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Q & A

Sarbanes Law Boosts Document Managers

Compliance Needs Rise

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Mitch Gross got a bellyful of paperwork in the 1970s when he was an officer on a nuclear attack submarine. As a radiation control expert, he filled out reams of forms measuring the radiation dosages received by anyone near the sub's reactor.

"We used to joke we didn't need to ballast down a submarine with water. We could just use the paperwork associated with serving on one," he said.

These days, Gross is trying to ease the burdens of paperwork by putting documents online. As chief executive of Mobius Management Systems, Inc., he helps clients track and manage files electronically.

Mobius' software lets clients store, manage and deliver documents over the Internet. After losing money in recent years, Mobius earned 23 cents a share in fiscal 2003, ended in June. Revenue rose 22% to a record \$82.7 million.

But the company has plenty of competition. Its three biggest rivals are IBM Corp., FileNet Corp. and Documentum Inc.

The new federal Sarbanes-Oxley law, meanwhile, could provide a boost to Mobius and similar companies. The regulation makes it mandatory for companies to keep records on file for quick

retrieval. Large public firms have until June 15, 2004, to comply. That deadline is fueling demand, Gross says.

Police are also adopting content management to record pictures and crime scene evidence. And insurance firms are using it to store data on house fires and storm damage.

But another of Mobius' product lines, electronic billing software, is lagging. People remain wary about paying bills online, Gross says.

Gross recently spoke to IBD about trends in content management.

IBD: *What's the biggest shift firms like Mobius are facing in content management technology?*

Gross: The biggest is that the definition of content management has expanded. If you go back three to four years ago, the technology was defined as bringing Web-oriented content to consumers. This included electronic announcements, online brochures and the like.

But the definition now includes software that runs companies on a day-to-day basis, and this is the area that Mobius focuses on.

IBD: *What types of activities does that cover?*

Gross: Applications like electronic bill presentment, financial statements, recording and storing bank check images and the like.

IBD: *Have there been any disappointments?*

Gross: What hasn't grown is the payment space. People still don't want to pay their bills online. It's a

psychological barrier that still has to be crossed.

IBD: *How is general demand shaping up for content management?*

Gross: Companies are starting to spend again on enterprise software like content management products. There was a bubble in such buying in 1998, just ahead of the so-called Y2K problem. There was a slowdown after that, but I think spending will rebound back to normal levels in 2004.

IBD: *Software firms faced tough going in the tech downturn. How did you hang onto your niche?*

Gross: We've had something called a "4P Program" in place for a long time. The P's stand for "people, product and productivity equals profits." This means we make sure that we have unequivocally the best people working for us in the business.

This covers not only product development, but also product support and sales teams. We also scrubbed and rubbed and dubbed and changed and added and deleted them until they were the best.

IBD: *Did you do anything specifically with your software products?*

Gross: We focused a lot on our products. I believe it's those firms that invest in their products in a recession that have a broad range of products to sell to their customers when it ends. We did that. We've developed two new products and acquired others.

One of them is ViewDirect-ABS. It's a unique audit and balancing system that automates the

Mitchell Gross



■ Mobius Management Systems Inc.

■ CEO and president

■ 53 years old

■ B.S., mechanical and nuclear

engineering, Columbia University; MBA, University of Pennsylvania

planning, budgeting and financial reporting process for firms.

IBD: *Has your experience on Navy subs influenced how you run Mobius?*

Gross: Yes. You tend to take a longer view of things. Having served on a sub, I'm used to looking at things in longer time frames than days or weeks. That's because I was at sea for months. Nuclear subs have the capacity to stay submerged for years and survive.

This time factor has been lost in a lot of businesses in recent years. They seem to be interested in taking quick hits. But real businesses (like submarines) have to take a longer view.

IBD: *Do you have a personal business philosophy?*

Gross: It has to do with people and it also comes from my Navy experience. The trick in business is to get people to do things they don't think they can do. You do this by getting them organized so they can work to their maximum potential.