

Providing a Suite of Software Solutions to help Corporate Legal Counsel Manage Legal Issues and Risk for Fortune 500 and Fortune Global 500 Corporations, 100 percent of AmLaw 200 and Thousands of Legal Suppliers around the World, Datacert is continuing to invest in Global Expansion Hiring more Multilingual People and Opening more Offices

**Business Services
Legal and Compliance Software
Solutions**

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Jim Tallman
President and CEO

BIO:

As Datacert's President and Chief Executive Officer, Jim Tallman leads a global technology company delivering customer-driven solutions and services for enterprise legal management. Tallman has grown the company's international presence in Europe, North America, and Asia-Pacific and focused this global business team on product innovation, customer satisfaction, and thought leadership. Since assuming leadership of the company, Tallman has taken a "hands-on" approach to understanding

client challenges and evolving Datacert's product offerings to give clients more control, enabling them to consolidate systems, drive cost efficiencies, and gain greater visibility to the information they need to run their business. Under his direction the company introduced its patent-pending technology platform, Passport[®], and has achieved clear market leadership and sustained revenue growth.

Tallman joined Datacert in 2008, bringing over 30 years of experience with global Fortune 50 and technology companies and having developed and managed businesses in North America, Latin America, EMEA, and Asia-Pacific. As President of Intershop Communications for the Americas and Asia, his restructuring and business development initiatives helped the e-commerce solutions provider double its revenue within a two-year period. He has also held executive roles with Fujitsu Consulting and Technology Solutions Company, where he established the company's international operations. Tallman began his career at E.I. DuPont de Nemours, where he held management positions in engineering, plant operations, and information systems technology. Tallman holds a bachelor's degree in chemical engineering from the Georgia Institute of Technology.

About Datacert:

Datacert is a global technology innovator and the premier provider of enterprise legal management software and services that empower corporate

legal, compliance, and risk departments and claims organizations to operate more efficiently, support changing business needs and global workforces, and collaborate with external service providers. Datacert's offerings include its patent-pending technology platform, Passport[®], solutions to manage legal matters, mitigate risk, and control legal and claims spend, as well as innovative business intelligence offerings for organizations that require advanced legal decision support. Datacert solutions are used by Fortune 500 and Fortune Global 500 corporations, 100 percent of the AmLaw 200, and thousands of legal suppliers around the world. Headquartered in Houston, Texas with offices throughout North America, EMEA, and APAC, Datacert has law firm, vendor, and agent connections in more than 150 countries. Visit www.datacert.com for more information and follow us on Twitter for real-time updates at <http://twitter.com/Datacert>.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine

CEOCFO: Mr. Tallman, Would you tell us about Datacert?

Mr. Tallman: Datacert is a software company that provides a suite of software solutions to help corporate legal counsel manage all of their legal issues and risk.

CEOCFO: Are there many companies in your space or is a niche item?

Mr. Tallman: If you had gone back about four years, there were probably

about six to eight matter and legal spend management companies in the market. Today that list is down to probably four companies that are seriously in the space. You will see that most of the smaller companies that are privately owned have been bought or consolidated into other companies. However, we also now compete in the insurance and GRC markets, which are both much larger markets than the matter and legal spend management market.

CEOCFO: What are some of the challenges in putting together software for the legal profession that one might not find in other areas?

Mr. Tallman: The biggest challenge has been that the legal profession has been through a huge transformation over the last four to five years. It started with the economic meltdown of 2008. The days of just strictly managing legal matters and engaging outside counsel to work on those matters have transformed. With all the recent litigation, especially around global regulations, today it is more about corporations implementing risk and compliance systems and processes. The corporate legal profession has turned from one that I would consider as a reactive profession to one now requiring a much more proactive way of managing the risk for the corporation.

CEOCFO: Did you join Datacert before or after the meltdown of 2008?

Mr. Tallman: That was right in the middle of the upheaval and transformation in the legal industry.

CEOCFO: How has Datacert changed during your tenure as CEO?

Mr. Tallman: The company used to have two applications that served two discreet needs within the legal industry. We helped corporate legal counsel manage their legal matters and we helped them process bills from outside counsel for legal work they performed on behalf of the corporation. What has transformed about the company is that, when the meltdown occurred in 2008, we recognized that there was really a larger market that needed to be served...one that wanted to solve the bigger issues they

were facing related to system proliferation and better collaboration tools, among other things. So we made a big decision to transform ourselves from what I call a point solution provider to what we now call a legal platform provider, which is a fancy set of words to say that there needed to be a great deal of consolidation of software. We built a new technology platform to help corporate legal departments consolidate and integrate their software solutions and their operations. We also focused on providing software solutions to facilitate collaboration between law firms and their corporate clients on matters, budgets accruals, legal documents and much more. That is what we do today and we call it, "Enterprise Legal Management."

CEOCFO: Are most law firms working with outside software?

Mr. Tallman: There is still a portion of law firms and still a portion of corporate legal departments that build their own solutions. Out of fairness to them, usually when they are building their own solutions it is when they cannot find a commercial solution. I would say the majority of large corporate legal departments these days buy commercial solutions. If you work in a company like Walmart, you are not going to go out and build your own legal management system or enterprise legal management platform.

CEOCFO: How do you reach potential customers?

Mr. Tallman: The best way we are reaching them today is through our existing customers. Many of our leads and our new business come from our existing clients. We get a great deal of business from referrals. The second way is through partners and we leverage many partnerships with companies, like IBM, that are already working within the Fortune 100 and Fortune 500 companies that we also target. They will introduce us to those clients if they are in discussion with them and find out if those clients are looking for better solutions to manage their legal, risk, and compliance initiatives within their company. We also maintain a global sales force. I would say the majority of the things that we

get are through customer references and the track record of the company for the things we have done for the Fortune 500 companies.

CEOCFO: Are there geographic areas where you would like to have greater penetration?

Mr. Tallman: Datacert has a strong global presence already. We are the largest company in our market in terms of revenue and the largest in terms of global footprint. If you look at this whole industry, even though we are in the number one position, our competitors and we are still relatively small companies that all have less than \$100 million in revenue. However, Datacert is closest to the \$100

"Our focus now is to continue to invest in global expansion, which means (among other things) hiring more multilingual people and opening more global offices. In the past few years we expanded our international presence with four new offices, including additional offices in Europe and a large development and support center in India. Asia Pacific is going to be our next run in terms of expansion."- Jim Tallman

million mark and we are significantly larger than our nearest competitor, which is largely due to the heavy investment we've made in Europe since 2005. We are now looking at expanding our operations in Asia Pacific. Part of this has to do with where the industry is going. In the old days, every large corporation had their own legal departments in each one of the countries and regions of the world. Now the corporate counsel or the chief governance officer has to deal with those legal matters and risk issues on a global basis so they have to have global programs and they have to have global software to support those global programs. They have to have dashboards and visibility into the greatest risk and compliance issues. They have to know where they are having problems complying with

regulations and how many incidents last year they may have had with a certain type of legal matter. Our focus now is to continue to invest in global expansion, which means (among other things) hiring more multilingual people and opening more global offices. In the past few years we expanded our international presence with four new offices, including additional offices in Europe and a large development and support center in India. Asia Pacific is going to be our next run in terms of expansion.

CEOCFO: Is the software the same globally or are there differences?

Mr. Tallman: There are differences. One of the reasons we moved the company from just being a point solution provider to a platform technology company is that, as you deal with a global company, you need to have the capability to configure the software to work in a specific way to operate within a specific country. For example, there are a number of European Union directives that impact the way that companies with operations in the EU manage their legal work, their documents, and even electronic bills from outside counsel. The regulatory compliance requirements around these things are different than they are for the same company's US-based operations. These sorts of challenges are why we moved to this new product called Passport, which lets us adapt the software to comply with local regulations and specific directives across places like Europe and Asia.

CEOCFO: Are there features and tweaks that you would like to add and how often do you make changes?

Mr. Tallman: We are always evolving the platform with new applications and modules, so we invest about 25% of revenues every year back into R&D. Before Passport, we had two applications to offer the market. Today, we have ten different offerings, including new applications and add-on modules, which have all been built on the Passport platform. For example,

when we launched Passport in 2010, we offered software solutions that help corporate legal counsel manage their legal matters and electronic billing. Since then, we have expanded our offerings to include an application to help company's chief compliance and risk officers manage their governance, risk, and compliance programs. We have also expanded to the insurance market to help with claims defense management. We expanded Passport with mobility solutions, recognizing that lawyers have become much more mobile and reliant on their Android and iOS devices to conduct business. They are out defending their companies and they need to have access to critical information and documents through their matter management system. Datacert is also continuing to expand its footprint with a number of other complimentary solutions to address what I consider the evolving legal market.

CEOCFO: The more complex it gets the better it is for you?

Mr. Tallman: The better it is for us! Becoming a platform technology company is why we have been driving 25% to 30% growth a year and how we've outrun our competition. We focused on a technology initiative that allows us to quickly respond. For example, for our governance, risk, and compliance solution, we did extensive industry research and, once we completed the final requirements, we were able to configure the application in just under five months. The ability to respond quickly is key in addressing this industry. With the regulatory changes that are coming up, if you have to deal with the UK Bribery Act or Dodd Frank regulations, then you need to have a technology that quickly allows you to build out the new software that you need in order to help the corporate legal department deal with that changing environment. That is key to the success and the growth of the company.

CEOCFO: Why should the business and investment community pay attention to Datacert?

Mr. Tallman: Four years ago when I started in this job, no investment banks or private equity people were calling us wanting to invest in the company. Today I probably average three to five calls a day. What is exciting about the company and why the community cares is they are hearing many of our customers talk about the company and that has generated a lot of buzz in the investment community. As an example, seven of the top ten largest financial institutions in the world are our clients. Financial institutions also deal with investors. They are talking the company up and as a result we have generated a great deal of buzz around the company so people want to invest and become part of the exciting story and the path we are on. That is the unique position to be in, but our focus for now is on investing for the future to address our clients' changing needs. In fact, our product investment is greater than the total revenue of some of our competitors. We are also continuing to expand our global operations.

CEOCFO: Final thoughts?

Mr. Tallman: I think there is still much to do in this market and, because of the flexibility and extensibility of our technology, there is a ton of growth potential for Datacert. I do not think many people realize that the corporate legal profession has over 28 million professionals in it and is about an \$800 billion market. As we serve the 2.8 million legal professionals and consider that they spend almost \$800 billion per year on legal services globally, clearly there is still plenty of opportunity for us and others to go after this market. We can provide what I think is a great amount of value-add to the corporate legal department as they deal with the expanding complexity of legal and compliance issues.



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