

iDatix seeks disruptive role in document management space

Analyst: Dennis Callaghan

Sector: Enterprise Software

iDatix, a fairly obscure Florida-based startup, has some solid technology for document, content and business process management and application integration – a combination the company positions as 'document-centric process automation.' It has had decent traction to date in the midmarket, if only on a regional basis. The opportunity is there for a new player to emerge in a consolidated space. But to grow, iDatix needs to expand across the country and internationally and move up to larger deals. Lack of name recognition holds it back more than anything. It's a tall order for the company, which might benefit from taking outside funding to fuel growth, but the potential is there for it to make a disruptive impact in a staid space.

The 451 Take

Document management, content management and content-centric business process management are now arguably mature, consolidated spaces. But iDatix – which plays in all these spaces and adds an application integration tool – remains an interesting company to watch. With most of the dominant vendors in these spaces absorbed into larger firms, the opportunity exists for a smaller, focused, more responsive vendor to make some headway. We think iDatix's technology is good enough for it to make a move, but it faces an uphill climb in getting the national name recognition and brand awareness it needs to make real progress.

Context

iDatix was founded in 2000 by Steve Allen, a former robotics engineer at **IBM**. Allen remains with the company as CEO and heads its development efforts as well. The vendor set out to develop software to automate repeatable business processes, typically content and document-centric processes. It has never taken outside funding and claims profitability for six of the seven years it's been in business. It expects to end the year with 100% revenue growth over last year, with hopes to double that rate of growth in 2008. The company has 40 employees spread between its Clearwater, Florida, headquarters and sales offices in New York and St. Louis.

Products

iDatix develops the iDatix Process Automation Suite, known as iPAS, which consists of four component applications for content management, document management, business process automation and application integration.

The content management application, known as iSynergy, automates the capture, management, workflow and integration of unstructured information generated by line-of-business applications, and creates a repository for that information. It's also used for

converting printed documents into electronic file formats. Information can then be retrieved and used in other applications via a wizard interface.

The Capture application adds a number of document management utilities, including scanning, bar code recognition and document sorting, to further capture unstructured data that can be stored in the iSynergy repository.

The business process and workflow automation application, known as Progression, is used to model and define document-centric business processes. It adds tools to then monitor and optimize those processes and allocate business resources to execute those processes.

Finally, iLink, the application integration application, supports the exchange of external data between disparate systems when a need for this data is triggered by a business process; it also allows other Windows applications to be integrated with iSynergy. This is done by embedding custom buttons or menu options from iSynergy into these line-of-business applications, or vice versa.

The software wins praise from users for its user-friendly interface and simplicity as well as for its functional capabilities.

iDatix also offers professional services, including project planning, process analysis, installation management, configuration support, training and certification, and ongoing postdeployment account management, support and software maintenance.

Customers

iDatix claims about 250 customers, with most having 50-500 employees, although the company says it's winning ever larger deals. It claims some penetration into the Fortune 5000 and even one or two customers in the Fortune 1000. Average deal size tends to be about \$250,000-300,000 for large deals, which the company sells directly. The company sells through resellers to smaller customers, and those deals tend to average about \$40,000.

Financial services, healthcare and manufacturing are key verticals for iDatix, and it can tailor its software to them. The company also has decent penetration into the engineering, hospitality, travel and public services verticals. Reference customers include **PepsiCo's Tropicana** division, **ClosetMaid** and **Veolia Transportation's SuperShuttle** subsidiary.

Two of iDatix's customers are in Europe, with the rest in the US, mostly in the Southeast.

Partners

iDatix has about 40 resellers that get its software into smaller companies. By the company's own admission, only about 8-10 of those resellers produce results. It has expanded its channel to Europe in the hope of winning more deals there. **Document Access Systems**, which also partners with **FileNet**, **Captaris** and **Microsoft**, is one of iDatix's top resellers. It sells iDatix into smaller accounts and FileNet into large enterprise accounts.

Microsoft, **Kodak**, **Cranel Imaging**, **Visioneer** and **Nexsan Technologies** are strategic technology partners for iDatix.

Competition

Despite its software's multiple capabilities, iDatix acknowledges that it competes mostly against document management vendors on deals. It seeks to at least match those companies' products feature for feature while undercutting them on price. Its chief competition comes from **EMC**, which bought onetime iDatix rivals **Legato Systems** and **Documentum**, and

Hyland Software's OnBase. iDatix claims that it has replaced at least 36 Legato installations at its customer sites. It occasionally sees IBM's FileNet, **LaserFiche** and **Westbrook Technologies'** Fortis on deals, at least in the early stages. FileNet, though, is sold at a much higher price point and generally sells into much larger organizations than iDatix.

Captaris seems strongest in fax server and electronic document delivery software, but also has document management and content-centric business process management (BPM) software, which would compete with iDatix's offerings, at least for mindshare. **Xerox** DocuShare and **Xythos Software** are midmarket players in document management. Of the two, Xerox DocuShare seems closest to matching iDatix's business process automation capabilities. **Stellent** was in this space as well, but it has been absorbed into **Oracle's** Universal Content Management offering.

Global 360 is a noteworthy player in content-centric BPM and has some competitive crossover with iDatix. **Vignette** has document and records management applications as well as document-centric process automation and workflow capabilities in the product portfolio it got from buying **Tower Technology** early in 2004. But Vignette has done little in this area since that acquisition, so we don't consider it a serious competitor. **SpringCM** offers on-demand document management and workflow software and is an emerging challenger to iDatix, which is considering offering at least some of its capabilities via the software-as-a-service model.

We were struck by how similar the front-end application integration capabilities of iDatix's iLink product were to **OpenSpan's** desktop integration software, so the companies are potential competitors, even if they seem to be selling into different departments for different purposes, so we doubt they'll see much of each other, at least for the time being. This could, however, be another opportunity for iDatix to expand into.

Strengths	Weaknesses
<p>Although a small and relatively unknown company, iDatix has built significant customer traction and claims steady growth and long-term profitability without outside funding. With 250 customers and just 40 employees, company overhead seems pretty low.</p>	<p>iDatix remains a small company that's a little off the beaten path, with a mostly regional customer base. In order to exceed current growth rates, it needs a higher profile and needs to win more large deals that it can publicize.</p>
Opportunities	Threats
<p>Most of iDatix's closest competitors have been absorbed into larger firms. That can often create an opening for smaller, nimbler, more responsive companies like iDatix. Resellers can help the company gain traction, particularly overseas, and iDatix has barely tapped into that channel so far. We think there's room for it to grow in the midmarket and in large enterprises.</p>	<p>Larger companies with more channel reach and name recognition and deeper pockets are probably the biggest threat to iDatix.</p>

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