conceptSearching

Business and Financial Overview 2012

Business Overview

Founded in 2002, Concept Searching operates in the enterprise search, taxonomy management, and auto-classification technology sector, focusing on intelligent metadata enabled solutions that result in improved information transparency, compliance, governance, preservation and storage of documents of record, securing sensitive information, and text analytics. Products include a Service Oriented Architecture (SOA) based search and classification technology, a browser based taxonomy management technology, and a tightly integrated feature set that operates with any search platform including Microsoft SharePoint. Industry unique concept identification enables the creation of organizationally defined taxonomies, reducing taxonomy development time by 80% (customer source data) as compared with competing products. The tagging and auto-classification of content can be aligned to business goals, and the semantic metadata generated can be easily integrated with any search engine or third party application that can interface via web services.

The Concept Searching Microsoft suite of products uses a single code base able to be deployed in SharePoint 2007, 2010, 2013, and Office 365, providing clients with the choice of on-premise, cloud based, or hybrid solutions to best meet their needs. The Microsoft products also fully integrate with Windows Server 2008 R2 FCI, and the former Microsoft FAST products.

Concept Searching has an impressive customer base that includes Fortune 1000 companies in the Government, Department of Defense, Financial Services, Legal, Manufacturing, Chemical, Professional Services, Energy, and Digital Media industries. The Company is headquartered in the US with offices in the UK, South Africa and Canada. Find more details in the Company History, Blogs, and Press Releases.

2012 Highlights

The founders have been in the industry since the early 1990s and the Company began trading in 2003. It has been profitable each successive year since inception. Highlights of 2012 include:

- **Revenue Growth and Profitability**
  During 2012 the Company continued its focus on delivery, while simultaneously significantly expanding its marketing team, global profile and image, and continuing to achieve business objectives month on month in the key sectors served. Year on year revenue growth of 50% was once again maintained, now for the past eight years, while the Company continued to maintain an industry leading operating margin of at least 63%. 2012 revenue growth over 2011 was 53%, and the operating margin increased to 66%.

- **Market Driven Innovation**
  In response to the market, the Company developed and launched the Smart Content Framework™, which provides the building blocks and best practices for developing an enterprise framework to plan for and deploy intelligent metadata enabled solutions. The framework delivers the enterprise infrastructure to deploy intelligent capture, intelligent migration, automatic identification of documents of record, securing sensitive information, data analytics, and information transparency, as well as any content being deployed for any application that uses metadata.

- **Acquisition of New Clients**
  Concept Searching welcomed a number of new clients from a wide range of industries, including the US Army Medical Command, the UK Foreign & Commonwealth Office, Moffitt Cancer Center, IDC, Brailsford & Dunlavey, New Zealand's Waikato Institute of Technology, and four global oil and gas enterprises, solving unique challenges with proven solutions.

- **Maintained Thought Leadership Position**
  2012 saw a combination of new entrants into the taxonomy and auto-classification space, as well as a number of existing vendors looking to re-invent themselves, some for the second or third time, and also ECM vendors looking to expand their business into new markets. The majority still focus on search enhancements, although some are now talking about an emerging trend focusing on compliance. Concept Searching's core technology is still unique in the marketplace and the Company has been actively selling and deploying intelligent metadata enabled solutions for intelligent capture, intelligent migration, intelligent compliance, and intelligent records identification, as well as intelligent search, for several years.

The Company continues to proactively identify market trends and, coupled with the flexible, platform agnostic technologies, the Company is clearly established as the vendor of choice for any metadata enabled solution.

- **Industry Leadership**
Concept Searching continued its leadership in the industry through the delivery of intelligent metadata enabled solutions that include semantic metadata tagging, auto-classification, taxonomy management, and search enhancements. 33% of clients have deployed the technology for intelligent migration, 23% for text analytics, 29% for sensitive information and data privacy, 25% for records identification, and 21% for eDiscovery and Freedom of Information Act (FOIA).

- **Maintained Microsoft Managed ISV Status**
Concept Searching maintained its status as Microsoft's only managed ISV partner in the metadata enabled migration and compliance application sector. Concept Searching has continued to expand its significant SharePoint client base and is the only vendor that can deliver a metadata and auto-classification technology platform that is demonstrably proven to improve metadata enabled capture, migration, and compliance solutions, and runs natively in SharePoint.

- **Microsoft Product Strategy and Focus**
As the cloud becomes more pervasive, Concept Searching announced availability of the Microsoft product suite as an on-premise, cloud based, or hybrid environment, as well as integration with Office 365. Concept Searching was first to market with a single code base able to be deployed with SharePoint 2007, 2010, and SharePoint 2013.

- **Technology Agnostic Deployments**
The deployment by clients of the Company's non-SharePoint platform was equally impressive. Concept Searching announced the availability of the technology on the Amazon Web Services (AWS) platform and is actively deploying this in a major US government department. One of the top three technology research analyst firms successfully deployed the technology on the Solr platform. Significant effort was spent on developing a 'plug in' architecture within the product to deploy intelligent metadata enabled migration and compliance solutions, applicable to both the Microsoft and non-Microsoft environments.

- **'Big Data' and Text analytics**
The industry saw the rise of 'Big Data' in the second half of 2012. Many vendors are now creating 'Big Data' practices. Concept Searching technologies are ideally suited to text analytics and the Company has been actively marketing these capabilities. 23% of clients have deployed the Smart Content Framework™ and the technologies for text analytics and currently one client exceed four petabytes of data for analysis.

- **Advanced Search Deployments**
Concept Searching's advanced search engine platform, conceptSearch, continued to grow, with a number of new clients, including those in the Defense and Professional Services industries. Many of Concept Searching's DoD and Fortune 500 clients have now had the platform deployed for over five years. The US Air Force Medical Service is now in its eighth year, supporting some 66,000 users.

- **Intellectual Property**
The technology has the ability to identify by statistical means 'concepts in content' and uses natural language vocabulary to build taxonomies, perform very precise auto-classification, and advanced conceptual search. It is still the only taxonomy and auto-classification technology platform to have a full function conceptual search technology built into the product, delivering more precise classification of content over competitive offerings.

- **Experienced Team**
The founders have brought together an experienced development and marketing team with prior experience of search and classification technologies, which they have built upon to deliver the current product set.

- **Awards and Certifications**
For the fifth consecutive year Concept Searching was acknowledged by KMWorld as one of the '100 Companies that Matter in Knowledge Management'. Although conceptClassifier for SharePoint has been named by KMWorld as a 'Trendsetting Product' for the past four years, in 2012, the Smart Content Framework™ was selected in 2012. Additionally, the Company has maintained its enterprise wide Authority to Operate (ATO) within the US Air Force, and its Enterprise Certificate of Networthiness (CoN) within the US Army. Concept Searching has the only Microsoft SharePoint integrated taxonomy and auto-classification solution with US DoD enterprise certifications, again making the organization the natural choice for all federal and DoD taxonomy and auto-classification deployments.

Product Application

Unique applications of the technologies have been deployed in the DoD, Federal, and Commercial sectors. Clients are using the products for the following applications:

- Improving information transparency either using Concept Searching's search technology or through integration with third party search engines (Solr, Google Search Appliance, SharePoint) using vocabulary aligned to business goals.

- The automatic tagging of content with both vocabulary and records retention codes, thereby declaring documents of record, enabling effective records management, driving compliance with federal legislation and reducing litigation costs.

- The automatic identification and tagging of sensitive information and the automatic application of content types to apply Rights Management and lock down sensitive material improves federal compliance and reduces unplanned costs from data exposures.

- The automatic migration of individual pieces or sub sets of content based upon automatically generated metadata. Content may be migrated to SharePoint libraries or lists or any other repository for appropriate storage and preservation.

- Addressing the increased need for Business Intelligence tools that extract meaning from unstructured and semi-structured content residing in diverse sources for text analytics.

Customer benefits include measurable cost and time savings based upon the transparent sharing of knowledge capital in inter, intra-company, and externally facing websites, as well as the cost associated with compliance in areas such as data loss protection effective records management, litigation support, and migration.
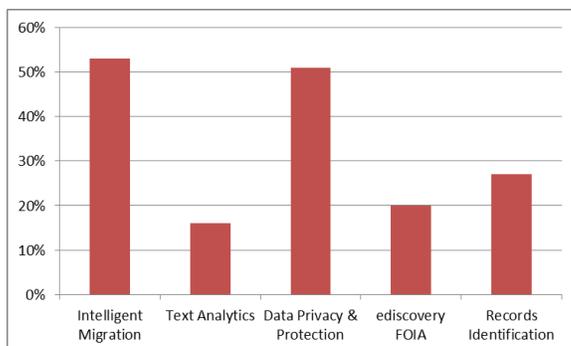
Trending Towards Intelligent Metadata Enabled Solutions

Based on the development of the Smart Content Framework™, the Company undertook an analysis of enterprise accounts that have deployed Concept Searching solutions, to identify key priorities of executives in 2013. The validity of the Smart Content Framework™ as an enterprise infrastructure layer coupled with our technologies proved to be solid. The results showed that compliance and governance are increasingly becoming board room issues. Due to the explosion of unstructured content, having intelligent migration solutions was also an objective for many clients. In the first scenario below, the clients are currently using the technology for search, and in the second scenario the organizations have placed a high priority on improving search.

As a result of the analysis, 33% of Concept Searching clients have deployed the technology for intelligent migration, 23% for text analytics, 29% for sensitive information and data privacy, 25% for records identification and 21% for eDiscovery and FOIA. In all accounts, the technology is also being used to improve search, either using Concept Searching's conceptSearch product or through integration with any search engine such as SharePoint, Solr, Google Search Appliance, and the former Microsoft FAST products.
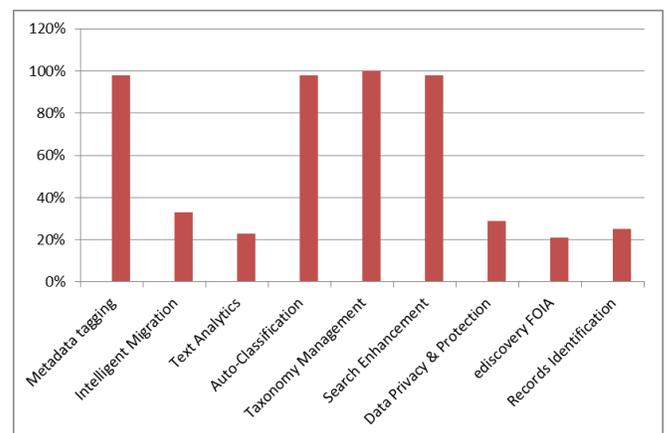
Intelligent Metadata Enabled Solutions Deployed by Concept Searching Clients

The analysis also included the broader market. Again the trend forward is interesting, with a clear emphasis on managing migration, protection of sensitive information, and the automatic declaration of documents of record, with 53% of companies looking to deploy the platform for intelligent migration, 51% for sensitive information and data privacy, 27% for records identification, 20% for eDiscovery and FOIA, and only 16% for text analytics.

Intelligent Metadata Enabled Solutions to be Deployed in the Broader Market

Clients by Industry and Revenue Mix

Clients are typically those enterprises that require access to large amounts of unstructured content and place high value on these knowledge assets. Revenue sources are primarily from software as Concept Searching depends on the comprehensive partner program to deliver services to the end client.
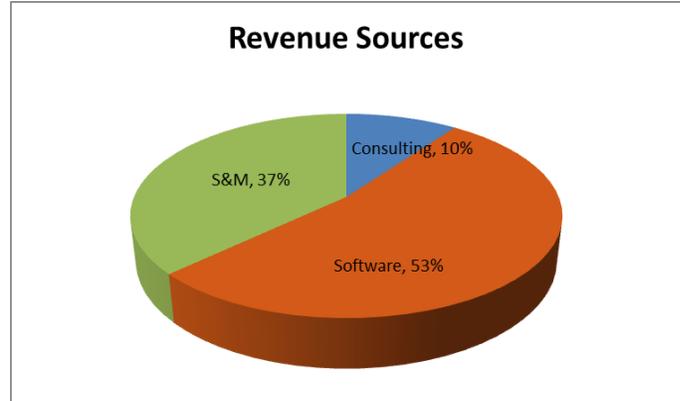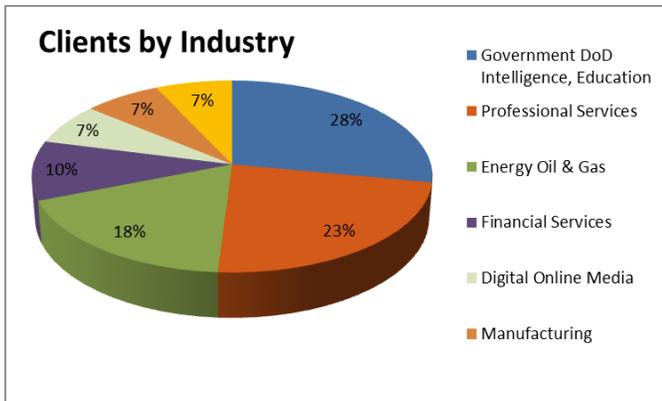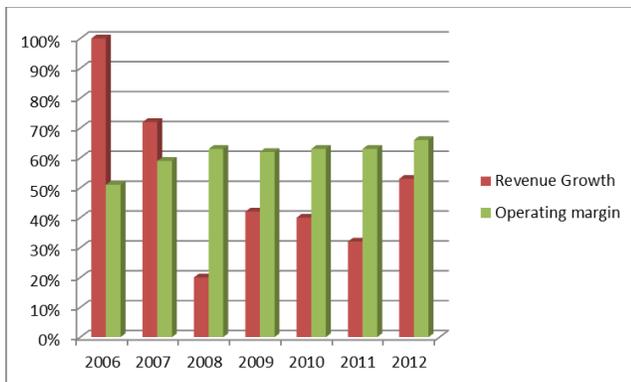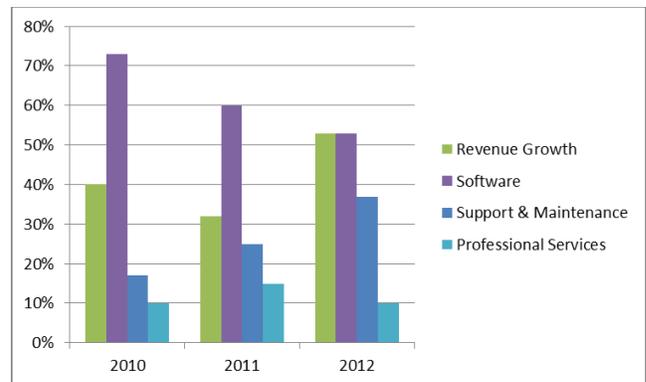

Revenue Mix

Previous Years - Financial Growth, Operating Margin and Revenue Mix

Concept Searching has also grown its business not only by profitably but also in a consistent manner.

- 'Revenue Growth and Operating Margin by Year' below shows a consistent top line growth since 2006 while maintaining an industry leading operating margin year on year.
- 'Revenue Growth and Revenue Mix by Year' illustrates how Concept Searching over the past three years has not only grown its revenue, but has changed the mix of revenue, showing a very healthy mix with annuity revenue growing, placing the Company in a very strong position against our competitors as we enter 2013.

Revenue Growth and Operating Margin by Year

Revenue Growth and Revenue Mix by Year

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State of the Industry

It is predicted that Enterprise Search will continue to grow. However, the major vendors have not yet resolved the limitations of their offerings, specifically in the areas of semantic metadata generation and classification as the underlying framework to improve search results.

Statistics show that 56% of searchers constructed poor queries: 33% had difficulty navigating/orienting search results; 36% did not go beyond the first three search results; 91% did not go beyond the first page of search results; and 55% selected irrelevant results once or more frequently. When you factor in the inability to find relevant results at the most basic level, the problem becomes much more serious, with an increased focus on compliance, litigation, and minimizing organizational risk. The consequences have now become too high, with top level executives being held personally responsible for mismanagement of unstructured content. With social media on the rise, managing unstructured content and protecting it from unauthorized use and access is becoming a significant issue.

Big Data became the biggest topic of the year. Although accompanied by enormous press coverage, it is not as yet widely adopted. Big Data deals with structured data, semi-structured or unstructured data, and unstructured content. The first two items are the primary focus of the term Big Data. Unstructured content is pigeon-holed into a database which is where the Company can provide value. One of the fundamental problems is the view that unstructured content must be managed in databases for analysis, in the same way as structured and semi-structured data. Data is machine driven, whereas unstructured content is driven by people, which makes the nuances, insights, relationships of disparate content, sentiment, and knowledge capital much more difficult to extract. Unstructured content is continually in a state of flux and changes rapidly. Concept Searching has deployed the technologies to provide text analytics capabilities to several clients. This is an area where we will continue to focus.

The demarcations on which vendor provides the best solution are becoming blurred and are changing. In the past, vendors focused on developing software to solve a specific organizational challenge, such as compliance, SharePoint administration, search enhancements or migration. Many are now trying to become all things to all people. Regardless of their core competencies, the end result is becoming diluted and losing effectiveness. Many vendors are now positioning themselves as metadata and auto-classification solutions, which technically they are, but the quality of the solution is at best only adequate and does not provide a platform for growth.

What is missing is the ability to extract the meaning from content to enable the intelligent metadata extraction to improve any application that requires the use of metadata. Concept Searching's technology platform, unlike all competitive offerings, has an embedded advanced, conceptual search technology that underpins the advanced and very precise metadata generation, auto-classification, and taxonomy management making the feature set still unique in the marketplace.

What is also missing from competitive offerings is an enterprise metadata infrastructure strategy that supports the deployment of intelligent metadata enabled applications. Concept Searching's Smart Content Framework™ provides the building blocks and best practices that enable organizations to develop the metadata framework that will support on-going initiatives to achieve a wide range of objectives with a single, flexible technology solution that is rapidly deployed and easily managed. This is particularly important in compliance and information assurance solutions where organizations can face stiff fines and must follow stringent guidelines and there is room for error. In many cases, the technologies are integrated with competitive offerings to provide a best of breed solution that provides the missing functionality, which can be supplied by Concept Searching.

Concept Searching is well positioned, with both technology agnostic and SharePoint solutions that can be deployed in any environment, or mix of environments, providing the ability to extract intelligent metadata associated solving compliance, governance, search, migration, and text analytics challenges.