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## Mark Logic builds on vertical strengths with XML-based content server

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Founded in 2001, **Mark Logic** is still a newbie in the world of search and/or content management. We hesitate about how exactly to categorize Mark Logic because it doesn't fit neatly into either segment. Its MarkLogic Server continues to gain ground, primarily in the publishing and government markets, as a way to organize, retrieve and reuse high volumes of XML content. It's essentially a database specifically designed to store XML content combined with a full-text search engine. Mark Logic's challenge? To make customers understand this, and why it's valuable.

### Impact assessment

#### The message

Mark Logic is concentrating on its strengths in publishing and government markets this year as it looks to increase indirect (and direct) sales. The company hopes to achieve profitability late in 2007.

#### Competitive landscape

Mark Logic sees search companies competitively most often, which means mainly Autonomy, Convera and FAST, but they're not apples-to-apples competitors. The company ends up competing with the major database vendors – IBM, Microsoft and Oracle – and these vendors are beefing up XML-handling capabilities.

#### The 451 assessment

Mark Logic continues to add customers, with some interesting deployments in the publishing and government industries. Its recent systems integrator (SI) deals point to a more diversified revenue stream moving forward, something that will be critical for a company of this size. A move beyond its core verticals represents new growth opportunities, but will likely also require Mark Logic to invest more in educating customers in what it does and why.

**Context** | Not all that much has changed since we last checked in with the folks at Mark Logic last year. The company is still primarily focused on selling its XML-based database and query engine in the publishing and government markets. It is growing – the company now has 55 customers and 65 employees, up from 40 customers and 50 employees mid-2006. Revenue is somewhere between \$10-20m, but the company is not currently profitable. It hopes to achieve profitability in 2007.

Mark Logic raised \$6m from **Sequoia Capital** in 2002, and in June 2004, it closed a \$12m series B round, led by **Lehman Brothers**, with Sequoia contributing. The company is not currently seeking funding, but hasn't ruled it out for future expansion.

**Products** | MarkLogic Server is an XML database together with an XQuery-based query engine. The folks at Mark Logic don't like to call the product an XML database, which is why they've dubbed it a content server.

They acknowledge that the system looks like a database in the way it handles content input and output, but under the covers, MarkLogic Server works more like a search engine with full-text indexing.

MarkLogic Server stores content in XML, which it can consume natively or convert at ingest time. When added, documents are also indexed for search. Content can then be retrieved and reused in various ways, depending on the application.

**Customers** | MarkLogic Server is aimed at organizations that use XML as a document format, and so publishing and government have been early key markets. The company derives about 80% of its business from the publishing industry today, with government contributing another 15%. It does expect this to split more evenly between government and publishing for 2007, because the company is seeing a lot of activity in government accounts.

To date, most of Mark Logic's government business has come from the intelligence and defense agencies that use the system for information-retrieval purposes. Now it is more actively looking at other parts of the government that have more publishing-oriented applications. Mark Logic also plans to target more of the publishing industry in the year ahead.

Mark Logic gets about \$250,000 for an average deal, about 40% of which is services. Fairly extensive services are required, since the MarkLogic Server has a somewhat raw user interface. Most customers use the system to serve fairly specific business purposes, such as custom publishing applications, where a lot of customization is required.

**Partners** | Mark Logic is focusing now on its indirect channel, which currently only accounts for about 10% of its business. For some time, the company has been working with boutique SIs like **Really Strategies**, **iFactory** and **Flatirons Solutions** that focus on the publishing industry. More recently, the company has begun working with larger integrators like **Wipro Technologies** and **Satyam Computer Services**. Two recent deals – one to be a component of Wipro's Integrated Publishing Platform, and another with Really Strategies to be part of its new RSuite content management system for publishers – highlight these efforts to increase indirect revenue.

Beyond 2007, Mark Logic is hoping to add vertical markets. It is active with Darwin Information Typing Architecture (DITA), an XML-based standard for product documentation, and so is looking at industries like manufacturing and aerospace that are using DITA. Partnerships with content management vendors – such as **Astoria Software** and **XyEnterprise** – that have DITA-based publishing systems should be on Mark Logic's list of things to do as it looks at expansion. Today, Mark Logic coexists with content management systems that typically manage the creation, review and approval of content that is then fed to the MarkLogic Server. Closer integration of these processes seems logical.

**Competition** | Mark Logic still needs to define its own market a bit, since its technology crosses search, content management, and various flavors of databases in different ways. The combination of a relational database and a search engine is the most competitive functionally, but this wouldn't provide the same value to customers looking specifically for the benefits of managing – and repurposing – content with XML.

Currently, Mark Logic competes most often with enterprise search vendors, including **Autonomy Corp**, **Convera** (in government accounts) and **FAST Search & Transfer**. Against those companies, its pitch is one of transactional updates like a relational database, whereas search engines need to add a document to an index before it can be searched. How quickly that happens depends on the software functionality and, more often, the specific implementation of it.

XML server and XML database companies, be they database specialists such as **X-Hive** or XML information integration products such as **Ipedo** or **Software AG's** Tamino, will be occasional competitors depending on the customer situation.

Database companies are the biggest long-term threat for Mark Logic. All the major vendors – **Oracle**, **Microsoft** and **IBM** – are starting to handle XML data more effectively. IBM, in particular, is making headway: the latest version of DB2 – version 9 – is a hybrid XML-relational database.

## SWOT analysis

Strengths	Weaknesses
Mark Logic is building a reputation in publishing and government verticals with its XML-based database/content server. It doesn't have much direct competition for exactly what it provides in the MarkLogic Server.	Because it doesn't sit neatly in any existing market segment, Mark Logic faces an education process with customers.
Opportunities	Threats
Verticals that are heavy users of DITA are a good next target where Mark Logic can tout its XML expertise.	The major database vendors – Oracle, Microsoft and IBM – are all beefing up their XML capabilities..

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