

Sale of a Company

Workgroup Management Associates

The Client: Workgroup Management, Inc. (WMI) was founded in 1989 with a charter to implement document management solutions for Fortune 1,000 companies. Their positioning as a services company was to be “vendor blind”, as management wanted to implement any document management product chosen by their clients. They implemented a number of systems for pharmaceutical firms, and since then they have developed significant expertise with semiconductor manufacturers. This experience has been encapsulated in a recently released software template, ECN Fast Track. WMI has grown quickly in the last year to a company of 35 employees.

Sequoia’s Challenge: Because the document management market has been changing so rapidly, WMI had to make a choice to remain vendor-independent, or to align itself with one vendor of document management software. Some of the vendors in this sector have been facing significant hurdles. Pundits openly wonder if this sector will remain a separate market niche in the coming years. In this environment, Sequoia was asked to evaluate the "vendor independent" versus "captive implementer" options within the context of the sale of WMI.

Results: Documentum is perhaps the leading document management software company in the world today. Documentum is moving upstream from being a software vendor, to providing integrated software and services solutions for its clients. In addition, they have targeted semiconductor manufacturing as a rich vertical market. Thus, they needed the integration skills, track record and the semiconductor software template that WMI provides. A valuation was achieved which reflected the strategic nature of this acquisition. The principals of the two companies believe that this acquisition will provide a significant differentiator for the combined firms in the coming years.

“We are thrilled with the outcome Sequoia developed for us. They supported us throughout – no matter what problem came up, they solved it.”

Robert Kliger, President
Workgroup Management, Inc.

*“I was very pleased with Sequoia’s approach to this transaction. They represented WMI effectively by understanding **our** issues and objectives. This greatly facilitated the process. Congratulations on a job well done.”*

Jeffrey Miller, President
Documentum, Inc.