

DIALOGUE (and AFP STUDIO) published by EXSTREAM SOFTWARE

■ Version : 5.0 ■ Released : June 2005 ■ Next version : V6, June 2007

COMPANY PROFILE

Ranked among the world's fastest growing technology companies, Exstream Software provides enterprise document automation solutions for businesses around the world to streamline document creation processes and produce higher quality, relevant communications of all types for delivery through print/mail and online channels. Long-time electronic document industry experts Davis Marksbury and Dan Kloiber founded Exstream in 1998. Marksbury and Kloiber were no strangers to the document publishing industry since they were the masterminds behind a print stream management program that continues to stand as a reference in the sector. Furthermore, they were already seasoned professionals at launching new businesses.

In addition to their technological expertise, they brought an innovative vision to the production of CRM documents—one that is firmly geared towards a multi-channel strategy and makes electronic deliveries a key part of the customer communication process.

After several years of record-breaking growth of 600% over the last five years (37% in 2005, and 50% in 2006) and beginnings marked by immediate profits (which is also true of all the subsidiaries), Exstream is regarded as a leader in the industry. They have eight offices outside the US, and Exstream's Dialogue product has been deployed by over 440 companies, including another 200 references for the AFP Studio suite.

RESEARCH AND DEVELOPMENT

R&D is based at corporate headquarters in Lexington, Kentucky, with a worldwide workforce of about 56 employees assigned to product development, maintenance, and quality assurance. The activity draws on user feedback throughout the year, via several levels of user clubs: a Dialogue user group, a Dialogue Advisory Council and an annual user conference in the US and Europe (the next conference is due to be held in Paris in 2007). A new major version is released approximately every 18 months.

Research and development for the AFP Studio solutions is carried out at the French office in Levallois, Paris.

DISTRIBUTION

Exstream's marketing process is performed directly from its offices in Atlanta, Lexington and overseas, as well as through top-tier co-marketing partners, including IBM and Xerox. External integrators are occasionally brought into customer projects to leverage their additional skills. The sales force is organized into sectors of activity and regions. The different sectors are targeted by four dedicated teams: Financial Services/Banking, Insurance, Miscellaneous Services (service bureaus, retail, government, etc.) and Utilities (water, gas, electricity and telecommunications). The international subsidiaries are divided into six areas: France and Southern Europe (Switzerland, Belgium, Luxembourg, Spain, and Portugal), EEC (Eastern Europe, Central Europe, Russia, and the Middle East), UK (United Kingdom and Ireland), Germany (Germany and Austria), Nordic (Scandinavia and the Netherlands) and Pacific (Australia and New Zealand).

CXP ANALYSIS

- > **An attractive offering** in terms of the ease in creating documents and performance power. According to feedback, document design times can be drastically cut (up to a ratio of 10, thanks to its ability to reuse existing documents), and the Dialogue composition engine can produce several thousands of pages every minute.
- > **A state-of-the-art** technological product with a wide functional scope, developed according to a modular approach and guaranteeing an extensively open and scalable architecture.
- > **A customer-centric approach**, resulting in a service-driven activity geared towards software packages and considerable focus on consultancy and training. This approach was hailed by The Software Magazine in November 2006, which sees it as the main driver behind Exstream's prodigious growth rate over the last few years. Exstream's approach also takes account of the customer's legacy system and the investments already made by the company, guaranteeing non-regression when changing versions.

FACTS

EXSTREAM SOFTWARE

Founded	1998, in Lexington , Kentucky (USA)
Highlight	2003 : takeover of Connexion Informatique (in France) and its AFP software
Ww Revenue	€47,7 m in 2005, 50% growth expected for 2006
Customers	440 for Dialogue, 200+ for AFP Studio
Employees	278

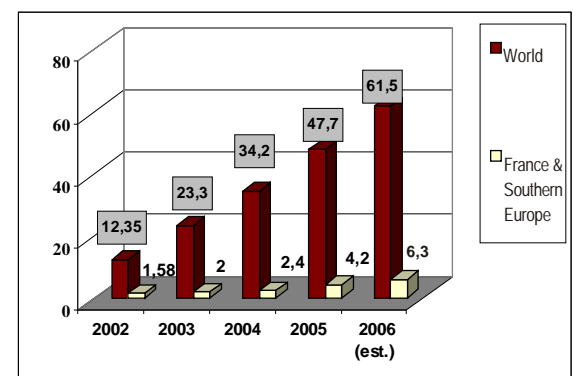
EXSTREAM France & Southern Europe

Founded	2003 - As simplified joint-stock company subsidiary created at the same time as the takeover of a local publisher
Highlight	
Ww Revenue	€4,2 m in 2005
Employees	22

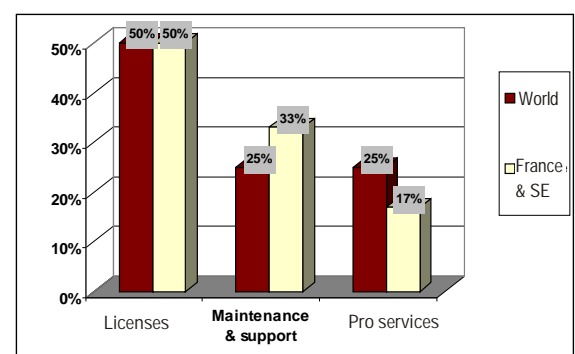
Management

Name and position	Since	Previous experience
Davis MARKSBURY President & CEO, co-founder	1998	Co-founder of PDR Advanced Technology
Dan KLOIBER, CTO and co-founder	1998	Co-founder of PDR Advanced Technology
Jean-Jacques JOLY, Managing Director France & Southern Europe	2003	IMDS, Pitney Bowes, Setton Group
J.-F. PAUTHENIER, Consulting and Professional Services Director	2006	Sema, Sword, Veolia
Hervé DUMONT, AFP R&D Manager	2006	IP Label, Cap Gemini

Sales per area (in €m)



Sales per software activity (in %)



MARKET

Enterprise communication stems from two originally separate worlds: management documents (output management) and direct marketing documents (CRM). Enterprise communication deals with all the tools, services and IT resources used to publish documents, which are seen as a strategic driver behind corporate communication (and marketing). Consequently, it is based on such fundamentals as:

- Creating and managing personalized documents
- Managing document production
- Multi-channel document delivery
- Incorporating the production constraints into the processing chain (printers, enveloping, stamping, etc.).

Enterprise communication aimed at delivering high performance must meet the following key issue: whether letters, bills, emails or catalogues, documents reflect the company's image among customers. Their level of quality, in terms of both content and presentation, is critical, because it can give the company a decisive edge over its competitors. It plays an essential role in the company's ability to reach out to its targets more effectively.

An enterprise communication project represents a considerable investment for the company (especially saving time) and calls for changes to the existing structure. But it can also generate a significant increase in revenue by influencing customer response and satisfaction rates, even by as little as 1%! Enterprise communication in today's world has to face up to new challenges, such as integration of marketing into management documents, collaborative and intuitive design and color printing.

On a more technological level, the key issues involve opening up the architectures (multi-platforms running Windows, Unix, Mainframe, Linux, J2EE and .Net), managing the document lifecycle from the design to the production phase, whether high-volume or interactive, and compliance with market standards (print formats, such as AFP, ISO standards for PDF/A...).

FUNCTIONAL COVERAGE

The offering features two ranges: Exstream Dialogue, incorporating document design, CRM and multi-channel delivery, and AFP Studio, for AFP stream management. Dialogue comprises three environments:

- 1 - A design environment, which includes an interface that manages application access, implementation, maintenance and administration. It is based on a client/server architecture: Dialogue Design Manager and Designer are client applications (to be loaded on the user's workstation) that run on a Windows design workstation. Dialogue Anywhere for Marketing is a marketing design interface on a thin client, allowing remote users from across the company to create and test marketing messages and campaigns, while complying with the corporate style guide and rules.
- 2 - A production environment, on which the applications are integrated with dynamic data to produce documents over multiple channels. The Dialogue production engine is an executable that runs in standalone mode.
- 3 - An interactive environment, which extends the production environment to document generation in transactional mode. It uses the Real-time document service layer, offering a base for implementing specific interactive applications, meaning its own interactive environment, Dialogue. Interactive and batch solutions share the same design environment for creating personalized web solutions. Dialogue allows for the concurrent production of documents in several forms: spools supported directly by the printers, electronic files that can be archived directly (TIFF, PDF...) and files that can be delivered directly by email (HTML, MHTML, PDF attachments, index and control files).

The Exstream AFP Studio suite can be sold separately or bundled with Dialogue. It features several modules for optimizing print streams (AFP Jazz!), displaying AFP documents (Viewer), converting into other formats (PDF, TIFF, PCL, BMP, etc.), and comparing print streams (in graphic or batch mode) for non-regression testing.

➔ CXP ANALYSIS

- > A wide functional scope, covering the creation of complex documents during pre-production (sophisticated tables and charts) and extending to the post-production phases.
- > The interoperability constraints faced by companies are taken into account for both operating environments (PC, Unix, mainframes) and input/output formats.
- > Prices in tune with companies' expectations. The average ranges between 200 - 250 000 euros for the license.
- > A subscription option is available: priced between €2 000 and €3 000 per month, it enables the license fee to evolve during the agreement, according to changes in use.

PUBLISHER AND PRODUCT HIGHLIGHTS

	1998-2002	2003	2004
PUBLISHER	1998 : Company founded Worldwide revenue 2002 : €12.35m Revenue for France & Southern Europe : €1.58m	Worldwide revenue: €23.3m Revenue for France & Southern Europe: €1.63m Acquisition of CONNEXION INFORMATIQUE	Worldwide revenue: €34.2m Revenue for France & Southern Europe: €2.4m Employees worldwide: 230 Employees for France & Southern Europe: 12
PRODUCT	<ul style="list-style-type: none"> • First version of Dialogue launched in 1999 • In 2000, Dialogue introduced in France. First customer: Bouygues Telecom. 	<ul style="list-style-type: none"> • Dialogue V4 launched : -Improved design interface -Enhanced post-composition modules • Arrival of WebVerse, a web front-end for interactively producing letters 	<ul style="list-style-type: none"> • Dialogue RealTime launched, a transactional production solution • Dialogue Anywhere for Marketing launched, a thin client-based design interface

TECHNOLOGY

- Environments: Unix, Windows and MVS mainframes
- DBMS: Oracle, SQL/Server and DB2
- Application server: the most frequently used are IBM-WebSphere and BEA-WebLogic (followed by JBoss and Oracle)

Dialogue has been designed by using object technologies, not only in terms of development language (the software is written in C and C++), but also in terms of a highly modular application architecture (containing 65 modules). This approach enables new features to be added to the product lines as new modules.

The design environment, which runs on a Windows workstation and is connected to a server and the design database, is separate from the production environment. A copy of the design elements is sent in file format to the production environment, which therefore does not waste time calling the database. This principle meets two issues: fast execution (the composition engine works with files), and security and confidentiality (the production data cannot be seen from the design environment).

CXP ANALYSIS

- > Running on three types of platform (Unix, Windows and mainframes) with the same engine (identical source code) makes it possible to change the hardware architecture, with a view to generating substantial savings without needing to rewrite the application.
- > The design environment is separate from the production environment, which can work without having to call the design database. Both environments only exchange files, which boosts execution speed, confidentiality and operational security.
- > The object logic adopted for the development of the Dialogue platform distinguishes it from certain rival products (procedural logic, based on scripts) through its ability to reuse sophisticated graphic components (logos, business rules, etc.) created and modified in centralized mode.
- > The intermediate exchange format used within Dialogue, DXF, allows for interfacing with such tools as Quark XPress, OGL, Metacode... and soon Adobe InDesign.

Worldwide revenue: €47.6m
 Revenue for France & Southern Europe: €4.2m
 Employees worldwide: 250
 Employees for France & Southern Europe: 17

Two new offices opened in London and Munich

Worldwide revenue: €61.5m / Revenue for France & Southern Europe: €6.3m
 Employees worldwide: 278 / Employees for France & Southern Europe: 22

Strong international presence: North America: 60% / Europe: 33% / Asia, other: 7%

- Exstream ranked by The Software Magazine among the world's fastest growing technology companies (+37% in 2005)

- V5 launched, the major version of Dialogue:
 - Design interface overhauled
 - Dialogue Anywhere for Marketing integrated
 - New connectors, including SOAP and Watched Directory

2005

2006

FUNCTIONAL ANALYSIS GRID

ASSESSMENT OF DIALOGUE IN THE MARKET FOR INTERACTIVE ELECTRONIC PUBLISHING PLATFORMS

• Ability to accept multiple input formats	● ● ● ● ●
• Ease of use and flexibility of the design interface	● ● ● ● ●
• Capacity to manage the creation of complex graphic objects	● ● ● ● +
• Power / robustness of the composition engine	● ● ● ● ●
• Variety of output formats	● ● ● ● ●
• Stream management / distribution / print control	●
• Post-production features (groupings, sorting...)	● ● ● ● ●
• Archiving and viewing of documents	●

CXP SCORE

	Criteria	Score 2005
Commercial score	Success	● ● ● ● +
	Durability	
	Maturity	
Technical score	Open design	● ● ● ● ●
	Architecture	
	Scalability	
	Administration capability	
Functional score	Ease of use	● ● ● ● +
	User-friendliness	
	Robustness	
	Scope	
Overall score		● ● ● ● ● -

From a commercial perspective, Exstream benefits from excellent brand awareness, recently bolstered by the distinction from the Software Magazine, which in October 2005 paid tribute to its constant growth, which is remarkable given the prevailing stagnation in the market. Its customers are only too willing to talk about their experience and the benefits from using Dialogue, which represents an excellent sales driver.

In quantitative terms, it is a small-sized company (revenue less than \$100m), ultimately likely to be taken over by a giant in IT or graphic arts.

From a technical perspective, the strengths are:

- The engine used for batch (high volume) and interactive deliveries (small volume) is the same, which prevents any need for redeveloping
- The possibility of integrating multiple data sources without needing to implement an ETL or other type of process
- The same engine is available on three major types of environment: Windows, Unix/Linux and MVS mainframes
- The moderate use of CPU resources, despite the high execution power
- Scalability (ability to evolve in the event of a major change in load)
- The simultaneous generation of documents in several output formats (at least AFP, PDF and PostScript)

The functional score is a summary of the analysis grid presented at the top of the page.

CUSTOMERS

Exstream's 440 customers mostly come from the service sector: banking, finance and insurance, followed by service bureaus and utilities.

The main references in these sectors among the 45 customers in Southern Europe include: BNP PARIBAS, BRED Banque Populaire, Bouygues Telecom, Cegetel, Cardif, Cetelem, Crédit Agricole, CNP Assurances, Cofinoga, CORTAL, Data One, ERISA, Fédération Continentale (Generali), GIE Atlantica, HSBC, i-BP, Interépargne, La Banque Postale, La Redoute, MARSH, Natexis, Pictet, SD WORX, SFR, Spheria, Swiss Life, Total, Unedic, Unicable, Victor Buck Services...

Next come the telecoms carriers, followed by the fast growing utilities sector (water, electricity, gas, etc.).

CXP ANALYSIS

- > The publisher has based its growth on an approach strongly focused on customer requirements, which can be broken down into several levels:
 - **Installation** : consultancy, understanding the existing systems, sales force specialized per professional sector, migration strategy for existing systems, response to «peripheral» needs (printing and enveloping constraints, archiving, indexing...).
 - **Implementation** -: project management, methodology, training/instructorship/transfer of skills (formal sessions and support), development of models and programming.
 - **Maintenance** : corrective, scalable maintenance (third-party application maintenance), indicator-based control, contractual obligations (results).
 - **Support** : local, online (help extranet for non-regression testing, incident traceability and upgrade requests, knowledge base), user clubs.
- > 11 employees within the France & Southern Europe office are dedicated to providing professional services, consulting, maintenance and support.

USER TESTIMONIALS

LA REDOUTE

Leading catalog sales company in France - Manages 30 million packages every year.

La Redoute secured a return on its acquisition of Dialogue in only a few months thanks to savings on paper-based billing.

"Exstream's software achieves processing performance we never dreamed of. Advanced functionality that is usually offered as an option with other software is included in the Dialogue solution. Dialogue allows us to be prepared for tomorrow, when we will have to increasingly disseminate our communications by multiple channels instead of just traditional print/mail delivery."

Jean-Pierre Klima of the Department of Application Architecture at La Redoute.

CRÉDIT AGRICOLE CENTRE FRANCE

Leading bank in France's Massif Central region. 55 million correspondence and statement pages produced every year for clients (approximately 230,000 each day)

CACF has reduced its template development and composition times - from half a day for simple documents to five days for complex documents featuring dynamic tables, management rules and so on.

"We are very pleased with our Exstream Dialogue solution. In particular, we've been pleasantly surprised by the amount of time it has saved us. It's an investment that has more or less paid for itself."

Martine Muller, electronic publishing project manager at CACF

MERRILL LYNCH

One of the world's leading financial management and consulting firms. Manages assets worth 81 billion dollars for 2.2 million retirement scheme subscribers.

Merrill Lynch reduced time to market for 1.2 million customized brokerage statements by 78% (18 months to 15 weeks).

"This software offers unparalleled flexibility, and its ability to deliver documents in a variety of outputs, including AFP, Metacode, PCL, and PostScript puts statements in our customers' hands in record time. We were impressed by its ability to transform our statements into documents personally addressed to each and every one of our customers"

Rich Hopkins, director of the Retirement Group Regulatory Reporting department

POWERGEN

Second largest integrated energy supplier in the UK.

Powergen used Dialogue to create the "OneBill" program, which combines all utility charges for each customer into one statement that is further personalized using rule-driven targeted messaging. Dialogue has enabled Powergen to move complex applications from a mainframe environment to Unix without any in-depth programming.

"A key driver in choosing Dialogue was that it allowed us to move to UNIX and increase productivity in the process. We have significantly reduced development time and achieved a speed to market we never thought possible. The next challenge is a major rewrite of our sales contract into Dialogue and, going forward, we're planning on using Dialogue to develop even more personalized communications, such as account management and collection letters"

Emily Ashton, technical manager for Powergen