A Brief History of Board Portals

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Boardroom Technology Adoption

Electronic Book →   **Board Portal** →   **Platform** →

Access   Process   Collaboration

iPad

2010
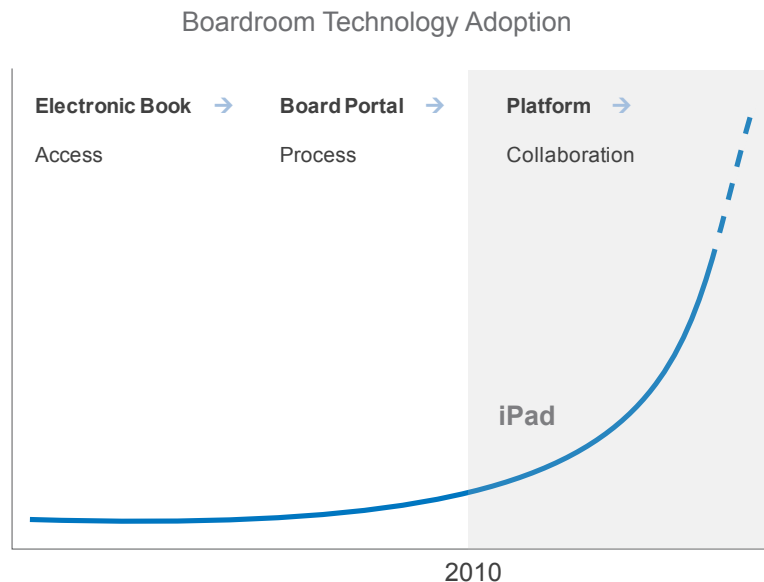
At BoardVantage we do our fair share of product demos, during which we answer various questions about functionality and how the portal is being used. Lately another set of questions has entered the mix. Customers are now asking about the board portal market itself, and how it has evolved. They're more interested in our product roadmap and in the trends that have shaped the market as it exists today. There is a new dynamism in the space driven by a range of external and internal factors all the way from the iPad to the advent of social media, to the increased adoption of board portals beyond the boardroom. Having been in board portals for nearly a decade, I thought I'd provide a Cliff Notes version of the space, and shed some light on how it might evolve going forward.

All about Access: The Electronic Board Book
Unlike other recent business applications, board portals were not part of the Dotcom phenomenon of the late nineties. They are a more recent development with the first vendors releasing products in the early 2000's. BoardVantage

was among them, receiving our first round of VC financing in late 2002. Other early entrants received their funding around that same time, some from their corporate parent, and others from private sources.

There were two factors that propelled market development. The first was a cadre of progressive directors who, enthusiastic about technology and weary of bulky board books, advocated electronic access to meeting materials. The term used by them was "electronic board book", an apt description given the rather primitive solutions in existence, which did little more than provide rudimentary online access.

The second driver was the passage of the 2002 Sarbanes-Oxley act. This major piece of legislation, written in response to the accounting scandals of that the time, threw a spotlight on board portals as a vehicle to drive governance. At BoardVantage we recognized the value Technology in Corporate Governance, in that area but never regarded technology as a substitute, recognizing that corporate governance is ultimately

a matter of expertise, ethics and transparency. Taking a pragmatic approach to the role for technology, our focus was increasing director visibility and improving timely access to information. That meant investments in alerting, secure email and Web conferencing. This approach has been validated, as online access has proved its staying power while governance faded as purchase justification for board portals.

Demand came from surprising corners. Contrary to popular expectation, it was strongest from brick-and-mortar companies, not the tech sector. Also, large enterprises, typically perceived as conservative, were among the early adopters. Despite this contrarian trend, overall demand remained modest because product functionality was inadequate for widespread adoption.

From Access to Process: The Board Portal
It wasn't until 2005 that the category found its footing. Technology matured, buying criteria solidified, and naturally purchasing increased. Around this time, the term 'electronic board book' became passé while the term 'board portal' emerged and is in use to this day. This reclassification was an implicit acknowledgment that newer technology could do much more than provide simple electronic access to board materials. Driven by customer requests, BoardVantage made major technology investments to stay ahead of the trend. Product enhancements allowed capturing virtually all aspects of board process including written consents and director questionnaires. We launched the corporate secretary toolkit with dashboards to manage and tally director input. We shipped an agenda builder for creation of an online agenda and assembly of a board book from Word. By 2007, we had re-engineered our product from top-to-bottom and had Web-enabled all board process as it was practiced inside a typical Fortune-500 company. With this second generation board portal, a General Counsel could provide the board with access to board materials AND support process at, as well as in-between, meetings.

Other material developments during that time included improvements in the process aspects of security architectures and the initiation of SAS70 audits. After this rapid series of advances the board portal space entered a maturing phase (albeit temporarily) where customers were satisfied to absorb the improvements in their organizational process.

Some of the biggest companies in America had embraced board portals although often preceded by lively debate. On one hand there were 'the progressives', on the other hand 'the traditionals'. This debate carried on in many boardrooms and reached a stalemate for several years. Only recently has the balance begun to shift.

From Process to Collaboration: The Cross-Over
In 2007 we noticed a change in demand. Up until that time board portals were strictly used by directors 'inside the boardroom'. Requests to deploy the service for applications 'outside the boardroom' emerged. Driven by a growing need to include senior executives in boardroom conversations as well as the desire for executives to collaborate more closely among themselves, companies were reaching out for something better than email.

This was surprising initially, but on closer scrutiny, it became clear that the way boards work isn't dramatically different from the way most executives do. Like directors, executives depend on a steady flow of information, are often mobile, and obtain their information from an eclectic network of sources. In an increasingly fast-paced world, gaining timely access to that information is a growing concern. Compounding the issue is that the information is confidential and is held under some form of process control. Trying to tackle this problem with only email had begun to fall short. A board portal on the other hand, with its built-in security, ease-of-use, and document management, had obvious inherent advantages to address these needs.

The new demand came with its challenges. As much as there are similarities in the way that boards work there are also material differences. For example, as a group, executives are far more tech-savvy than board members. Also, whereas board process is relatively constant across industries, when it comes to executives, there's significant process variation from company to company.

Before long, demand 'outside the boardroom' outpaced demand inside. As it continued to grow, the BoardVantage flagship product was no longer optimal, so in 2008 we green-lighted an engineering effort to build a leadership team communication platform. This platform was equipped with a new UI, a new architecture and new functionality, while leveraging our expertise in security, ease-of-use and executive team workflow. We also integrated social media because it is increasingly a key component of any enterprise application. Our NextGen platform was announced in 2010 and is now in full production.

We now see ourselves at an inflection point as a company, with the market itself on the cusp of a transformation. Of course customers still need online access to board material and Web-enablement of board process, but they have added executive collaboration as a new criterion. No longer is the platform just for the board. It now must serve the leadership team and beyond. All of this has shaken up the stalemate in the boardroom. 'Progressives' are getting the upper hand over the 'traditionals' at least that's the way it looks to us judging by the rapidly growing demand for our service.

Take-Aways

» Technology is no stranger in the boardroom but its impact has been muted. That is changing. After years of scattered adoption, there is now <u>rapid sector growth</u>, director advocacy of technology, and the <u>paperless boardroom has become a reality</u>.

» The <u>iPad is the visible trigger</u> but there are plenty of other factors in the mix. Collectively they're driving <u>a shift from access-only portals to platforms</u> with the depth and breadth necessary to meet growing demands for <u>mobility, high-caliber security and interactivity</u> that boards and leadership teams rely on today.

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