

organizing programs, new initiatives, and activities throughout the year.

The **Technology Company Mediation Program**, (developed with **Hanify & King, Professional Corporation; Lucash, Gesmer & Updegrave, LLP; and Nixon Peabody, LLP**) launched in September of 2000 in response to member requests, is a first-in-the industry program to assist companies in settling their business and technology disputes outside the courtroom by highly experienced attorneys at a reasonable cost.

COMMUNICATIONS

The **Council's website** (www.msicouncil.org) served members as a **portal** to the most **comprehensive information resources and extensive technology business activities** available.

Visitors to the website took advantage of:

- Online versions of all Council publications and research including The Complete Guide to the Massachusetts Software and Internet Industry (searchable by keyword), and archived versions of Annual Survey of Compensation and Business Practices Survey
- Full Year's Calendar of Council Events with online registration and payment and highlights of past speakers and presentations
- Listings of trade missions, conferences, and substantive executive-level industry events

- Web-based public policy effort including summaries of the national and Massachusetts perspectives on public policy issues
- Project descriptions of all past Above and Beyond Award winners highlighting best practices in educational technology
- Investment Conference Presenting Company Presentation for review and follow-up after the conference

On-line communications provided Members with timely information on the Council's programs and activities on behalf of the industry. The **weekly Software & Internet Council Update**, served as a personal notification of **upcoming Council programs and industry events** and **E-News, a monthly e-mail newsletter** chronicled **Council initiatives and activities beyond programming** and informed members about the Council's research, marketing, public policy and workforce efforts on their behalf.

Council Staff

Joyce L. Plotkin, *President* *
Carol S. Greenfield, *Vice President*
Bruce Holbein, *Vice President, Public Policy*
Christine LeBlanc, *Membership Director*
Joanne Gildenberg, *Program Manager*
Alice Jelin, *Director of Special Projects*
Lisa Woods, *Office Manager*

BEYOND 2000

We remain committed to our mission as we head into 2001: to promote the software and Internet industry; to assist executives in starting, managing and growing their companies; and to help software and Internet companies be successful in global markets, remains. We continue to strive to be the best information, referral,

and networking resource for companies; the most effective advocate on public policy issues affecting the industry; the most innovative catalyst for finding solutions to such pressing industry issues as the shortage of workers; and the most visible and vocal supporter of the strengths of the Massachusetts technology community. ■

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Massachusetts Software & Internet Council www.msicouncil.org

2000 ANNUAL REPORT

2000: Continued Industry Leadership for the New Millennium



Software & Internet Council Chairman Shikhar Ghosh, President, CEO and Founder of **Verilytics, Inc.**,

The Council started the new millennium by adopting a new name that reflects our continued commitment to leadership of the Massachusetts technology community. Now known as **The Massachusetts Software & Internet Council**, under the leadership of **Chairman Shikhar Ghosh, CEO of Verilytics, Inc.**, we spent the year 2000 working on behalf of the industry in the **Dot.commonwealth** on a wide range of issues and projects. Our agenda for the year centered on activities that promote the software and Internet industry, assist members in starting, managing, and growing their companies, and help software and Internet companies gain success in global markets.

RESEARCH

Our signature research product, and one of the most important benefits of membership, **The Complete Guide to the Massachusetts Software and Internet Industry, 2000-2001 Edition**, catalogued the growing industry and listed a record 3,310 companies, including **over 600 new companies** that were not

in last year's Guide. The Guide was produced in cooperation with **Mass High Tech** and sponsored by **FleetBoston**. Available in print, online, in a CD ROM version, the Guide helps to put a shape to the burgeoning commercialization of the state's information technology industry and facilitate partnerships with local companies. (Assistance with the Guide on CD provided by **CD Works** and **Trigent Software**.)

The Council's contribution in funding a **major new project on worker vacancies in information-intensive industries in Massachusetts** by the **Center for Labor Studies at Northeastern**

University provided the industry with a greater understanding of the worker shortage. The research pegged the state's IT vacancy rate at 8.3% as of May 2000. Follow-on studies will be conducted in 2001.

Another new research project, **MassBroadband**, was undertaken in 2000, to ensure that entrepreneurs in Massachusetts have the high-speed Internet service they need to create companies and communicate with customers, partners, and prospects. This effort, which the Council co-founded and launched in September of 2000, involved collecting data on the status of high-speed Internet access and making recommendations to speed the deployment of universally accessible and affordable broadband services throughout the **Dot.commonwealth**.

EDUCATION AND NETWORKING

The Council continued its tradition of organizing high-quality educational programs and community-building networking sessions that enabled industry executives to gather actionable information on important business topics; to network with peers and

potential investors, partners and employees; to interact with national and local industry luminaries; to travel to area companies to learn about their experiences first-hand; and to meet with a variety of federal, state and local public officials. The Council's 2000 programs provided the experience and advice of more than **110 industry executives, experts and practitioners**. In total, more than **4,400 industry executives** attended the Council's programs over the course of the year.

2000 PROGRAMS INCLUDED:

3 Membership Meetings

Membership Meetings gave Massachusetts industry executives an invaluable look into the perspectives and opinions of respected industry luminaries, and provided networking opportunities for more than 1000 executives. The **2000 Annual Meeting** featured **George Bell**, CEO, **Excite@Home**, and **Congressman Marty Meehan, US House of Representatives**. The **Spring Membership Meeting** featured **Thomas Willmott**, President and CEO, **The Aberdeen Group** and **Alan Webber**, Co-Founder, **Fast Company**. The **Fall Membership Meeting** (sponsored by **Silicon Valley Bank**) featured **Michael C. Ruettgers**, CEO, **EMC Corporation**; **Robert Mudge**, President of **Verizon Massachusetts**; and **Kevin Tice**, Managing Director, **Credit Suisse First Boston Technology Group**.

The Sixth Annual Investment Conference for Private Companies

Our largest ever Investment Conference (sponsored by **Adams, Harkness & Hill; Broadview; SG Cowen; and Imperial Bank**) saw 54 companies pitch their business plans after two intensive preparatory sessions. More than 200 financiers and investors

from up and down the east coast and across the country came to hear the company presentations. Held in cooperation with the **National Venture Capital Association**, the conference attracted the attention of many of the national venture capital firms. Due to the involvement of Council Trustee **William Warner of Wildfire**, himself an entrepreneur and investor, **CNN** featured the Investment Conference in a televised segment. The 2000 Investment Conference was produced in association with the **Technology Capital Network at MIT, The Massachusetts E-Commerce Association, the Cambridge Business Development Center, the Massachusetts Interactive Media Council, and The Boston Search Group**.

3 Customer Relationship Management (CRM) Programs

The 2000 program series on CRM, developed with **The Patricia Seybold Group**, dealt with issues revolving around the all-important customer relationship. **Acquiring Customers** zeroed in on the varied methodologies that can be used to attract the right customers to e-business initiatives. **On-line Post-Sale Customer Service and Support** discussed how the Internet has changed the post-sales support equation and methods and



Michael Ruettgers of **EMC** addresses the crowd at the Fall Membership Meeting.

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tools for refining relationships with customers. **Best Practices and Strategies for Building Customer Loyalty through Personalization** strategized about building customer loyalty through various marketing methods.

3 Sales and Marketing Programs

The 2000 Sales and Marketing series dealt with many issues that concern today's companies in their quest to brand themselves and refine their sales and marketing strategies. **Secrets to E-Branding Success** discussed branding initiatives in a program filled with do's and don'ts. **Online Marketing and PR** dissected topics ranging from brand enhancement to viral marketing, site traffic generation to personalization. Attendees learned how experts' stores evolved based on experience with customers, which leverage points had the biggest impact on sales and profits, and how to solve the tough challenges of traffic generation and product fulfillment at the **How to Build a Web Store** program. (Trustee **Alain Hanover**, **Main Street Partners, Sales and Marketing Series Moderator**).

4 Legal Issues Programs

The Council's longest running program series, **Legal Issues**, in 2000 covered **Distribution Strategies and Agreements, E-Commerce, Risk Management**, and **Hot Topics**. Panels included some of the best legal experts Massachusetts has to offer. (Roslyn **Daum, Choate, Hall & Stewart, Legal Series Moderator**).

1 Internet Strategy Program

The CEO-focused program featuring **Frank Ingari** of **Wheelhouse Corporation** offered a look at how company strategy changed with the rise in importance of the Internet. Called **Seed, Feed and Weed: Strategy in Internet Time**, the program explored such issues as the changed environment for strategy formulation; changes in the responsibilities of functions across the corporation; and the revolutionary new relationship between marketing and IT.

2 Industry Outlook Programs

This series of programs focused on trends and the future of the industry from the perspective of two analyst groups. The first program, **E-Risky Business and Architectures for Hosted Business Applications** was co-sponsored by **Giga Information Group** and focused on topics

ranging from security to ASPs. The second program, featuring **The Hurwitz Group**, detailed **New Pricing Models in the New Business Economy**, and included personal stories and outlook on what it means to be a vendor in the New Economy.

2 Workforce Programs

Recruiting and Retaining Strategies in the Workforce focused on hiring and retaining talented and diverse employees. Attendees benefited from the views of a panel of seasoned experts who gave personal stories and words of wisdom on how to find and keep the best and brightest. **Living and Working in the Dot.commonwealth** was a recruiting event with African-American and Latino MBA students in conjunction with **The Partnership**, a non-profit organization that works with companies in Greater Boston to assist them in more effectively recruiting, retaining, and providing leadership opportunities for professionals of color.

2 Public Policy Programs

Our policy-focused programs offered the opportunity for software and Internet industry executives, public affairs professionals, corporate officers and the media to stay up to date on the latest trends in information technology policy. **Technology Policy and Politics: A Look at 1999 and 2000**, sponsored by **The National Journal's Technology Daily** and **Instatrac**, included a state wrap-up, a review of what the 106th Congress did in 1999 and predictions as to what it was likely to do in 2000, and an inside look at campaign 2000 and technology. **Taking Advantage of the Digital Signatures Act** was a timely look at the "Electronic Signatures in Global and National Commerce Act", which gives electronic signatures the same legal recognition as handwritten signatures.

4 Executive Dinners

Our intimate Executive Dinners provided an elegant and personal evening with leading CEOs in the industry. Guest speakers in 2000 were **Stephan Paternot** of **theglobe.com**, **Paul Baier** of **PurchasingCenter.com**, **Margaret Heffernan** of **iCast** (sponsored by **Sullivan & Cogliano**), and **Bill Warner**, founder of **Avid and Wildfire** (sponsored by **Schwartz Communications**). Attendees

enjoyed an informal atmosphere and benefited from the expertise of seasoned industry leaders while networking with peers in the community.

1 Social Event

The 2000 Members-only Social Event treated more than 300 Members to a viewing of the Van Gogh exhibit and a private reception at the **Museum of Fine Arts**. This unbelievably elegant backdrop was a beautiful location for networking and celebrating another exciting year of membership in the Council. (Sponsored by **Deloitte and Touche, Silicon Valley Bank, State Street Global Advisors**, and **Testa Hurwitz & Thibault**).

7 Factory Tours

Factory Tours provided an opportunity to gain "behind the scenes" access to some of the most exciting Internet companies and new technology developments in Massachusetts. Factory tours combined networking with a first hand view of the inner workings of hot Internet companies. Factory Tour sites visited in 2000 were **Gamesville, Shym, WGBH, BuyltOnline/Stumpworld, The Cambridge Incubator, Akamai**, and **Tilion**.

8 Hyperlink Discussion Forums

The Hyperlink evening discussion forums provided an opportunity to tackle varying and timely issues such as **Was it a Boom or Bust for Holiday Commerce?**; **Viral Marketing: Web Personalization: Hiring in the .com Era: Going International: The Future of the Web: Funding: Before and After: Finding and Designing Office Space**. (Co-sponsored by the **Massachusetts Interactive Media Council (MIMC)**).

PUBLIC POLICY

The Massachusetts Software & Internet Council worked cooperatively throughout 2000 with key Massachusetts State officials and Members of Congress to keep them informed about the potential impact of state and federal legislation on the software and Internet industry. Our Public Policy goals for the year emphasized innovation, entrepreneurship, and competition in a market-based economy and focused on efforts to **promote the growth of the Internet, facilitate workforce development, foster access to capital, and protect intellectual property**.



Ari Schwartz of the **Center for Democracy and Tchnology**; **Sharon McLoone** of the **National Journal**; and **Bill Archey** of the **American Electronics Association** pose at the "Technology Policy and Politics Program" sponsored by **National Journal's Technology Daily** and **Instatrac**.

We provided leadership on several major national issues that were important to the industry and that were successfully achieved in 2000: **increasing the cap on H1B visas, enhancing opportunities and protection for the industry in China through establishment of Permanent Normalized Trade Relations, and working on a Federal Accounting Standards Board issue to modify the purchase method of accounting used in acquisitions**.

At the state level, we saw **significant Trustee representation on several Governor appointed Economic Advisory Boards and State Task Forces, succeeded in efforts to continue funding educational technology, co-sponsored a report released by MassInsight on protecting consumers' online privacy, and created and launched MassBroadband in conjunction with the Massachusetts Technology Collaborative to accelerate the deployment of competitive broadband services throughout Massachusetts**.

The Council members and staff **provided briefings on issues important to the industry** to such public policy officials as **Senators Kennedy and Kerry; Congressmen Markey, Meehan and Tierney; Lt. Governor Swift, Senate President Birmingham, Commissioner of Education David Driscoll, Secretary of Administration & Finance Steve Crosby, Undersecretary for Workforce Henri Rauschenbach; and Boston Mayor Tom Menino**.

In addition, we significantly **enhanced members' ability to keep informed about critical policy issues**, with the launch of a new section of our web site specifically devoted to policy. We were also **the catalyst**, as part of several national coalitions, for more than 200 of our members **sending e-mails to major federal and legislative officials** to voice their support for key national issues such as H1B visas and the R&D tax credit.

WORKFORCE DEVELOPMENT

In our continuing effort to increase the supply of workers for our industry, the Council was selected by **Radcliffe** as a partner in a ground-breaking new **National Science Foundation study on women in the IT field**. Council members will serve as the survey population where issues of attracting, retaining, and promoting women will be explored.

In another area of workforce development, the Council was well **represented on the State Board of Higher Education's IT Task Force** that recommended sweeping changes to upgrade equipment, infrastructure, curriculum and faculty for all community and state colleges and the entire University of Massachusetts system. In addition, the Council was recognized by Legislative leadership for its efforts in working with the State Legislature on the issue of funding for K-12 educational technology.

Members once again took advantage of our **Visual Communications Contest and Program with Boston University** to hire entry-level designers. Thirty BU students

majoring in graphic design were partnered with member companies on a wide range of design projects. More than 75% of the students were offered jobs in member companies as a result of their projects being displayed at the Spring 2000 Membership Meeting. Participating Member companies included **Cheshire Software, CommercialWare, DOXIS, Eprise Corporation, Flomerics, Keane, PlanetSoft, Prescient Technologies, SHYM Technology, Splashmedia Studios, SystemSoft Corporation, TVisions, and TechTarget.com**.

Many member companies were able to hire seasoned professionals through our professional retraining effort, the **Software Council Fellowship Program**, which graduated its 500th person this past year.

Through the **six Above and Beyond Awards**, granted in 2000 by the **Software & Internet Council Education Foundation**, we helped to highlight outstanding educators who made extraordinary efforts to effectively integrate technology into Massachusetts K-12 classrooms. The schools and communities receiving Above and Beyond Awards in 2000 included **Merriam School, Acton; Franklin High School, Franklin; Holbrook Public Schools; Williams Elementary School, Pittsfield; and Hosmer Elementary School, Watertown. A Special Above and Beyond Achievement Award** was presented to **Beth Lowd**, Coordinator, **Business and Education for Schools and Technology (BEST)** for the organization's work in lobbying for the funding of educational technology. (Trustee **Paul Egerman**, **eScription, Chair, Software & Internet Council Education Foundation**)

MARKETING MASSACHUSETTS

The Council worked aggressively and proactively in 2000 to **raise media and public awareness** of Massachusetts' strengths and innovation in the technology marketplace through **interviews and articles** in a variety of national and international media outlets from CNET to Korea Times.

The Council has also been the guiding force behind the **Dot.commonwealth Campaign**, launched collaboratively by the

THE COMMONWEALTH

Massachusetts. The state of things to come.



Lowell Gray, founder of **Shore.net** greets **Congressman John Tierney** at the Lynn/Northshore **Dot.commonwealth Roadshow** in December, 2000.



Congressman Bill Delahunt talks to guests at the **Dot.commonwealth Cape Cod Road Show** in May 2000.

state's four leading technology associations. The **Dot.commonwealth Campaign** emphasizes the state's leadership in innovation and education, as well as its breadth of technology sectors and outstanding network of industry influencers and opinion leaders. The campaign seeks to attract businesses, capital, entrepreneurs and skilled workers to the region. The past year's primary activity was a **series of "Road Shows,"** which **highlighted the many technology pockets around the state** and featured companies on **the Cape, the Berkshires and the North Shore**. Two additional road shows are being planned for Central and Western Massachusetts in 2001. (Dot.commonwealth Campaign sponsored by **Alpha Industries, Compaq Computer Corporation, FleetBoston, Informix Software, Lotus Development Corporation, Massachusetts Office of Business Development, and Verizon**.)

Additionally, the Council reached out to the **international community** by meeting with international government

representatives, and providing assistance and copies of our annual industry directory to international delegations from all over the world that come to Massachusetts seeking to establish business relationships and partnerships with our Member companies. Countries seeking the Council's assistance have included **Canada, China, Denmark, France, Germany, Ireland, Japan, Korea, Morocco, Netherlands, Norway, Pakistan, and United Kingdom**.

MEMBER SERVICES

The Council worked closely with members over the course of the year to **develop value-added programs and services** tailored to meet the needs of growing technology companies.

In previous summers, and once again during the summer of 2000, the Council ran a series of six **focus groups to elicit feedback from a diverse range of members** on the important business issues that they face in running software and Internet companies. The Council used that information as the foundation for

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