues 1992: \$42million
Revenues 1995: \$158-243million
Revenues 1996: \$350million (estimated)
Revenues 2000: \$1B (estimated)

Selected Text Retrieval Market Statistics⁸

Revenues 1992: \$232million
Revenues 1995: \$421million
Revenues 1996: \$506million (estimated)

Aggregate estimated revenues in 2000: \$6.4B (25% CAGR)

Content Management Market Size in 2003: \$1.2B

6 «Document management technologies», Gordon W McCoun, Brean Murray research, New York, November 8, 1996, p9-10

7 "Document management technologies", Gordon W. McCoun, Brean Murray Research, New York, November 8, 1996, p11

8 "Document management Technologies", Gordon W. McCoun, Brean Murray research, New York, November 8, 1996, p2

Competitive Environment Analysis

Increased productivity due to the proliferation of wireless internet technology has placed new demands on businesses in all sectors. The increase in productivity due to technology has essentially created the perfect conditions for growth in the field of Information Technology. Often business solutions in remote locations have withered on the vine for lack of one piece of critical information, or poor decisions have been made based on incomplete information, or even loss of sales can be attributed to a firm's lack of information agility. As a result, Remote Document Management, the ability to access corporate information in a secure, web-based wireless environment, technology provides a solution.

Several large, medium and small sized firms have moved into the business space allowing companies, government agencies and non-profit organizations access to information from remote locations.

Table 3 provides a snapshot of Xaguar's main competitors in the United States. ECM providers can be divided up into three different segments: Generalist Software Developers, pure-play Specialists and Small Independent firms. Generalist Software Developers include companies such as Microsoft, Oracle and IBM who have multiple software product lines and serve a large number of customer segments. There are a few large Generalist Software Developers. Specialists include FileNet, OpenText and Documentum, who concentrate solely on Enterprise Content Management. Currently the Specialist segment is crowded with firms who will eventually consolidate, as we are beginning to see in this segment. Small Independent firms such as Xaguar serve a regional or functional niche. There are literally hundreds of small independent ECM firms that serve customers in every segment and size. There seems to be enough small businesses in the US to support the large number of small independent firms that we see in this third segment of ECM providers.

Table 3 - Xaguar Soluciones and its Competitors in the Enterprise Content Management Market

Company	Core Industry	Primary Business	Segment Expertise	Claim to Fame	Key Accounts	Strengths	Weaknesses	Snapshot	Public/Private	Market Share	Market Cap	# of Employees	Web Site
Xaguar	Software & Programming	ECM	???	???	???				Private			???	www.xaguar.com
Documentum	Software & Programming	ECM	General Business		Numerous Large Accounts				Public: EMC (Division of)		???	1,155	www.documentum.com
FileNet	Software & Programming	ECM	General Business	FileNet ranks #1 in IDC's ranking	Bank of America, Amazon, American				Public: FILE		1.10B	1,705	www.filenet.com
Interwoven	Software & Programming	ECM	General Business		BMW, Boeing, BP Amoco,				Public: MVOV		501.01M	608	www.interwoven.com
Hummingbird	Software & Programming	ECM	General Business		American Electric Power, Procter & Gamble, Merrill			Canadian Company	Public: HUMC		458.87M	1,470	www.hummingbird.com
Open Text	Software & Programming	ECM	General Business		United States Postal Service,			Company began with text search	Public: OTEX		1.23B	1,196	www.opentext.com
Stellent	Software & Programming	ECM	General Business						Public: STEL		194.67M	340	www.stellent.com
Vignette	Software & Programming	ECM	General Business	"10 of the top 20 biggest					Public: VIGN		594.25M	856	www.vignette.com
Autonomy	Computer Services	Portal / DM	General Business		BP, Capital Group,				Public: AUTN		577.20M		www.autonomy.com
Lotus Development	Computer Hardware	ECM	General Business	Lotus Notes	Numerous Large Accounts	Vast resources			Public: IBM (Subsidiary of)		171.54B	315,889	www.ibm.com
Oracle	Computer Software	Portal / Database	General Business	#2 Software Company	Numerous Large Accounts	Vast resources	Not strong in ECM Market		Public: ORCL		72.09B	40,650	www.oracle.com
Microsoft	Computer Software	Portal / DM / Database	General Business	#1 Software Company	Numerous Large Accounts	Vast resources	Late to ECM Market		Public: MSFT		287.02B		www.microsoft.com
Xerox	Office Equipment	ECM	General Business	Leader in Printers	Numerous Large Accounts	Vast resources	ECM suite not as robust as		Public: XRXX		11.92B		www.xerox.com
SAP	Software & Programming	BI, CRM, HR & Financial Tools	General Business		Numerous Large Accounts	Vast resources			Public: SAP		54.14B	29,610	www.sap.com
Merant	Software & Programming	Configuration & Workflow	IT Industry						Public: MRNT		345.31M	590	www.merant.com
Adobe	Software & Programming	e-Paper	General Business	PDF Global standard	Numerous Large Accounts	Vast resources	Not in ECM Market		Public: ADBE		9.19B		www.adobe.com
Cybozu	Software & Programming	IM	General Business	Market leader in Japanese office	Aiwa, DirecTV, HP, KPMG,		Competes only with MS		Public: ????				www.cybozu.com
BroadVision	Software & Programming	Portal	General Business		Air France, ARCO, Circuit				Public: BVSN		271.29M	449	www.broadvision.com
Plumtree	Software & Programming	Portal	General Business		ADC, Cinergy, Halliburton,				Public: PLUM		148.54M	294	www.plumtree.com

Recent Trends in the Handheld Appliance and PDA Industry

Several recent developments and trends in the Handheld Appliance industry will provide opportunities for uniquely positioned software companies that specialize in providing knowledge management software for wireless devices. These developments include the morphing of the PDA and wireless communications market through advances in wireless infrastructure and handheld appliances. The globalization of business has also signaled a demand for enterprise software to manage volumes of information across large corporations. Finally, appliance manufacturers have realized that sole in-house design and development are insufficient. The pace of software innovation requires the outsourcing of wireless applications.

A Changing Industry

Over the last five years the PDA industry has suffered from the economic downturn as well as poor inventory management. When demand went south during 2001, Palm and other handheld appliance producers were stuck with enormous inventory and suffered from their optimism. At the same time, mobile communications in the form of cellular phones experienced both growth in demand as well as increases in technical innovation. According to market research firm IDC, the 2002 world market for cellular phones of 420 million will increase to over 667million units by 2007.

Recent innovations in wireless communications have also enabled the cell phone manufacturers to enter the PDA industry's competitive space. "In fact, smart phones sporting color screens and speedy multimedia capabilities will increasingly resemble wireless versions of [PDAs]"⁹ Consumer acceptance of cellular communications as well as consumer demand for one consolidated device have forced PDA producers to enter agreements with the wireless communications industry. Blackberry and Nextel as well as Palm and Samsung are some examples of two industries integrating into one Handheld Appliance industry.

The Rise of Knowledge Management Software

The pace of business is increasing, so too are the sheer amounts of information employees must use when making decisions. This combination has, at times, produced an environment where too much data has hindered analysis and timely decisions. To solve this problem, a series of knowledge management tools has enabled business to more efficiently manage data, information and analysis. Knowledge Management is the "process by which a company manages information assets to create and share knowledge, increasing the quality of its business decisions and procedures."¹⁰

Knowledge management has done more than manage information; it has connected employees across the global business environment forming a collaborative working community. Employees who were only able to have meetings with co-workers at their location are now able to connect with virtual work teams dispersed at other corporate locations or even out in the field. As a result, wireless handheld appliances play an increasingly critical role in corporate IT infrastructures. Handheld appliances are moving beyond personal organizers and are being "deployed as mobile thin-clients for business critical data access/entry. We estimate the handheld market is currently still split about one-third enterprise and two-thirds consumer, but expect this to ultimately trend toward the PC market's two-thirds enterprise, one-third consumer

⁹ Poe, Robert. "Going for the wireless gold; Intel takes on TI in cellular chips". **Electronic Business**. May 1, 2003. Reed Business Information US.

¹⁰ Duhl, Joshua, Mark Koulogeorge and Dennis Yang. "Knowledge Management Software". First Analysis Securities Corporation Industry Overview. August 25, 1998. Chicago, IL.

mix.”¹¹ This increase in hand held appliances will also increase the need for knowledge management tools including mobile document management, email, instant messaging, and groupware capabilities.

Outsourcing of Wireless Software

History often repeats itself and the manufactures of handheld appliances are relearning the necessity of outsourcing software production in much the same way that mainframers, mini-computers, and personal computer manufactures did years ago. “Because of intense competition, fast-shifting consumer tastes and demands for features, and the cost of internal development...”¹² handheld appliance manufacturers are outsourcing software development. Further, the establishment of programming standards along with wireless data transfer has allowed outsourced software vehicles for integration, in a once proprietary environment. “Outsourcing, in fact, will become so attractive to OEMs that 70% to 80% of applications will be developed externally in two years, up from 30% to 40% today, predicts Suresh Subramanian, a principal based in the Waltham, MA, office of Pittiglio Rabin Todd & McGrath.”¹³ This rapid increase in software outsourcing will force manufacturers to look beyond US borders for third party software application expertise.

After a three-year economic downturn, corporations are poised to invest in IT infrastructure, much of this infrastructure will focus on previously nonexistent wireless technologies and applications. Enterprise-wide knowledge management has gone from a novel idea to a business necessity. This coupled with manufacturer software outsourcing may signal an amazing opportunity for a company whose core competency is mobile, knowledge management software. The sheer increase in anticipated handheld units sales to corporations along with the increased demand for third party application software create the perfect conditions for smaller independent software producers like Xaguar. The conditions are right for entry, but the real challenge will be the entry vehicle used to enter a U.S. market dominated by established software producers.

¹¹ Cihra, Robert and Jeffrey Flynn. “*Handheld Appliances Market*”. ABN AMRO Incorporated

¹² Schwartz, Karen D. “*Outsourced Software will Reign Supreme.*” Electronic Business. Reed Business Information. April 15, 2003

¹³ Schwartz, Karen D. “*Outsourced Software will Reign Supreme.*” Electronic Business. Reed Business Information. April 15, 2003

Darwin Analysis, or Who Will Win?

At the top of the ECM market food-chain, there are a few large generalist software firms like Oracle, IBM, Microsoft and Adobe, for whom ECM is not a core business. There are a handful of specialist ECM software firms such as Open Text, FileNet, Documentum, and Stellent for whom ECM is their primary line of business. The vast majority of ECM firms are hundreds of small specialist ECM vendors like Intranets.com and Xaguar who have considerably smaller fractions of market share in the overall market but concentrate locally or regionally. An easy analogy for this industry is the restaurant industry. There are a few large generalists firms like McDonalds and Pizza Hut who own multiple lines of restaurant businesses. There are also middle-tier national restaurants like Ponderosa and TGIFriday's. Finally, there are small independent restaurants that cater to specialized local or regional tastes. While there is fierce competition, firms exist and co-exist at all levels.

Our analysis leads us to believe that Xaguar is a small independent ECM firm operating in a three-tiered ECM market. While it faces very stiff competition, there is a place for it in the U.S. ECM ecosystem, based on three trends we see developing in the ECM market.

- 1. The industry will be led by middle-tier, pure-play firms which will continue to consolidate and innovate.***

Open Text's acquisition of Ixos and Stellent's acquisition of Merent are examples of the consolidation of middle-tier firms. Industry leaders are now starting to gobble up their weaker competitors in a race to see who can grow large enough to eventually fend off the large generalist software firms.

- 2. Large, generalist software development firms will continue to play a role in the industry but as followers, not industry leaders.***

IBM's acquisition of Lotus in the late 90's and ECM's recent acquisition of Documentum are examples of how the ECM market is only now beginning to draw the attention of generalist software developers. While IBM acquired Lotus for a variety of reasons other than Lotus Notes, the purchase now seems prescient as IBM has a significant advantage in the enterprise collaboration segment.

- 3. Smaller, niche players will struggle to grow as industry leaders capitalize on market share and economies of scope and scale.***

Distribution Channel Analysis and Design

Current Xaguar Distribution Channels

Xaguar currently distributes its software directly to businesses with which it is familiar. Because of the personal nature of the relationship, Xaguar applications are sometimes “tested” on their customers. Xaguar recognizes a need for more aggressive sales and marketing efforts. In past three months Xaguar has made efforts to sell and market its products more aggressively. Xaguar’s strategy is to build alliances in Mexico and rely on these alliances to sell products. Ultimately, Xaguar seeks a distribution structure that would allow the company to focus on product design and development rather than sales and marketing. Xaguar is contacting companies with which it already has a relationship to explore distribution approaches for Xaguar products. In seeking to enter U.S. markets, Xaguar plans to pursue a different strategy: pay a distributor (or several distributors) to handle sales and marketing. Further, Xaguar has already identified a company to do this.¹⁵

Table 4- Distribution Options Table

		Involvement	
		Passive	Active
Presence	Indirect	Exporting locally	EMC/ETC
	Direct	WWW	Agents, distributors, sales offices

Table 4 above illustrates distributions options for companies who intend to export their products. There are two salient features of a export distribution strategy: company involvement and presence. *Involvement* is a measure of the level of effort a company puts into marketing and distributing its products in a foreign market. A company whose export involvement is *passive* would pursue either local export approaches or internet-based approaches depending on whether it was pursuing indirect versus direct *presence* abroad. A company whose export involvement is *active* would export via the assistance of intermediary companies if it were indirect. EMC refers to export management companies. ETC refers to export trading companies. If direct, the company would utilize agents, distributors or sales offices. From our discussions with Xaguar, the company currently would fall in the passive/indirect category. With some effort, Xaguar can move into the lower right quadrant and approach the U.S. exporting as an actively involved company seeking a direct presence in the U.S. market.

¹⁵ Jose-Luis Porcayo, interview. February 12, 2004

Channel Attributes and Design

We analyzed the distribution channel design for enterprise content management by looking at several important attributes: customer characteristics, the existing distribution “food chain”, character, capital, control, and communication.¹⁶

Customer Characteristics

What customers purchase – Customers need to be able to retrieve and create invoices, credit memos, and statements in real-time. They need to be able to access supplier, customer, partner, and employee data via the intranet and extranet and they need to be able to share that data among highly dispersed individuals.¹⁷ Thousands of documents and forms to manage; disconnected, inefficient document and form processes; challenges meeting regulatory requirements; and, disparate solutions and platforms.¹⁹

When they purchase – companies seek to employ enterprise content management applications when they need to reduce costs involved in accessing and processing electronic data associated with significant business activities in which mobility and timeliness are critical criteria for fulfilling customer orders and internal business processes.²⁰

Where they purchase – Enterprise content management applications are best utilized in areas in which the business can standardize on a single, reusable content management platform across the enterprise. This allows the business to save money and leverage user training and support. Bundled content solutions, such as portal platforms, records management products, legal compliance solutions, and e-commerce packages, are beneficial as long as they are compatible with existing or future company enterprise content management platforms the company is already using.²¹

How they purchase – Enterprise content management customers purchase directly from business to business or indirectly through intermediaries. By its nature, enterprise content management software requires close collaboration between the supplier and the consumer. Specialization is often required to meet specific business needs. Therefore, many enterprise content management software developers work directly with the consumer in developing a product specifically tailored to the consumer’s need.

The ECM Distribution Food Chain

In the ECM market, a number of channel structures already exist. ECM products and services can be delivered through combination of software vendors, generalist integrators, specialist integrators/solutions providers, value added resellers, and specialist outsourcers and application service providers.

¹⁶ International Marketing, 7th Edition, by Michael Czinkota and Ilkka Ronkainen, 2004. Pp. 336-345

¹⁷ “Knowledge management software”, Joshua Duhl, Mark Koulogeorge, and Dennis Yang. August 25, 1998. P. 3

¹⁹ “IBM and Adobe Joining Forces: **A Consolidated Approach to ECM and Electronic Forms**”, Jeetu Patel, Executive Vice President, Doculabs. Online Seminar, November 4, 2003

²⁰ “Document and Web Content Management Introductory White Paper,” (V 2.0 2003), Strategy Partners, pp. 10-12

²¹ “Understanding the Strategies of Major Enterprise Content Management Suppliers: Which Suppliers’ Strategies Match Yours? Which Suppliers Will Remain Viable?” By Geoffrey E. Bock, *Patricia Seybold Group*, November 20, 2003. P. 2

Software Vendors

Specialist independent software companies often sell their products through a network of delivery channels. Companies with highly specialized requirements or very high volumes seek vendors directly. An example of a specialist vendor is a company that produces large online streaming video content through an electronic distribution system, such as USi (USinternetworking). Lehman reported in 2000, that, "The company also has nonexclusive marketing and lead referral programs with many of software vendors whose applications the company supports. USi's only exclusive relationship is with SiebelNet, a subsidiary of Siebel Systems. For this agreement, USi is the exclusive ASP for North American-based companies, and provides Siebel with hardware, network, and customer support. To date, this has been a successful distribution channel for USi, and Siebel is USi's largest customer at 16% of revenue in 1999 (although the Siebel now represents less than 10% of revenue). USi also has a strategic alliance with AT&T. USi is a "platinum member" of AT&T's Ecosystem for ASPs. Through this nonexclusive relationship, AT&T's sales force will drive referrals of clients seeking ASP services to USi. In addition, AT&T has become USi's preferred provider for its data networking requirements."²²

Generalist Integrators

Generalist integrators focus on very large systems implementation and integration. Examples include: IBM Global Services, Unisys, Fujitsu, Deloitte, PWC, KPMG as well as smaller firms such as Booz Allen and Bearing Point.

Specialist Integrators/Solutions Providers

Specialist integrators operate in specific applications, vertical market areas, or geographic regions, where they deliver whole solutions for a core market. Document and web content are common, though not overriding components for these integrators. eCatalog systems, eGovernment applications and supply chain systems are examples of this kind of provider.

Value Added Resellers

Value Added Resellers operate in environments where the user is in control of the overall application and seeks additional document and/or content management functionality. HR portals, Invoice Presentation and Processing, Retail Banking, Construction Project Portals, eGovernment Internets Sites, are examples of this channel.

Specialist Outsourcers and Application Service Providers

While still in its infancy, this may be the best channel for Xaguar to pursue. Given the complexity and operational risks associated with web content management infrastructures that are non-core business and are better handled by specialists, there is growing interest in outsourcing. Outsourcing can make economic and operational sense where there is an opportunity to find replicable services solutions that drive down the cost of service through economies of scale. Insurance claims management, where providers are compensated on reduced costs of processing as opposed to increased numbers of claims processed, is an excellent example of an outsourcing opportunity.

In 2000, Lehman considered the ASP model further. "In addition, we believe the business model can be further subdivided into: 1) A partnership model in which the ASP partners with either a professional services firm for the front-end integration/implementation and/or Web hosting companies for the data center and networking elements. Companies pursuing this

²² "Launch Coverage of the Application Service Provider (ASP) Industry", Geoffrey Stricker, Lehman Brothers, August 15, 2000, p. 43

model include Corio, which has partnered with Ernst & Young for the integration and implementation, and Agilera, which has partnered with Ciber for the integration and implementation of applications and Verio for the hosting and networking. We also point out that Ciber and Verio are significant investors in Agilera, so each company has a vested interest in its success. 2) A complete solution model in which the ASP performs all elements of the value chain (implementation, application management, data center) in-house. USinternetworking is an example of a company pursuing this model, as this company has built its own data centers and professional services staff in-house to handle the implementation. In both models, the ASP is the single point of contact for the customer.”²³

Distribution structures in general

Some enterprise content management software companies have effective partnerships with large software manufacturers like Microsoft who conduct marketing and sales functions on behalf of the software company. Others use consulting groups as platforms for spreading the software application throughout the world. Documentum, for instance, uses software service companies (Ireland’s Cadcoevolution), management consulting firms (Pricewaterhouse Coopers), healthcare consulting firms (First Consulting Group), as well as document management consulting firms (QUMAS) for product distribution. Application Service Providers are delivering outsourced technology solutions over the Web or other wide-area networks in a subscription-based model.²⁴

Character

The character of the product necessarily impacts the design of the channel. The more specialized and expensive the product and the more after-sale customer service for the product, the shorter the channel is likely to be. Furthermore, the rapid cycle of innovation and ever-shifting market conditions for enterprise content management may necessitate an eventual change in distribution.²⁵

Xaguar’s product, Xaguar FACIL, is usually customized to the particular complex needs of its customer. While their product is flexible and malleable, there is currently no “off-the-shelf” solution Xaguar can offer customers. However, it is possible that Xaguar may determine a smaller application of Xaguar FACIL that customers can purchase and download directly. Thus, Xaguar may consider a hybrid distribution strategy in which the company handles some marketing promotion and customer generation itself for direct sales, while relying on distributors and re-sellers as an indirect channel for sales and distribution, see figure 1 below.

²³ “Launch Coverage of the Application Service Provider (ASP) Industry”, Geoffrey Stricker, Lehman Brothers, August 15, 2000, p. 23-24

²⁴ “Launch Coverage of the Application Service Provider (ASP) Industry”, Geoffrey Stricker, Lehman Brothers, August 15, 2000, p. 9

²⁵ International Marketing, 7th Edition, by Michael Czinkota and Ilkka Ronkainen, 2004. Pp. 340-1

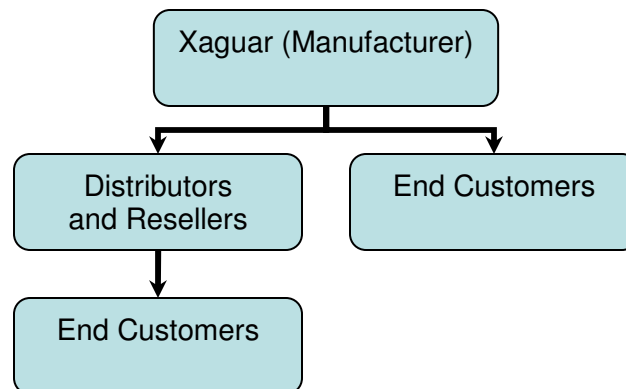


Figure 1 - Hybrid distribution strategy

Capital

There can be significant financial resources required to establish or enter a channel system. The greater the resources of the firm, the easier it will be to establish channels the firm can either own or control. Xaguar is one player in an international field of competition that includes some of the world's largest and most successful companies, e.g. IBM and Adobe. While it is unlikely that Xaguar can own or control channels for its ECM product, there may be opportunities through building partnerships with larger companies to distribute its products to a wider audience. Those partnerships might include licensing agreements, subsidiary acquisition or outsourcing contracts and may be negotiated either directly or indirectly through a sales consultant.

Control

Xaguar is not large enough vis-à-vis its competition to blaze new channels alone. Yet, in the initial stages of internationalization and specific market entry, an intermediary can bring specialized knowledge and contacts to the equation. A third-party sales consultant or re-seller may have knowledge and expertise in local sales and marketing than Xaguar may either have or want to have internally to the organization. Use of intermediates can provide rapid market entry into an existing channel system in which complementary products experience synergistic benefits.²⁶

Over time, Xaguar may solidify its channels into the U.S. market independently and gain greater experience in marketing techniques. The firm is likely to rely less on external distribution assistance for its products. At that point, the company may opt to cultivate its own sales offices or business development personnel.

The longer the channel, the less control over the marketing and positioning of the product the manufacturer generally will retain. This fact may aid Xaguar in that the company would prefer to

²⁶ International Marketing, 7th Edition, by Michael Czinkota and Ilkka Ronkainen, 2004. Pp. 343-4.

focus on product design and development.²⁷ To extend its reach in U.S. markets, Xaguar has already identified a potential third-party distributor to handle sales and marketing. Xaguar management may consider closely watching the sales and marketing techniques of their distributor in order to learn and gather in-house talent.

Communication

In international marketing, there are 5 types of distance that can occur between a seller and a customer. Each of these threaten to compromise the seller-customer relationship. The five distances are:

- Social
- Cultural
- Technological
- Time
- Geographical²⁸

Intermediaries can help to blunt or eliminate potential conflict between the seller and customer due to a challenge with one of these types of distance. A third party can help bridge the gaps distance can cause, ensuring best communication flow regarding essential information such as needs, goals, problems and solutions. Xaguar should take care to choose distributors who can cover these distances or to recruit internal talent that can bring balance to the seller-customer relationship. More than one distributor may be needed as well depending on the communications strategy to address each form of distance.

Analysis of Xaguar's Channel Strategy

Xaguar has a non-direct investment strategy. It is exporting its product through a marketing channel. There are little to no secondary manufacturing or assembling operations involved after Xaguar manufactures the product. Once the product is ready for market, it goes directly to the marketing agent and then on to the customer. These channels are compatible with direct export or what are known as "own export" market entry modes²⁹.

²⁷ Jose-Luis Porcayo, interview. February 12, 2004

²⁸ *International Marketing, 7th Edition*, by Michael Czinkota and Ilkka Ronkainen, 2004. Pp. 344-5.

²⁹ Czinkota and Ronkainen, *Ibid*

Recommendations for Xaguar Soluciones

Develop a Marketing Strategy

There is a saying in English, “If you don’t know where you’re going, any road will lead you there.” In order for Xaguar to be successful in entering the US ECM market, it must first have a strategy for defining what value it brings to its customers, which customers it wishes to target, and how it can reach those customers.

There are a number of steps we’ve identified, which if taken by Xaguar, would help the firm be more successful in exporting its products and services to the United States.

Define the Value Xaguar Brings to its Customers:

Perceived Value: Nimbleness. Xaguar is a small company, which seems to be highly flexible and clearly able to quickly adapt its core product to meet the needs of its customers

Perceived Value: Price. Xaguar, based in Mexico can leverage exchange rate and cost of operations advantages that US based companies are only now beginning to recognize by beginning to outsource much of their software development overseas.

Perceived Value: Innovation. By using open source software and platforms, Xaguar leverages the innovation of thousands of other developers as its R&D without having to commit much capital.

Are there other institutional values such as culture and networks that Xaguar brings to its customers? Xaguar should validate these values directly through customer interviews.

Define Core Customer Profile

Based on the results of the self-assessment above, Xaguar must then map the values it brings to a certain class of customers.

What are the benefits and risks of pursuing customers in Mexico instead of in the US? Are there other Latin American markets that Xaguar should consider in addition to the US in order to capitalize on the benefits of common language and culture?

Medium to Large enterprises in the US & Mexico

Refine Product Offering

In the ECM industry, constant innovation is the key to survival. Xaguar can innovate in ways that help position the company better for U.S. and Mexican markets by identifying answers to the following questions

- What product attributes are most important to Xaguar customers and potential customers?
- What product attributes can be modified/improved to meet the needs of current and future customers?

- What product attributes must be added in order for Xaguar to be considered as a competitor to industry leaders?

Develop Channel and Distribution Plan³⁰

Use the Partner Development Criteria and Framework to develop a Xaguar-specific list of questions and criteria for evaluating potential channel and distribution partners, such as:

- What makes my sales channel unique?
- How do my distributors bring value to my organization?
- Why did I choose to sell through a distribution channel in the first place?
- Select distributors, not the other way around.
- Look for distributors capable of developing markets, not those with obvious customer contacts.
- Treat distributors as long-term partners, not as temporary market-entry vehicles.
- Commit money, managers, and ideas.
- From the start, control marketing strategy.
- Secure detailed market and financial performance data.
- Build links among national distributors.

It is important to recognize that alliances with a distributor, who provides complete marketing services, usually mean less ability to control and influence the marketing strategy than might be possible with an agent who works on commissions

Sources for Leads on Distributors

Trade shows are commonly thought of as the best source for leads on distributors. There are others, such as U.S. governmental agencies and private sources that are useful as well.

The U.S. Department of Commerce has a service, called BuyUSA.com that matches the product interests of Xaguar to U.S. distributors with similar product marketing channels.³² This pay-for-service site is a good introduction to firms with whom Xaguar might ally for marketing Xaguar products in the United States. Another avenue that Xaguar could pursue is the Foreign Commercial Service (FCS) in the U.S. Embassy-Mexico City. While the mandate of the FCS is to promote U.S. products abroad, they are also a source of information and guidance on

³⁰ Based on notes from Professor Ilkka Ronkainen, Georgetown University: "Market Entry & Development" (October 25, 2003)

³² See www.buyusa.com

exporting to the United States. Based on its mandate, FCS would be especially interested in an intention by Xaguar to use a U.S. distributor in an alliance relationship.

Should Xaguar be willing to consider a relationship with a U.S. firm that seeks marketing channels in Mexico, whereby Xaguar provides marketing assistance in Mexico in exchange for the U.S. firm's help in marketing Xaguar products in the United States, there are two other services worth consideration. One is the Agent/Distributor Service (ADS), a matchmaker service for like-minded firms seeking to leverage domestic distribution channels in exchange for international ones. Another service is the International Company Profile (ICP). ICP provides a trade profile of foreign firms to U.S. firms. This is especially useful when obtaining reliable company data is not generally available on open sources. ICP also provides a narrative report on the reliability of the firm. By joining the ICP service, and by receiving an evaluation, Xaguar would gain a useful "hands-off" marketing capability that requires little maintenance for a significant return on investment. It is also worth noting that individual state agencies also provide ADS and ICP-like services that can be accessed online.

For a more complete list of leads on potential distributor alliances, Xaguar might find the following table useful:

Sources for Locating U.S. Intermediaries³³

1. Distributor inquiries
2. U.S. Department of Commerce
 - a. BuyUSA Program
 - b. Contacts with the U.S. Foreign Commercial Service in the U.S. Embassy-Mexico City
 - c. Agent/Distributor Service
 - d. International Company Profile
3. Mexican Government
 - a. Representative offices in the U.S.
 - b. Export promotion efforts
4. Trade sources
 - a. Magazines, journals
 - b. Directories
 - c. Associations and Chambers of Commerce
 - d. Banks, advertising agencies, carriers
5. Field sales organizations
6. Customers
7. Direct-mail solicitation/contact of previous applicants
8. Trade fairs
9. Web sites
10. Independent consultants

Evaluating Distributor Candidates

Once Xaguar has identified several candidate distributors, it will need to evaluate them. Evaluating and down-selecting a distributor is of critical importance to Xaguar. Selection of an ineffective distributor could seriously impact Xaguar's successful entry into and future sales in the United States.

³³ Based on Table 11.6 "Sources for Locating Foreign Intermediaries" in International Marketing, 7th Edition, by Michael Czinkota and Ilkka Ronkainen, 2004, p. 350

Our assessment assumes that Xaguar will pursue an indirect exporting strategy, where Xaguar works with an firm in the United States that has established marketing channels. The benefits to Xaguar of using this approach are that the firm does not have to pay to set up distribution channels in the United States. As Xaguar matures, however, its relationship with its distributor may have to be revised and/or terminated in order to expand more actively and aggressively into the U.S. market.

Xaguar's first step should be in gaining an understanding of market conditions in the United States in order to set expectations and performance criteria for a distributor. We believe that distributors whose strategic interests are also served by an alliance with Xaguar will be the best partners. A better understanding of the market conditions in the United States, as well as the distributor's strategic outlook, can help Xaguar identify what it can offer the distributor in return for an alliance.

The second step that Xaguar must take is to create an evaluative tool for rating and comparing distributor candidates. Michael Czinkota and Ilkka Ronkainen suggest that these criteria should be weighted to quantify the relative importance of each item.³⁴ They also suggest that the list reflect Xaguar's criteria for its own success with the intent being to identify a U.S. company that has a natural fit with Xaguar. We created the following table based on one provided by Michael Czinkota and Ilkka Ronkainen.

Table 5 - Nominal Selection Criteria for Choosing a U.S. Distributor³⁶

<i>Characteristics</i>	<i>Weight</i>	<i>Rating</i>
<i>Professionalism</i>		
Reputation		
Goals and strategies		
Overall attitude and commitment		
<i>Performance</i>		
Size of the firm		
Financial strength (cash flow, etc)		
Market coverage (territory, segments, service)		
Compatibility		
Experience in products and with competitors		
Sales organization		
Physical facilities		
After-sales service capability		
Use of promotions		
Sales performance		
Relations with local state governments		
Communications (direct to end user or through purchasing agents?)		

A description of the specific components of some criteria follows:

³⁴ International Marketing, 7th Edition, by Michael Czinkota and Ilkka Ronkainen, 2004, p. 351

³⁶ Based on Table 11.6 "Selection Criteria for Choosing an International Distributor" in International Marketing, 7th Edition, by Michael Czinkota and Ilkka Ronkainen, 2004, p. 351

Reputation – based on interviews with the distributor’s customers, suppliers, facilitating agencies, competitors and other local businesses about the distributor’s buyer-seller relationships and ethical business practices.

Goals and strategies – the distributor’s goals and strategies regarding growth of Xaguar’s product line(s) and distribution of Xaguar products

Overall attitude and commitment – existence of or willingness to create a local marketing plan for marketing Xaguar’s product(s)

Financial strength (cash flow, etc) – amount of time spent managing credit as opposed to marketing strategy

Sales organization – strength of sales organization as a function of adequacy and quality of the distributor’s sales team

The most effective and efficient way for Xaguar to obtain this data is by visiting the distributors and their facilities. Interviews with the distributor’s customers, suppliers, competitors, and investors will also yield useful insights.

Other Options

Xaguar could consider three other options to an alliance with a distributor.

Complementary Marketing

Xaguar would form an alliance with a U.S. provider and use that company’s distribution channels for market entry in to the United States. There are usually reciprocal arrangements that are required for this approach to work. Therefore, Xaguar would have to spend resources to market a U.S. product in Mexico.

Licensing

Xaguar could license its software code to a U.S. company that would integrate the code into a software package or manufacture the product in the United States. In exchange, Xaguar would receive a lump sum payment and royalties. This approach allows Xaguar to test its product(s) in the U.S. market, as well as get its product(s) to market more quickly. Licensing can also help Xaguar capitalize on fast-paced technology changes and removes Xaguar from interactions with U.S. regulations. Should technology grant-backs or flow-backs be incorporated in the license agreement, Xaguar’s capabilities could be improved. Finally, licensing allows Xaguar to exit the U.S. market should the potential business opportunities there not develop. Downsides to licensing are creation of competition in the United States, creation of competitive hurdles to full market entry into the United States (should a decision to enter the U.S. be made), risk of failure on the part of the U.S. licensee, and complications arising from cross-border problem-solving. Further, there are complicated issues surrounding the negotiation of licensing arrangements that demand outside legal counsel in order to ensure success.

Franchising

Xaguar could allow a U.S. firm to use the “Xaguar” name, trademark, business model and/or software code know-how in a localized area for a limited period of time. At this point in Xaguar’s capabilities, other approaches may be more suitable.³⁷

³⁷ Two web sources of information on this approach are www.worldfranchising.com and www.abf.com.br.

Develop a sales plan

Good sales plans start with goals: How much revenue is needed for the firm to remain in business? What kind of profit is required for the company to be able to devote significant resources to research and development?

Revenue/pricing harmonization: Based on current prices, how many Xaguar products must be sold in order for Xaguar to meet its revenue targets?

Lead/customer ratio: What is a reasonable number of customers a salesperson will have to visit before a customer will purchase a Xaguar product? How much time will it take that salesperson to drive a customer to a purchasing decision?

Sales force estimation: How many salespeople will be needed to reach the number of customers estimated in the previous step?

Lead generation/Business Development: Who/how will a list of potential customers be generated for salespeople to follow up on?

Conclusions

This report provides an objective analysis of the market for Xaguar and its competitors on both sides of the U.S.-Mexico border. As a small independent electronic content management firm operating in a three-tiered market, Xaguar faces very stiff competition. Despite this reality, Xaguar has opportunities in the U.S. market especially in alliances with U.S. distributors. We believe that one of the best channels for Xaguar to pursue may be with specialist outsourcers and application service providers because of the complexity and operational risks associated with web content management infrastructures that are non-core business and are better handled by specialists. There are also opportunities for Xaguar in developing software that addresses U.S. regulatory compliance requirements particularly with regard to Sarbanes-Oxley and Health Insurance Portability and Accountability Act. We salute Xaguar's efforts to position itself for entry in to the U.S. market and encourage company management to consider the marketing and sales strategy suggestions contained in this report.

APPENDIX A: Bibliography

“Document and Web Content Management Introductory White Paper,” (V 2.0 2003), Strategy Partners.

“Making Business Easier on the Internet”, May 2001 edition of *Punto-com*.

AiIM International Case Studies, The Association for Information and Image Management (AiIM), http://www.aiim.org/industrywatch/all_cs.asp.

AiIM International Vendor White Papers, The Association for Information and Image Management (AiIM), http://www.aiim.org/industrywatch/all_vwp.asp.

Bock, Geoffrey E. “Understanding the Strategies of Major Enterprise Content Management Suppliers: Which Suppliers’ Strategies Match Yours? Which Suppliers Will Remain Viable?”, *Patricia Seybold Group*, November 20, 2003.

Cihra, Robert and Jeffrey Flynn. “*Handheld Appliances Market*”. ABN AMRO Incorporated.

Czinkota, Michael and Ilkka Ronkainen. International Marketing, 7th Edition, 2004.

Data Management Review, <http://www.dmreview.com/>.

Document Management Vendor List, Document Management Avenue W1, http://cgi.parapadakis.plus.com/modules.php?name=Vendors_dma.

Duhl, Joshua, Mark Koulogeorge and Dennis Yang. “*Knowledge Management Software*”. First Analysis Securities Corporation Industry Overview. Chicago, IL. August 25, 1998.

Enterprise Content Management 365, <http://www.contentmanagement365.com/>.

IBM Lotus June 2002 Annual Report.

McCoun, Gordon W. “Document Management Technologies”, Brean Murray Research, New York, November 8, 1996

Patel, Jeetu. “IBM and Adobe Joining Forces: A Consolidated Approach to ECM and Electronic Forms”, Executive Vice President, Doculabs. Online Seminar, November 4, 2003.

Poe, Robert. “Going for the wireless gold; Intel takes on TI in cellular chips”. Electronic Business, Reed Business Information US, May 1, 2003.

Schwartz, Karen D. “*Outsourced Software will Reign Supreme*”. Electronic Business. Reed Business Information. April 15, 2003.

Stricker Geoffrey, “Launch Coverage of the Application Service Provider (ASP) Industry”, Lehman Brothers, August 15, 2000

APPENDIX B: Biographies

Cheryl Contee has been the Webmaster at Oceana since 2001. Her work at Oceana, an international marine conservation organization, has helped Oceana recruit more than 90,000 e-activists and over 28,000 paying members to donate their time and money on behalf of the world's oceans.

Prior to joining Oceana, Cheryl was a Senior Producer at Discovery Communications and oversaw creative operations and marketing for all of Discovery's interactive media outside of the US in Asia, Europe and Latin America. Her team of over 40 creative professionals worldwide extended international cable TV brands online including Discovery Channel, Animal Planet, Health Channel, Travel Channel through a multilingual network of websites, e-commerce partnerships, interactive TV projects, and wireless platforms.

Cheryl received a degree at Yale University in the Ethics, Politics and Economics program.

Kevin Hoder is a Systems Engineer for Northrop Grumman. Previously, he worked two years for a small defense contractor as a Project Manager and System Architect for a Web-enabled Oracle database project. In addition, he served seven years in the U.S. Navy as a submarine Naval Officer.

Kevin earned a Bachelors of Science in Engineering (with Nuclear Emphasis) from the University of Washington.

Gilbert "Gib" Kirkham is Acting Director responsible for Space Science in NASA Headquarters' Office of External Relations and has 10 years of experience in coordinating and managing NASA's international relationships and assets. Fluent in Japanese, Gib served in the US Embassy in Tokyo as NASA's Japan Representative from 1997-2002, where he was responsible for promoting NASA's image and international programs while cultivating the US-Japan relationship in space and managing NASA's office in the US Embassy.

Gib earned a Masters degree in international relations from the Johns Hopkins University Paul H. Nitze School of Advanced International Studies.

David Montoya serves as a senior policy advisor to United States Senator Jeff Bingaman of New Mexico. He advises Senator Bingaman on international and national security issues, and also serves as director of Senator Bingaman's Latino Outreach and chief of Economic Development Initiative funding for the State of New Mexico.

Before working on Capitol Hill, David spent a year working for Northrop Grumman Information Technology where he participated in software and hardware development for the U.S. Military and U.S. Intelligence Community.

David also served 7 years as an intelligence officer in the United States Air Force. David's work focused primarily on enemy threats to aircraft. David is a subject matter expert on Combat Search and Rescue as well as a trained prisoner of war debriefer.

Before entering the military David served as a member of President Clinton's Travel Staff as an expert in Presidential Advance.

David graduated from the University of New Mexico with a Bachelors degree in Political Science.

Michael F. "Buck" Szymanski is a Partner at Five Wireless, LLC, a technology consultancy. Buck brings extensive experience in interactive TV, software development operations, international product development, and business processes to the Five Wireless team after spending the bulk of his career at America Online (AOL). At AOL, he developed new products and services for both domestic and international markets. As a product manager in AOL's Interactive TV division (AOLTV) Buck worked with Hughes Network Systems, DirecTV, TiVo, Circuit City and other partners to define product strategy, requirements, user interface and product support training. Buck also led the teams that launched four generations of AOL and CompuServe software in Europe, Asia and Latin America.

Buck is a graduate of the University of Michigan and has a Bachelors degree in Russian Area Studies.

Phillip Yin is a business and economic reporter for CNBC Asia. Previously he worked for Q13 Fox Television. In addition, he served as an Investment Advisor and Portfolio Manager to Institutional and retail clients for CIBC World Markets and UBS Painewebber.

Phil is a graduate of the University of Washington.