



Mass
Software
Council

2004 Annual Report

2004 : OPTIMISM FOR THE FUTURE

THE COUNCIL PLAYED A PIVOTAL ROLE IN 2004

in supporting the industry as it emerges from one of the most difficult periods in its history. Under the leadership of Council Chair Paul Egerman, CEO, eScripton, Inc., the Council focused on bringing together the information, the people, the ideas, and the resources that entrepreneurs needed in starting, managing and growing their companies, and focused on providing opportunities for the state's diverse collection of large and small organizations – some mature and established, others emerging and growing, to come together for the benefit of our community.



Council Chair Paul Egerman, CEO, eScripton, Inc.

The generous financial support of the Council's sponsors including our 2004

Global Sponsors – Foley Hoag LLP, Microsoft, Silicon Valley Bank, and St Paul Travelers as well as program sponsors Deloitte, Invest Northern Ireland, McDermott, Will & Emery, Nutter, McClennen & Fish, PricewaterhouseCoopers, Testa, Hurwitz & Thibault, and Wilmer Cutler Pickering Hale and Dorr – made the Council's work for and on behalf of the industry possible.

■ RESEARCH ON THE INDUSTRY

Through publication of the 15th edition of *The Complete Guide to the Massachusetts Software Industry*, the Council helped define the shape and breadth of the Massachusetts technology community in 2004. The 2004–2005 directory, distributed free to members, available in print, online, and on CD, listed 2,781 companies with revenues totaling \$10.5 billion. Sixty-six percent of the companies surveyed for the Guide reported that they plan to expand their workforce over the next six to 12 months, with 31 percent reporting that they are projecting staff increases of 20 percent or more. The findings also showed a rise in software sales for Internet products and services, and an increase in the

WHERE WE MADE A DIFFERENCE – KEY HIGHLIGHTS OF THE YEAR

- Served as the definitive source of information on the local industry,
- Enabled members to hear first hand the insights and perspective of the CEO of the world's largest software company – Steve Ballmer, CEO of Microsoft,
- Educated companies on how to go about raising venture capital money and provided them direct access to 100+ funders,
- Played the lead role in two public policy issues at the state level – open source and email privacy,
- Requested by the National Coalition on Stock Options to provide support and access to key members of the Massachusetts Congressional delegation,
- Provided CXO level executives with professional development and networking opportunities that led to more informed decision making and a greater circle of contacts,
- Saved members money through our group-purchasing MemberExtras program, and
- Paid tribute to Massachusetts industry pioneers Dan Bricklin and Bob Frankston on the 25th anniversary of the creation of the first electronic spreadsheet.



Microsoft CEO Steve Ballmer gets up close and personal with the crowd at the Fall Membership Meeting.



Annual Meeting Speaker Cathy Minehan, President and CEO, Federal Reserve Bank of Boston.

number of companies focused on horizontal market applications including business productivity, CRM, accounting and data acquisition. While the survey indicated slightly fewer companies and jobs in 2004 compared to last year, the 2004 research showed that the number of smaller, private companies increased slightly over last year. This likely reflects a continued expansion of entrepreneurial activity in the software marketplace.

The Guide was sponsored by the Council's 2004 Global Sponsors Silicon Valley Bank, Microsoft, Foley Hoag LLP, and St Paul Travelers. The Guide was produced in cooperation with Mass High Tech and assistance with the Guide on CD was provided by Trigent Software.

■ PROFESSIONAL DEVELOPMENT AND PEER NETWORKING

The Council's 2004 educational and networking programs helped several thousand entrepreneurs and industry executives connect with their peers, make better decisions for their companies and find solutions to the business problems that they face in running their companies.



Council Trustee Deb Besemer, BrassRing, with Guest Speaker Dr. Jack Wilson, President, University of Massachusetts, at the Fall Membership Meeting.

15 EDUCATIONAL PROGRAMS

Access to Capital

Sponsored by Silicon Valley Bank and Testa, Hurwitz & Thibault

How to Communicate with Investors
B to B Financing Without Venture Capital
Achieving Leverage and Liquidity Through Strategic Combinations and Mergers

Financial Management

Sponsored by Deloitte.
The Impact of Sarbanes-Oxley on Privately Held Tech Companies

Voice of the Customer

Moderated by Judith Hurwitz, President, Hurwitz & Associates
Chief Security Officer
Chief Marketing Officer
The IT Needs of Sports Franchises

Management

Sponsored by Nutter, McClennen & Fish
How CEOs Can Make the Most of their Boards

Leadership Speaks

Sponsored by McDermott, Will & Emery
Featured Industry Speakers: Bob Davis, Venture Capitalist and Founder of Lycos; George Conrades, Chairman and CEO, Akamai Technologies

Business Practices and Legal Issues

Sponsored by Wilmer Cutler Pickering Hale and Dorr
Open Source
IP Protection (in conjunction with the Boston Bar Association)
Industry Hot Topics



Council Trustee James Cash, Former James E. Robison Professor, Harvard Business School, with Honorees Council Trustee Dan Bricklin, President, Software Garden and Bob Frankston, President, Frankston Innovating at the Spring Meeting.



A rapt audience listens to a marketing case study presentation at the February Sales & Marketing Roundtable.



Council Trustee Bill Warner, Founder, Avid Technology and Wildfire poses with the members of the Design Your Company Roundtable group.

24 PEER NETWORKING OPPORTUNITIES

Sales and Marketing Roundtable

Led by Council Trustee Mike Kinlead, CEO, Acumenta
 Crafting a Must-Have Value Proposition
 Best Practices for CEOs and VPs of Sales and Marketing
 Marketing and Communications Strategies to Build Industry Leadership
 Vertical Market Attack Plans
 Software Pricing
 Delivering Quantifiable Business Value
 Targeted Content Marketing Strategies

Design Your Company Roundtable

Led by Council Trustee Bill Warner, Founder Avid Technology, and Wildfire
 30 Second Pitch
 Strong Forces Analysis
 Bedrock Values
 Refining Your Engine
 Intentions

Over \$2 Million CEO Roundtable

Led By Council Trustee David Blohm, Founder, SmarterKids.com
 Building Successful Partnerships
 Questions Surrounding Venture Capital
 Future Trends
 Corporate Business Problems
 Hiring Decisions
 Evaluation of the Marketplace

Technology Trends Forum

Led by Council Trustee Rich Carpenter, Carpenter Associates
 Software Offshoring
 RFID Technologies and Opportunities
 Voice-over IP
 Open Source

Public Software Company CEO Roundtable

Moderated by Trustees Pam Reeve and Frank Ingari
 Met with Governor Mitt Romney
 Discussed cost of Sarbanes Oxley compliance

4 INDUSTRY WIDE PROGRAMS

Annual Meeting and Economic Outlook

Sponsored by Deloitte

Featuring:

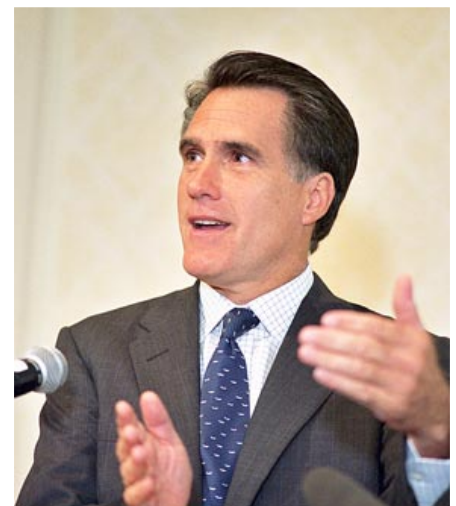
- Cathy Minehan, President & CEO, Federal Reserve Bank of Boston
- John Landry, Council Trustee and Chairman & CTO, Adesso Systems
- Gary Beach, Group Publisher, CXO Media, CIO Magazine

Spring Membership Meeting

In partnership with the Software History Project

Featuring:

- Saj-Nicole Joni, Author, *The Third Opinion: How Successful Leaders Use Outside Insights to Create Superior Results*
- Presentation of the 2004 Above and Beyond Awards to Educators by the Mass Software Council Education Foundation



Governor Mitt Romney addresses the group at the Public Software Companies CEO Roundtable.



Voice of the Customer panelists Steve Conley, Director, Information Technology and Telecommunications, The Boston Red Sox, Daryl Morey, SVP, Operations and Information, The Boston Celtics, and Pat Curley, VP, IT, The Kraft Group with moderator Judith Hurwitz, President, Hurwitz & Associates.

- Special Tribute to Council Trustee **Dan Bricklin**, President, Software Garden and **Bob Frankson**, President, Frankston Innovating, on the 25th Anniversary of VisiCalc
- Exhibition of 2004 Boston University Student Design Projects

Fall Membership Meeting

Sponsored by PricewaterhouseCoopers, Invest Northern Ireland, St Paul Travelers

Featuring:

- Steve Ballmer, CEO, Microsoft
- Dr. Jack Wilson, President, University of Massachusetts
- Release of *The Complete Guide to the Mass Software Industry (2004–2005)*

10th Annual Investment Conference for Private Companies

Sponsored by Nutter McClennen & Fish, Silicon Valley Bank, Microsoft, PricewaterhouseCoopers, Testa, Hurwitz & Thibault

- Presentations by 28 Massachusetts technology companies
- Two intensive preparatory sessions to coach participating companies on how to pitch to investors

■ PUBLIC POLICY AND GOVERNMENT RELATIONS

As the leading voice on policy issues for the local technology industry, The Council was active on a variety of issues in 2004, with the assistance of our public policy consultant ML Strategies, including:



Shawn Wang, President, MedXview, pitches to investors at the Investment Conference.

STATE ISSUES

- **Open Source** – Worked with Secretary of Administration and Finance and other state officials to clarify and separate open source and open standards policies, and was credited by the CIO of the Commonwealth with playing an integral role on this issue. Trustees **Dan Bricklin**, Software Garden; **Rich Carpenter**, Carpenter Associates; **Jim Daniell**, Echelon Ventures; **Carol Vallone**, WebCT; and Council Chair **Paul Egerman**, eScription, lent their time an expertise on this issue.
- **Google mail** – Led the effort to kill an outside section of the budget that would have made it illegal for Massachusetts residents to OPT IN to Google mail. With the participation of Trustee **Gail Goodman**, Constant Contact, the Council also met with the Office of Consumer Affairs and Business Regulation to provide input to a study of the privacy concerns relating to Google mail.
- **Outsourcing** – Initiated an email campaign to encourage Governor Mitt Romney to veto an anti-outsourcing provision and with the participation of Trustee **Carol Vallone**, WebCT, met with key legislative leaders.



*Featured Speaker Council Trustee **George Conrades**, Chairman and CEO, Akamai Technologies, listens to a question from an attendee at the Leadership Speaks program.*



Keynote Speaker and Council Trustee John Landry, Adesso Systems, Council Chairman Paul Egerman, eScription, and Keynote Speaker Gary Beach, CIO Magazine enjoy a moment at the Annual Meeting.



It's all about making connections – Council Trustees Mike Kinkead, Acumenta; Jim Daniell, Echelon Ventures; Rock Gnatovich, Spotfire; Gail Goodman, ConstantContact; Scott Walters, Paytronix Systems.

- **Computer Crime** – Worked with the Computer Crime Division of the Attorney General’s office to update the computer crime laws in Massachusetts. A bill, reflecting Council input provided by Trustee Jim Daniell of Echelon Ventures, Affiliate Member Greg Moore of Ropes & Gray, Member Mark Reilly of Comcast, as well as representatives of Microsoft – was filed in late in the year.
- **RFID** – Worked with the author of a bill viewed by the industry as “anti-RFID” to separate privacy issues from technology issues.

In addition, the Council met with a number of state legislators including Representatives Dempsey, LeDuc, Pedone, and former Speaker Finneran; Senators Barrios, Hart, and Murray; and members of the Caucus of Women Legislators. Over the course of the year, meetings were held with Governor Romney, Secretary of Economic Development Ranch Kimball, Director of Business and Technology Barbara Berke, as well as key staffers in the Governor’s office, Economic Development department, Mass Office of International Trade and Investment, Mass Technology Collaborative and the Attorney General’s office.

NATIONAL ISSUES

- **Stock Options** – Participated in major negotiations with members of the Massachusetts Congressional delegation, at the request of the National Coalition on Stock Options, and played a key role in gaining the support of many members of the delegation and in minimizing opposition to the Council and industry position. Although many in Congress are supportive of the industry position, FASB has not backed down in its determination to have companies expense options but it has delayed the effective date until mid-2005.

- **R&D tax Credit** – Participated in a national coalition that was successful in getting the R&D tax credit extended.
- **H1B visas** – Provided input to members of the delegation on the need for more visas. The number of visas was increased by 20,000 over the 65,000 cap.
- **Internet tax moratorium** – Provided continuing input to the Congressional delegation on the need to extend the moratorium on Internet access charges. The moratorium was extended by four years and will expire in November of 2007.

In addition, the Council met with or spoke to all members of the Massachusetts Congressional Delegation, and worked with a number of national organizations, including the Information Technology Association of America, Software and Information Industry Association, the Alliance for Digital Progress, the Association for Competitive Technology and the Coalition of Regional IT Associations.



Peter J. Quinn, CIO, Commonwealth of Massachusetts – panelist at the Technology Trends Forum on Open Source.



Council Trustee and Education Foundation Chair David Blohm with the 2004 Above and Beyond Award Winners and Education Foundation Executive Director Alice Jelin.



"Coach" and Council Trustee Bill Warner checks in with some of his CEO "students" at the Annual Investment Conference after listening to their 30-second elevator pitches.

■ WORKFORCE INITIATIVES

The Council continued its efforts to assist in the effective integration of technology into classrooms and to enhance the teaching and learning of computer-based skills.

K-12

■ The Software Council Education Foundation gave 2004 *Above and Beyond Awards* to twelve outstanding middle school math and science teachers for innovative teaching in grades six through eight. Presented by Council Trustee David Blohm, President of the Education Foundation, at the Spring Membership Meeting, the following schools and communities won \$1000 grants:

- Memorial Middle School, Beverly
- Searles Middle School, Berkshire Hills
- Central Tree Middle School, Rutland
- Robert E. Melican Middle School, Northborough
- Gates Intermediate School, Scituate
- Neighborhood House Charter School, Dorchester
- Nashoba Brooks School, Concord
- Cambridgeport School, Cambridge
- Paxton Center School, Paxton
- University Park Campus School, Worcester
- Remington Middle School, Franklin

Three communities and their award-winning teachers received an additional \$1,500 each as winners of the Ascential Software Corporation *Above and Beyond* award.

■ In addition, the Council gave visibility and assistance to a variety of K-12 educational technology programs by highlighting them at the Annual Meeting – **Tech Boston**, a program of the Boston Public Schools, which “prepares students for IT careers and post-secondary opportunities” (techboston.org); **MATCH** – the Media And Technology Charter High School which “supplements

traditional learning strategies with hands-on media and technology projects” (matchschool.org); **Youth Tech Entrepreneurs** which “develops student leaders who use their academic, information technology and business skills to build stronger communities” (yte.org); and **Wired Woods**, a camp-based technology skills program for at-risk kids (wiredwoods.org).

PUBLIC HIGHER EDUCATION

The Council’s efforts in the public higher education arena included:

- Representation on the National Visiting Committee for a local K-16 collaboration organized by UMass Boston called **Boston Area Advanced Technological Education Connection**. BATEC seeks to “promote a coordinated, self-sustaining, regional education and workforce development system for IT that will attract a diverse student population to IT careers, promote lifelong learning of IT skills and support the workforce needs of the region’s IT companies.”
- Partnership with the UMass system, focusing primarily on **CITI**, the **Commonwealth IT Initiative** which seeks to provide improved professional development opportunities for teachers, upgrade IT-related curriculum, encourage regional college/university collaboration, and enable students to take an IT minor with any major; former Council Chair Deb Besemer serves on the **Technology Advisory Committee** to the UMass President.
- **10th Annual Boston University Student Design Project** which partnered members with graphic design students to explore new and innovative approaches to corporate logos, marketing materials, and web sites. The 2004 program culminated in the exhibit of **34 student projects** at the Spring Membership Meeting.



Trustees Jeff Taylor, Monster Worldwide, Michael Kolowich, DigiNovations, and Dan Bricklin, Software Garden kick it up a notch at a Council program.

The long-term impact of all of these activities is meant to ensure the quality and quantity of workers our industry needs.

■ PROMOTING THE INDUSTRY AND SERVING THE LOCAL COMMUNITY

Over the course of the year, the Council proactively assisted in business and community activities that are important to Massachusetts and New England:

- Served on the New England Advisory Council to the Federal Reserve Bank of Boston. In addition to providing quarterly input on the status of the industry, the Council supplemented that activity by periodically organizing groups of CEOs to interact directly with economists at the Fed. These meetings were summarized and communicated to officials in the broader Federal Reserve System.
- Served on the Selection Committee for a new CIO for the City of Boston. Trustee Bill Warner of Warner Research was a critical player on the Committee.
- Served on the Leadership Committee of the Massachusetts Defense Technology Initiative (massdti.org) to protect Hanscom Air Force Base and Natick Soldier Systems Center. As the primary work performed at Hanscom is software and IT related, and the economic impact of Hanscom is \$3+ billion, this activity is critical to the industry and the region.
- Assisted in local university activities and collaborations including such activities as meeting with National Accreditation Committee for a local College of Business; providing input to search committees for a President, Dean, and Chancellor; publicizing opportunities for coop jobs and project opportunities; and providing



Spring Meeting attendees view some of the 2004 student design projects.

visibility for an international piracy project. Partners included UMass, Babson, Boston University, Northeastern University, and Olin College.

- Provided input to a Study for Enhancing Minority Business Development organized by The Business Collaborative and The Burroughs Group and promoted by Black & White Boston.
- Provided input and assistance to other technology associations and economic development organizations, and participated in numerous interviews and surveys about why Massachusetts is a great place to start and grow technology companies.

■ GROUP PURCHASING SAVINGS AND SERVICES

The Council's group purchasing program, the MemberExtras Program, provided more than 100 Member companies with assistance for cost control and improvement of the bottom line in 2004. The program's two initial offerings, office supplies through Staples Business Advantage, and access to health insurance primarily for companies with 1–9 employees, through Health Services Administrators (HSA), helped participating Members lower their operating costs and save money on purchasing commodity items. As a result of the positive feedback on the new program, the Council spent the latter half of the year researching an additional portfolio of services that will be offered to Members in 2005, through a partnership with International Affinity Group.

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Mass Software Council

Where Technology and Leadership Connect

Massachusetts Software Council
One Exeter Plaza, Suite 200
Boston, MA 02116
617/437-0600 • FAX 617/437-9686
www.masoftware.org
info@masoftware.org