ECMmagazine

ENTERPRISE CONTENT MANAGEMENT FROM FORMPIPE SOFTWARE

STRUCTURE IMPROVES EFFICIENCY

New Product:

FORMPIPE LONG-TERM ARCHIVE

FORMPIPE

ANNUAL REPORT 2010

We are FormPipe Software

FormPipe Software is an Enterprise Content Management (ECM) software provider. ECM is the collective designation of the strategies, technologies, and product systems used to systematically capture, process, store, preserve and deliver information in any organization. Public sector, commercial, and other organizations use professional ECM products to take control of the increasing information flows they generate in today's world. Selecting and obtaining the right information for the right recipient is increasingly important. Organizing and structuring information flows increases efficiency and eliminates errors.

The Company's products, FormPipe W3D3, FormPipe Platina, and FormPipe LaserNet provide this functionality for our customers. Our software efficiently captures, structures, and distributes information flows. FormPipe Software's products reduce risk exposure in information intensive organizations and businesses—an important consideration for them to ensure a secure and stabile environment to increase profitability.

FormPipe Software was organized in its current legal entity in 2005. The Company was listed on the NASDAQ OMX Stockholm Exchange on January 19, 2010, after being listed on the NASDAQ OMX First North Exchange since 2005.

Notice of Annual General Shareholder's Meeting for FormPipe Software AB (publ)

The shareholders of FormPipe Software AB (publ), org nr 556668-6605, ('the Company') are hereby notified that the Annual General Shareholders meeting will be held at 3 o'clock p.m. on March 15, 2011, in Company premises at St. Eriksgatan 117 in Stockholm.

Notice of participation in the AGM
Shareholders that wish to participate in the AGM must:

» Be recorded in the Company stock registry at Euroclear Sweden AB, as of Wednesday March 9, 2011.
» Notify the Company of their intention to participate in the AGM no later than 4 o'clock p.m. Wednesday March 9, 2010 at address: FormPipe Software AB, Årsstämma 2010, Box 23131, 104 35 Stockholm, by fax 08-555 290 99, by telephone 08-555 290 84 or by e-mail at stamman@formpipe.com

Notification shall provide name and identification number (personal ID or organization ID) as well as address and telephone number. Shareholders intending to participate by proxy should enclose power of attorney and other documentation with the notification. Power of Attorney forms are available at the Company's web site www.formpipe.se. Shareholders with one or two assistants at the AGM shall notify the Company as above of their attendance. Shareholders whose shares are held in trust must temporarily register their shares with Euroclear in their own name in order to exercise their right to vote at the AGM. Such temporary registration (which can take several days) must be recorded at EuroClear no later than Wednesday March 9, 2011. This should be requested well in advance of the deadline.

Agenda
The AGM will determine matters as prescribed by the Swedish Companies Act and the Company Articles of Incorporation to be addressed at the AGM and other matters as published by the Company in accordance with applicable laws and regulations as proposed at www.formpipe.se

2010

The year in short

» **Net sales** were SEK 112.0 million (127.6 million)
» **System revenues** were SEK 97.5 million (102.1 million)
» **Operating profit before amortization** were SEK 20.0 million (35.2 million)
» **Operating profits** were SEK 10.9 million (26.5 million)
» **Operating margin** was 9.7% (20.8%)
» **Profit after tax** SEK 8.6 million (18.0 million)
» **Earnings per share** (before dilution) were SEK 0.72 (1.54)
» **Proposed dividend** is SEK 0.50 (0.50)

Calendar

» **AGM** March 15, 2011
» **Interim report** January-March, April 15, 2011
» **Interim report** April-June, July 15, 2011
» **Interim report** July-September, October 25, 2011
» **Year-end statement 2011**, January 31, 2012

Income Statement

SEK mil	2006	2007	2008	2009	2010
Net sales	41,1	64,8	100,0	127,6	112,0
Operating expenses	-31,4	-49,0	-67,9	-92,4	-92,1
Amortizations	-1,1	-2,4	-6,0	-8,8	-9,1
Operating profit	**8,6**	**13,5**	**26,1**	**26,5**	**10,9**

To order financial information
All relevant financial and other information is published on the Company Website at www.formpipe.se. Information can also be ordered from: FormPipe Software AB, Box 231 31, 104 35 Stockholm and by e-mail at info@formpipe.com.

For Investor Relations contact
CEO Christian Sundin. Tfn: + 46 (0) 8 555 290 84
E-mail: christian.sundin@formpipe.com

Distribution policy
The 2010 Annual report is sent to our larger shareholders immediately prior to the AGM. The report is available in PDF format at www.formpipe.se

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ECMmagazine

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30 *51,4% repetitive revenues*

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2011 will be better!

2010 was a challenging year. To fully understand our results for the year, extraordinary circumstances affecting comparability should be fully considered, as I will explain below.

The outlook for 2011, though, is significantly more positive—due to:

- **Reduced uncertainty in our primary market**, the Swedish public sector, with a finalized central framework agreement and the 2010 national election cycle behind us.
- **FormPipe Life Science** is our sector-specific offering for Life Sciences, an export market with significantly greater potential than our current primary market.
- **Our new Long-Term Archive product**, is a unique offering that has been clearly sought by our current public sector customers.

FormPipe Software now enters an exciting chapter in its history offering a wider variety of products, a strong partnership strategy, and well-established cloud-based services. Our products solve tasks of increasing importance, helping companies and organizations structure information flows. We are strongly positioned on our market for Enterprise Content Management (ECM).

Factors affecting comparison

2010 was characterized by uncertainty and lower activity on the Swedish public sector. Renegotiating the Kammarkollegiet's (the Swedish Legal, Financial and Administrative Services Agency) nationwide framework agreement for ECM products; greater emphasis on sales of cloud services; and the 2010 election year cycle, all contributed to lower investment in public sector Sweden. The Company experienced significant extraordinary restructuring expenses in the year, also affecting comparison to previous years.

Our restructuring negatively affected profit in 2010 by SEK 5 million, but we created a more efficient organization saving SEK 6 million annually starting in 2011.

Also important to note is, that we continued to strengthen our position on all our markets and that we won a large share of all business completed in the ECM segment in Sweden—taking 70 out of 85 public sector deals in 2010. Our list of customer prospects has never been as comprehensive as at the beginning of 2011. And, interest for our products is greater than ever.

Investment in the Swedish public sector is determined largely by budgetary considerations. The recession first significantly affected this sector in 2010, since operating budgets for 2009 were largely set before the financial crisis occurred. In our assessment, strengthened public finances coming out of the recession will have a positive effect on sector investment.

In addition to this market uncertainty, FormPipe Software has instituted a series of operational changes over recent years. We retooled operations to focus entirely on our product offering, leaving altogether consulting operations and related revenues—affecting comparison to previous years. A deeper analysis brings better understanding of net sales and operating profit figures for this year. For instance, contribution from consulting revenues was largely absent in the second half of 2010.

2010 offered many interesting glimpses for the future

New framework agreements

Our partners have continued to provide excellent services in selling and implementing our products at our current and new customers. Five (out of six total) of the approved call off providers in the new Swedish nationwide 'E-Administration Support Services 2010' public sector framework agreement, are our partners. We are naturally very satisfied to have such a strong presence in this agreement, which covers cloud-based services and products. The agreement covers the next four years, and we see it increasing in significance as our customers use it more often, and add purchasing of cloud-based Software.

A second significant framework agreement under renegotiation is the 'Licensing 2010' procurement agreement, which should be finalized in Q1 2011. I am confident that our products will be represented with the majority of the providers selected for this agreement, too—another indication that our partner strategy is the best way forward for the Company. Our business model, with partners as implementation providers, generates new business and markets for us, while creating more business opportunities for our partners.

New Segments

We actively entered the highly attractive Life Sciences vertical market, where we see significant opportunity to expand internationally. Our development complies with U.S. Food and Drug Administration regulations, which generally apply worldwide—opening a global market with significantly greater potential than our current primary markets.

The Life Science segment has strict requirements for document and process control, and FormPipe Software is one of few providers whose products meet these high demands. In order to add strength to our offering for this segment we have developed the new industry-specific solution, FormPipe Life Science. We expect to sell this solution to additional sector customers in 2011. I feel confident that a successful expansion into Life Science will open doors for establishing our products within additional vertical segments that have similar strict business and regulatory requirements for information processing, security and archiving. Using our reference customers in Life Sciences will enable us to build credibility in the market, and we can utilize much of the basic functionality we already have to quickly address and expand into new industries.

System for Preservation

Launching FormPipe Long-Term Archive in 2010 also brings significant potential for growth. We see our offering as unique since our system for long-term documentation preservation ensures that our customers' data can be recreated and reset in its original context in any future—where we, or our products, or even Microsoft or Adobe, no longer exist. In our view, this is the minimum requirement for any product claiming to be a 'system for preservation' or 'long-term archiving'. We developed our product following EU requirements for digital archival systems and in close dialog with the Swedish National Archives (Riksarkivet). Our product was also developed in accordance the OAIS model (Open Archival Information System) established by the United States NASA.

But, some confusion exists on the market about what 'long-term archiving' or 'systems for digital preservation' actually involves. Many businesses say they have products enabling 'long-term archiving' but these often only involve capabilities to save documents in a specific file format that is defined as 'safe' for the future (such as PDF/A or TIFF).

In my assessment, we have the clearest and strongest offering on the market to meet legal and regulatory requirements that continuously grow in importance for our current and potential customers. We initially see significant potential to sell the FormPipe Long-Term Archive product to our current public sector customers. Moreover, we see a much greater need of this product in the private sector and internationally.

Dividend proposal—a sign of our underlying financial strength

The Board of Directors' proposal for the AGM to pass a dividend equal to last year is based on the stability of FormPipe Software's business model and our underlying financial strength. The company was debt-free at year-end—providing another indication of financial strength.

Our shares were also listed on the NASDAQ OMX Stockholm Exchange. We noted an immediate increase in interest in the Company from institutional investors, whereby trading in our shares nearly doubled since listing. The combination of strong, stabile finances and our listed shares will facilitate financing any future acquisitions—an important part of our continued growth strategy.

FormPipe Software's role on the market

I see that our role in the business sector and among other organizations is gaining in importance daily. The amount of information generated in today's

information-based society is enormous and still growing faster. Being able to select the right information at the right time, and ensure it reaches the right recipient(s) is increasing in importance over time.

Moreover, trends in many sectors indicate that competitive advantages from technical development are shrinking, especially in production industries. Historically, technical development has helped create competitive advantage through time and cost savings, especially on the production line. Today, technology has advanced to the point were the potential gain from cutting seconds in production is becoming less for each day that passes. Of course, we know that new technical innovations can come that will change this situation, but currently, external experts, and I agree, see the strongest competitive advantages come in the form of information—and from managing that information. Organizations that can manage their information flows most effectively will have the strongest competitive edge, be able to control developments, and create productivity and efficiency gains.

As I stated in last year's letter, I am convinced that in ten year's time, companies and organizations will look back on our time and wonder how we possibly could run our business operations with good managerial control without having processes, permissions systems, and tools for traceability, or without structured storage of all our information. The way things are moving today, added to my observations from last year, I think things will change even faster. And, it is important for us at FormPipe Software to be a leading participant in these developments. FP

*The **Life Science** field has strict **demands for control**, and FormPipe Software is one of the companies with products that **live up to these requirements**.*

Welcome to ECM Magazine
Christian Sundin, CEO FormPipe Software

This is ECM

ECM – Enterprise Content Management – is the collective designation of the technologies, products, and systems used to help organizations structure and manage their information in all phases, throughout its lifecycle, from creation to archiving. ECM products capture, process, store, preserve and deliver information in a structured, controlled and integrated process. Efficient information management is today one of thestrongest competitive advantages for companies and organizations. And that's what FormPipes ECM products deliver.

Information flows generated in today's information society continue to grow enormously. This increases the need for greater overview, traceability, and for systems for preserving and reusing this information in every organization's operating processes. Effective information management has become increasingly important to ensure that information is used correctly, supports organizational objectives, and helps gain a competitive edge. The benefits of using ECM products are many, and significant. Personnel work more effectively when they can always access the right information at the right time, and then quickly share that information with others. Searchability and immediate access to the right information to make fast, and reliable business decisions can bring immediate competitive advantage.

ECM products facilitate changing workflows quickly when external conditions change and eliminate time-consuming, and in some cases unnecessary, tasks in organizations. These products can also guarantee that companies and organizations follow legal, regulatory, and governmental requirements like the Swedish Corporate Governance Code, EuroSox, FDA regulations (U.S. Food and Drug Administration), and requirements set by the Swedish National Food Administration. Effective information management is one of the sharpest competitive edges in our time. And this is what ECM does.

ECM gets people, processes, and information to collaborate. Whether in managing documents, e-mail, web information, archiving and many kinds of case management. ECM products and systems increase awareness throughout the organization—for current or stored information, where to find it, how to access it, and who owns access to it. Better control strengthens competitiveness, reduces cost, and makes information more accessible. FP

SHORT HISTORY OF FORMPIPE SOFTWARE

2010 Breakthrough order in Life Science.

2010 FormPipe Software listed on the NASDAQ OMX Stockholm Exchange on January 19, 2010.

2007 FormPipe buys Danish software provider EFS Technology A/S, a profitable group with a strong presence in Input/Output Management and a broad international partner network.

2006 FormPipe acquires ALP Data, strengthening its position as the leading ECM supplier in Sweden.

2005 Operations in FormPipe AB are moved into FormPipe Software AB, which is listed, on the Nya Marknaden stock exchange, now part of NASDAQ OMX First North.

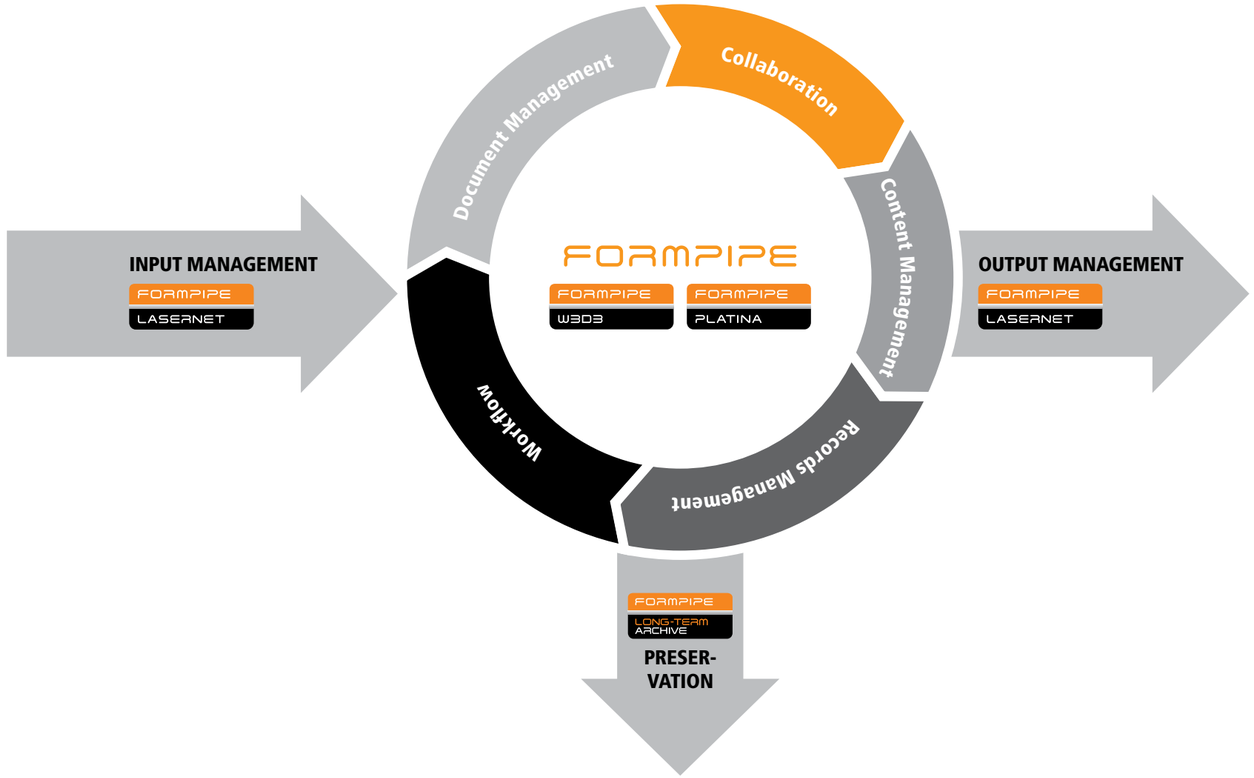
2005 W3D3 receives the highest score out of more than 60 bids submitted in Verva's framework agreement 'IF 2005' for document and case management systems for filings, workflow, documentation, and e-storage.

2005 FormPipe Software acquires Digital Diary, a leading developer and provider of document management systems. The acquisition strengthens FormPipe's position in the area of electronic information systems.

2004 Sign On give the business area FormPipe, as dividend to existing shareholders.

1998 FormPipe installs their first system for the City of Stockholm

1997 Sign On starts developing the FormPipe platform.



INPUT/OUTPUT MANAGEMENT

Collect, organise, transform, and distribute data from and to various sources, applications, and systems. Formats for input management can be web forms, XML files, PDF/A, other systems or software (ERP, CRM), scanned documents, and more. Formats for output management can be electronic invoice, print, PDF documents, HTML, e-mail, XML files, Internet, mobile applications, fax, other systems, and such.

DOCUMENT MANAGEMENT

Document Management involves managing electronic documentation with functions like version control, case management, linked and compiled documents, keeping documents in their context and integrating with standard tools like MS Office. Document management products control document through their entire life cycle.

WEB CONTENT MANAGEMENT

Web Content Management products offer software with functionality in maintaining and administering publication on extra or intranets. Users can publish information effectively based on existing and processed information, as when captured from their customer's case management system, or their own preservation system.

RECORDS MANAGEMENT

The role of ECM products for Records Management is to facilitate administration of registers, important information, and everything that must be archived for legal compliance. Such compliance functions are used to control, trace and store various types of information about formal decisions and all background information for the decision. Laws and regulations for which ECM products offer necessary functionality include the Swedish principal of access to public information, freedom of information laws, FDA (Food & Drug Administration) regulations and the American SOX. These products also enable following internal organizational policies and procedures as well as selfregulated rules like the Swedish Corporate Governance Code.

COLLABORATION

Tools to enable groups of people to work together with the same information in a common environment through database and process methods designed for simultaneous use by many people immediately as that information is being processed. ECM products can also function to integrate information from different software in work processes created by ECM. Check in/check out is a functionality that ensures changes made by different users are managed correctly and ensures the information is consistent.

WORKFLOW

ECM products offer workflow management functionality – Business Process Management. These products have functionalities for managing workflows such as application approvals or event controlled flows that make business processes more efficient. For example:

- Tools for designing and visualising processes.
- Functionality to retrieve, administer, visualise and deliver information.
- Tools for work in parallel processes and documents.
- Monitoring and documentation of process status and procedure descriptions.
- Functionality to identify 'bottle-necks' and start efficiency improvement activities.

PRESERVATION

ECM products and systems for long-term preservation of legal documents, cases, public documents, medical information and the like. This includes functions to export, store and find data in electronic archives in accordance with applicable standards, laws, or regulations. The components in a system for preservation can be separate activities: storage for the preservation of information, functionality to search within the stored information, and technology to enable these systems to function over an undefined length of time. Functions for security are built into few ECM long-term information preservation products. These formats include XML, PDF/A and print.

Why ECM?

The turbulence on the American business scene caused by the high profile crashes of Enron and Worldcom, brought the ECM market into focus and initiated an increased demand for ECM products.

These scandals led to stricter corporate governance codes, and finally the Sarbanes – Oxley Act (SOX). Among other requirements, SOX places strict demands on how decision-making flows are managed, especially when it comes to traceability. Larger companies must use ECM products in order to live up to these requirements.

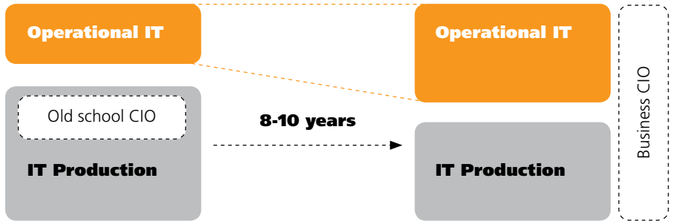
After SOX was enacted, Microsoft has taken the lead in marketing ECM and related products, raising general awareness and understanding of these issues. This market awareness, driven by Microsoft, benefits every actor in the field of ECM. The public sector is the segment with the greatest awareness of using ECM products and exploring the benefits they offer. However, there is a clear trend in the private sector towards greater insight into the value created through appropriate application of ECM.

Europe has also seen adoption of stricter requirements for information management. The latest versions of the EU's 4th, 7th and 8th directive, often referred to as the EuroSOX (after the American example), were adopted in April of 2006. Member states were allowed up to two years to enact these directives on a national level. Now, these new rules for internal accounting, and documentation and control of all internal company processes and control systems apply to all listed companies, and all businesses in the credit and insurance industries. To efficiently meet these requirements of traceability, companies must use ECM products. Regulatory requirements in Sweden have also been a driving force, which can be seen in the greater demand for these products by all larger Swedish corporations.

The public sector in Sweden has, in the Company's assessment, gone far in implementing and using ECM products. FormPipe Software is currently the market-leading provider in this segment. Still, the ECM market in Sweden is relatively undeveloped with less media exposure and a lower priority among established strategy consultants.

Industry participants now see this situation beginning to change and that ECM products are coming into greater demand in the private sector. Larger corporations are naturally the first to identify this need, but there is a general assessment that mid-sized and smaller companies are also realizing the long-term benefits and efficiencies gained from implementing ECM products. The clearest demand in the private sector is for solutions that address operational problems related to case and document management.

OPERATIONAL IT IN FOCUS



Source: Radar Group International
"Operational IT that supports business processes is getting an increasing share of IT budgets every year, as IT decision-making becomes more business goals and process oriented. ECM products are a central and priority area within Operational IT and are expected to continue to grow in relation to future budgets."

CONTINUED HIGH PRIORITY!

IT priorities Public Sector	2008	2009	2010	2011 Forecast
1	Collaborative solutions	Collaborative solutions	**Information management**	**Information management**
2	ERP	**Information management**	Mobile solutions	ERP
3	**Information management**	ERP	Collaborative solutions	Mobile solutions

IT priorities Sweden	2008	2009	2010	2011 Forecast
1	ERP	e-trade	ERP	ERP
2	Mobile solutions	**Information management**	**Information management**	**Information management**
3	CRM solutions	Supply chain	CRM solutions	Mobile solutions
4	BI solutions	e-learning	Mobile solutions	CRM solutions
5	**Information management**	Mobile solutions	BI solutions	BI solutions

Source: Radar Group International

Greater demand for ECM solutions

There is a solid trend—demand for ECM products continues to grow. Organizations and businesses prioritize investment in ECM products to develop and automate their processes to increase efficiency. According to the Radar Group, growth in 2010 for ECM solutions was 4.8%, a higher rate than the 2010 general growth of IT budgets of 2.3%. Information, case, and document management remain to be prioritized areas for companies and organizations.

We leave recession

Historically, the ECM market has shown low business cycle sensitivity. Market drivers like meeting legal and regulatory requirements have in the past kept ECM procurement a high priority investment, even during recessions. The global recession after 2008 seriously affected public sector budgets, (the largest segment for FormPipe Software, but did not come to effect until 2010.

Uncertainty in budget processes, an election Year in Sweden, while at the same time the Swedish Kammarkollegiet (the Legal, Financial and Administrative Services Agency) was processing two new framework agreements for ECM products, made 2010 a challenging year for all involved in public sector Sweden. Now, however, FormPipe Software sees that demand for ECM in 2011 has returned and that Swedish public sector budgets will show significant growth. Moreover, Sweden has shown the strongest economic recovery in Europe. Analyst firm Radar Group conducted a market survey that indicates software IT budgets will increase by 3,7% in 2011.

However, this growth comes after the same market shrank in 2009 by over 9% and showed only a mild recovery of 1% growth in 2010. The forecasted 3.7% growth for this year will mean that the total IT market will not have returned to pre-crisis levels.

Positive outlook

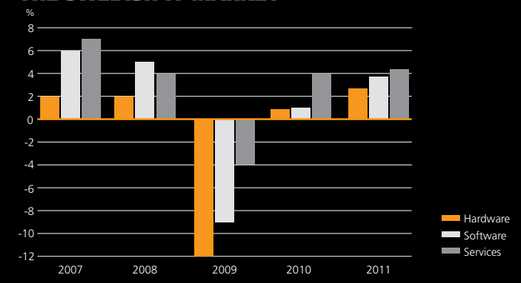
Analysis and consulting firm, Gartner Inc., forecasts a very positive future for the ECM market—predicting global annual growth of 13% until 2014. For the Swedish market, growth is forecasted at 9.7% yearly for the same period. In recent years, the market have undergone a period of consolidation, but are still considered highly fragmented. The clearest trend that Gartner sees in coming years is customers demanding more value adding IT systems, and they will have a greater understanding for what ECM is and what it can deliver. This will place higher demands on providers to better understand and support their customers' operations. FormPipe Software's products and our partner network are well suited for this market shift.

The Radar Group estimates moderate growth in IT budgets in Sweden for the next 8 to 10 years. However, they see that these budgets will shift emphasis, allocating a greater share to Business IT, including both business development and support. This favours ECM due to the higher priority it will be given in regard to business development. Estimates indicate that growth in ECM will exceed growth in general IT budgets.

***Business oriented** ECM solutions will increase in **strategic** importance in several industries and is a high **priority** field.*

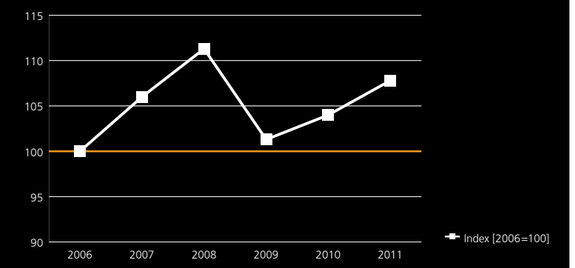
Hans Werner
CEO Radar Group International

THE SWEDISH IT MARKET



Source: Radar Group International

DEVELOPMENT, SOFTWARE



DRIVING FORCES
Significant forces driving the ECM market include these important factors:

» The amounts of information that organizations and businesses must take in and process is growing explosively in pace with the development of digital channels and information technology. Products that can organise these information flows will bring significant benefits in efficiency and productivity. These products also reduce the risk that important information and other matters are handled incorrectly (or not at all).

» Digitalisation of operations-specific processes and content is continuously gaining in prevalence.

» Regulatory requirements in several industries are driving risk management.

» Paper-based processes currently are the dominant standard structures, but these are slow and time consuming. New and efficient digital structures will soon be necessary for all information received and processed by governmental agencies, organizations and businesses.

» More regional than global providers. Products customized for geographical markets offer greater benefits and low thresholds for implementation.

» The ECM market is currently a fragmented solution-based market. There are many providers offering a variety of partial solutions. Standards are necessary to enable integration of these various solutions.

Cloud Services – A New Delivery Model

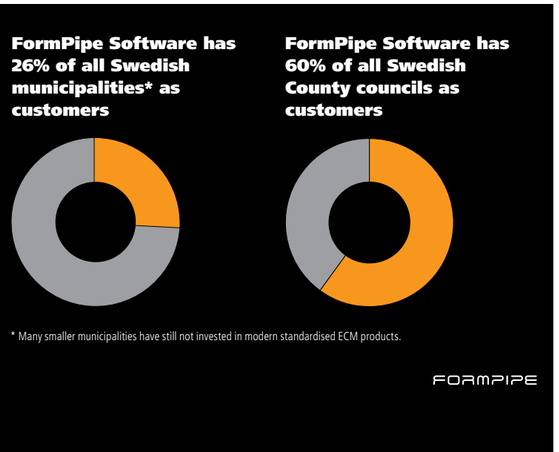
Demand for ECM products is growing significantly, but the most significant growth driver in the industry is cloud services such as SaaS, OnDemand, and Cloud Computing. The Radar Group estimates 15% growth in the Swedish ECM market for cloud services in 2011. Consulting firm Gartner expects that as much as 50% of all companies with less than 5,000 employees will prioritise cloud services over regular license orders.

Cloud services involve purchasing software as a comprehensive solution including production, support and maintenance – rather than standard distribution through licensing where the customer is responsible for production. Cloud enabled ECM products are expected to speed developments in this market since initial investment is significantly less than with standard procurement. FP

FormPipe Software's Markets

Public Sector
Public sector Sweden has embraced ECM products. Even so, our assessment is that the need for more efficient administration will force the public sector to more fully utilise the potential of IT support systems even more. An expected wave of retirements in the current workforce and a restricted labour market will drive public sector working processes to further rationalization in order to meet rising demand for social services.

Private sector – Life Science
Private sector Sweden's use of ECM products is relatively low. However, FormPipe Software sees continued greater awareness and investment levels for ECM products in the private sector. The Company has invested further in product development to enable delivery of a quality management system for the Life Science industry that complies with CFR 21 part 11 (for the US FDA) and GAMP 5. FormPipe Software's product and organization has passed validation testing conducted in accordance to requirements on providers to the Life Science industry propagated by the US FDA (U.S. Food and Drug Administration). Biotech and pharmaceuticals have strict and comprehensive requirements for traceability, storage, and management of information. Its similarity to the public sector has made this industry a priority field for the Company. FP



ECM – Trends and Effects

More and more governmental agencies, organizations, and businesses are understanding the value of efficient information management. Attitudes among buyers of ECM products are now more likely based on answering the question of 'how' these products can be used rather than 'why' they should be used.

A significant driver for companies and organizations is the need to digitalise more activities and processes in order to enable greater self-service through portals that are independent of user interface towards various information management systems. Both the Travel and Banking industries have gone the farthest in using ECM products, and so have achieved the greatest benefits.

Companies experience many advantages, especially when working to increase customer satisfaction and customer loyalty. Other important advantages include cost savings, greater sales, and eliminating risks.

Advantages of greater ECM use
Using ECM products to a greater extent increases understanding of how they can be used even better, leading to greater utility. These advantages include (in no particular order):
» Increased structuring of information flows.
» Increased productivity and efficiency.
» Improved risk management.
» The right person gets the right information through indexing and permissions control.
» Finding and accessing the right information enables faster, more reliable business decision-making—and a defined competitive edge.
» Always using the correct document version.
» Clarified ownership of cross-function processes.
» Decisions are documented and traceable.
» Improved and increased collaboration among co-workers and functions.
» Ensured case management compliance to legal and regulatory requirements related to sensitive information.
» Improved quality assurance documentation and ensures its development (ISO).
» Improved collaboration between companies and their customers, suppliers, or partners.
» Improved reporting, auditing and control ensuring relevant laws and regulations are followed.
» Greater integration with other business critical systems (ERP, CRM, BI, and such) for more effective process management.
» Establish a learning organization that offers comprehensive overview of operations.

Efficient organization using 'Lean Administration'
Leading strategy consultants now use a concept called 'Lean Administration'. In short, this involves improving administrative efficiency by removing unnecessary procedures and steps in work processes. Linking the 'Lean Administration' concept to ECM clearly highlights how ECM products can enable and support identifying and improving organizational change processes to bring greater efficiency gains.

Even today, most information is managed manually. And current information flows in larger corporations are virtually impossible to control without ECM products. The lack of structured procedures increases the likelihood that the organization acts on outdated or otherwise erroneous information, unnecessarily increasing costs. This can also lead to an inability to maximize business utility contained in acquired information. Therefore, greater competition and competitive pricing will require businesses to invest in ECM products. Structured information that is both more accessible and optimized for operational needs thereby lowers costs, increases revenues, and creates greater value.

Positioned for continued growth
FormPipe Software's offering to automate, increase efficiency in, and quality assure administrative processes can be easily applied to many industries. We will continue our focus on increasing efficiency in the public sector, which will place greater demands on effective system support.

2010 was a breakthrough year for FormPipe Software in the private sector with our license orders in Life Science. FormPipe Software will continue to develop its Life Science product and we anticipate significantly greater demand. FP

Trends
» Laws and regulations covering managing electronic information are becoming stricter and more detailed – enlarging the ECM market.
» As more commercial ECM alternatives enter the markets, potential customers are exposed to a greater variety of products.
» The concept 'ECM' and related offerings become more clearly defined as general interest and specific requirements increase.
» More customers consider purchasing ECM products as a service (SaaS).
» The ECM market is still undergoing consolidation, which is expected to continue.
» Greater awareness that using ECM products can reduce operational costs.
» Greater understanding of the practical function of ECM products in enabling more effective tracking of events, and eliminating risks.
» Companies and organizations gain insight into how ECM products improve competitiveness, customer loyalty and enable development of new products.
» Greater focus on creating value when procuring ECM products, especially in the private sector.

Dan Sommer, Principal Analyst Software Markets at Gartner Group

”ECM – improves traceability, measurability and transparency”

Tell us a little about Gartner and your business?

– Gartner is the global leader in IT research and consulting company with over 4,400 employees worldwide. Gartner has a unique view of both IT providers of all kinds and the various roles end users have. Gartner recently acquired AMR Research and Burton to extend our reach to additional user groups in Supply Chain and IT. Gartner currently has over 60,000 customers in 85 countries. We have 55 employees in Sweden covering analysis, consulting, CIO/CTO support, and more. You can get more information by e-mailing us at info@gartner.com, or visiting gartner.com.

Which fields and markets does Gartner analyze?

– Gartner covers over 1,000 IT fields running through software, hardware, telecom, semi-conductors and the service sector. Gartner also has specialist groups of analysts with specific focus on over 10 vertical industries.

What are overall IT trends, currently and for coming years? Productivity? Processes? The Cloud?

– In the recession's most intensive years, 2008 and 2009, cost-cutting through IT were high priorities. As the crisis slowly abated, the focus of IT investment went over to improving and increasing organizational productivity. Cost-cutting and productivity increases placed highest in the Gartner 'Top 10 Business Priorities 2010' survey.

Sweden is a country that made it through the recession well, and Gartner's analyses indicate that after successful cost and efficiency related IT investment, Swedish companies started to invest for growth in the latter half of 2010. Companies are again focusing on growth, and IT investment and new IT strategies are now topping businesses priorities after the 2008-2010 recession. Our analyses also show that this will only be done if the organization can do more for the same amount of investment, since we see that IT budgets will not grow significantly in 2011.

The trend Gartner sees in Sweden is that CIOs are focusing closely on areas like the Cloud (SaaS), virtualisation, mobile technologies, and IT management to reduce costs in existing infrastructure to enable investment in areas with greater potential return of investment (ROI). These fields—that will bring higher returns and that optimize the value of organizational information flows—include Information and Document management (ECM), Business Intelligence, collaborative tools, and security.

Longer term, Gartner sees that fields like cloud services and social media, along with better utilisation of information, will change the way companies invest and manger their IT to support their future business. Information management is therefore a significant future competitive edge.

How you think cloud services through software as a service will affect IT investment in coming years?

– We see that 'cloud services' gets the most searches on Gartner.com and that CIOs rank these services highest on their priority lists for 2011, which indicates that there is significant interest in this for procuring IT related services and products. However, up until 2011, cloud services were mostly seen as a way to get the right products at lower short-term cost, despite this not bringing any long-term savings. Companies and organizations have not fully adopted the advantages that can be gained from using cloud services, like flexibility, readiness, and innovation.

There is still a generally sceptical attitude about cloud services. Senior managers are still biding their time, especially in fields that involve business critical information. ECM is a relatively immature field in cloud services, but Gartner sees over 100% growth for this over the next five years. ECM is seen as the fastest growing of all cloud services on the market.

How do buyers prioritize ECM compared to other IT sectors?

– Of the 21 software segments that Gartner follows, the ECM segment showed the second strongest growth in 2009, and we expect it to be the third fastest growth segment in Sweden up to 2014. This shows that ECM is one of the hottest software markets and in IT generally. On the demand side, we see that 'Document Management' was one of the 15 most searched terms in Sweden on Gartner.com during 2010. These parameters support our conclusion that ECM will be central to IT investments looking forward.

According to Gartner's analyses, what is the greatest single driver in purchasing of ECM products?

– The overall commercial driver for companies to invest in ECM is for businesses to learn to use and manage current and new information more effectively. They thereby increase their efficiency and create change to gain relative competitive advantage.

Gartners has identified several commercial drivers for ECM investment:

- ECM improves the exchange of know-how within companies and organizations and enables accessing cross-field information within organizations.
- ECM creates value through automatization of processes and greater focus on efficiency.
- ECM improves companies' service and communication with customers.
- ECM improves traceability, measurability, and transparency in how compliance with set requirements are experienced in business critical processes.
- ECM helps develop business relationships and common processes for B2B.
- ECM electronically replaces manual paper-based procedures and routines.

What are the clearest trends for the ECM market for 2011 and 2012?

– Companies and organizations are beginning to proactively evaluate alternative digital solutions to optimize and develop their work and collaborative processes. This digitalisation is driving business methods towards becoming more cloud based. ECM products are the foundation for centralized systems in companies and organizations and are therefore an important component for change processes and growth.

Another clear trend in the market is verticalisation—which means that providers develop their offering for those verticals that best fit their unique products. This also involves a certain degree of specialisation towards various verticals that, in turn, enable creating greater value in providers' offerings.

Dan Sommer, Principal Analyst at Gartner Group, a global leader in IT sector research and consulting.

What will be a competitive advantage for ECM providers for 2011 to 2012?

– Investment in growth and greater understanding in how ECM can be used to create a competitive advantage means that demand for ECM will remain strong in coming years. Greater understanding of how ECM supports operations together with the drivers listed above will place greater demands on all providers. The providers who can offer ECM products and solutions for the specific problems of various sectors will succeed best. The key to succeeding in coming years will be in creating value. FP

Business concept, vision and goals

Business Concept
FormPipe Software develops and provides software products to capture, structure, and distribute information flows to increase organizational efficiency. Company products shall, through secure and effective information management, generate unique business value and thereby create relative competitive advantage for our customers. We focus on ECM products used for secure document and record management as well as input and output data processing.

FormPipe Software distributes our products via certified partners. We also continuously develop our partnership model as an important consideration for future growth.

Vision
"To be perceived as ECM and be the benchmark"

FormPipe Software shall be synonymous with ECM and set the norm for structured information management.

Operational and Financial Goals
FormPipe Software shall generate good profitability and growth exceeding the general ECM market through having the most attractive product offering. Our ECM products shall always lead technology development and usability to increase satisfaction for our customers and partners, creating greater loyalty by adding value throughout the entire product life cycle.

FormPipe Software shall be an attractive workplace with a cohesive organization and well functioning quality assurance and managerial processes. Moreover, FormPipe Software shall be an attractive employer for advanced software developers interested in working with high quality projects that involve market leading and innovative products.

Important guiding principles and values for the company culture at FormPipe Software are Quality, Efficiency, Profitability, Trustworthiness, and Pride.

Strategic Goals
The FormPipe Software product strategy is to continually offer the best ECM products available. With their high quality and stability, these products shall quickly generate cost and efficiency gains for our customers. Product development is driven by our customers and by market needs based on current and future requirements.

FormPipe Software's goal is to combine organic growth with strategic acquisitions. Organic growth shall be driven in industries where the Company currently has a presence and through initiatives into new industries.

Acquisition strategy
FormPipe Software shall actively evaluate and carry out strategic acquisitions, which should have a product offering that strengthens FormPipe Software and its ECM products.

Significant events for the year

LISTING ON THE NASDAQ OMX STOCKHOLM EXCHANGE
As of January 19, FormPipe Software moved from the First North Exchange to be the first company listed on the NASDAQ OMX Stockholm Exchange in 2010. The shares are listed as Small Cap.

ORDER FROM UNIVERSITY OF GOTHENBURG
An agreement was signed with the University of Gothenburg for our FormPipe W3D3 ECM product for case and document management, for a value of SEK 6 million.

ORDER FOR FORMPIPE ONDEMAND
Eight municipalities in Värmland County signed an agreement for FormPipe OnDemand for document and case management and e-services. FormPipe OnDemand is a cloud service. This three-year agreement has a total value of SEK 3.1 million.

BREAKTHROUGH ORDER FOR LIFE SCIENCE
Pharmaceutical contract manufacturer Kemwell, with global distribution, signed an agreement for our Platina product. In the fourth quarter, this agreement was expanded to include added functionality specially adapted to support quality assurance processes in Life Science (FormPipe Life Science was previously called Pharma Template for FormPipe Platina). The order value to FormPipe Software was originally SEK 1.6 million and with an added SEK 2 million, where the later will first be recorded as revenue in Q4 2011.

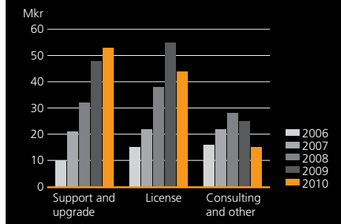
ORDER FROM LIDKÖPINGS MUNICPALITY
Lidköpings Municipality signed an agreement for our ECM product, FormPipe Platina for document and case management, and e-services. The order value to the Company was 1.1 million.

ORDER FROM VÄRMDÖ MUNICPALITY
Värmdö Municipality signed an agreement for our ECM product, FormPipe W3D3 with a total value of SEK 1 million.

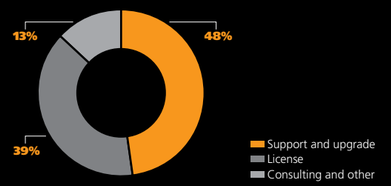
ORDER FROM SÖDERTÖRN UNIVERSITY
Södertörn University signed an agreement for FormPipe OnDemand document and case management, and e-services for a total value of SEK 1.5 million.

INCREASE IN SHARES OUTSTANDING
The 2008 employee stock option plan vested and employees exercised stock options to the extent that 268,323 new shares were issued in March 2010. Total shares and voting rights in the Company increased to 12,004,504.

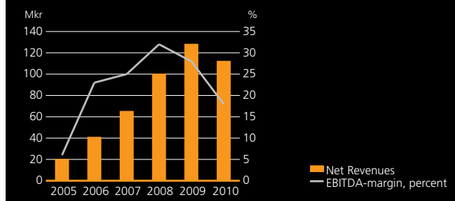
SALES REVENUES BY TYPE



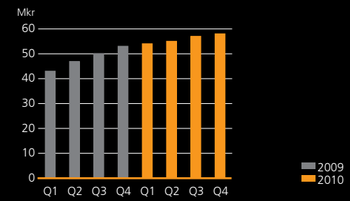
PERCENTAGE OF REVENUES BY TYPE



NET SALES AND PROFITABILITY



REPETITIVE REVENUES, ROLLING 12 MONTHS



The City of Västerås develops e-administration with FormPipe W3D3

The municipal government of Västerås, in central Sweden, faced procurement of an IT solution for case and document management several years ago. Karin Hjärpe, Operations Manager of the City Executive Office, saw the potential to gain better control and make working procedures and decision-making processes more effective. The city selected FormPipe W3D3 and because of their clearly defined objectives, the municipality is a model for digital case management in the country.

> *FormPipe W3D3 is now used by* ***data entry personnel, case managers, municipal council committee secretaries,*** *and* ***managers.***

Maria Vaernholt, object manager for VÄHS and Jenny Broberg Kudryk, Developer for Västerås Municipality.

The background to their change process came in the form of several reports showing quality shortcomings in case processing in municipal offices. Not least, this involved significant differences in working methods. Every office in the city's organization worked differently and it was all mostly done manually. The city was faced with the choice of renewing its agreement with their IT provider or looking for a new kind of information processing solution.

Operations Manager, Karin Hjärpe, saw the potential for gaining comprehensive control over the entire decision-making process – from start to finish – while creating processes with higher quality, and greater efficiency and accessibility. So she initiated creating a 'state of readiness' that involved defining and clarifying the working methods to be used in city offices to achieve its objectives. As she says, "The system we wanted had to support our processes."

Extensive requirements

The city of Västerås wanted a comprehensive solution that enabled total digitalization of their processes from beginning to end that was simple enough to be used by several different professions. The requirements specification the city managers developed was very comprehensive and based on their digital vision, described in detail down to each function and the need to support desired working methods.

"We had to choose between renewing our existing agreement, building our own system, or initiating a procurement process based on the requirements specification that came out of our process mapping. We concluded by calling off FormPipe W3D3 through our existing framework agreement with Verva (Formally the national purchasing agency, now the Kammarkollegiet, the Legal, Financial and Administrative Services Agency) and asked some difficult questions,' relates Jenny Broberg Kudryk, a developer in the Västerås municipal administrative offices.

Accessibility and automated processes

Today, data entry specialist, city council committee secretaries, case managers, and their managers, all use FormPipe W3D3. The municipality has transferred most of their previously manually processed matters into the digital system that has simplified and speeded every stage of the decision-making process.

Now, most of the city's paperwork is managed digitally. Paper documents are scanned on receipt into archival formats and then case management processes proceed digitally throughout their entire lifecycle—except when they are sent to municipal politicians for consideration. All these matters and documentation are then converted to archival format for digital storage. That's why the City Registrar has a paper-less desk (other than the few specified documents that require an actual signature.)

"Accessibility is probably the most significant change compared to before. Our case managers no longer have to rely on the registrar being on duty, but rather can search for the necessary documentation themselves," notes Ms. Broberg Kudryk.

Broad implementation and support

Implementation started with the registrar's office, but other groups had to wait for necessary modifications and testing. As part of the implementation, all users received training in both the legal and technical support issues involved. No users were allowed to use the system without this training. The Västerås municipal offices have also initiated so-called change process teams, where each administrative office created its own team consisting of the office registrar, the council committee secretary, a case manager, and in some cases, the senior manager.

"We see that the broad process of gaining support on all administrative levels in the organization, the comprehensive process mapping, and the work of the 'change process teams', combined with a focused project organization lead by a fantastic project manager who as stayed throughout the five year implementation, all contributed to the success of this whole process," concludes Ms. Broberg Kudryk. FP

CASES ARE MANAGED DIGITALLY THROUGH THE ENTIRE CASE MANAGEMENT PROCESS

FormPipe W3D3

FormPipe W3D3 is a fully developed, powerful ECM product for information management and effective e-services. The product enables the entire customer organization to acquire necessary current information, find where it is, how to get it, and who can access it.

FormPipe W3D3 is currently used in journal, case, and document management as well as e-archiving. It's a stabile ECM product that helps standardize work processes. The product encompasses a wide spectrum of necessary and functional modules like SharePoint Integration, feed- back management, agreements processing, and e-recruiting.

FormPipe W3D3 can help with:

- **Increasing service with fewer resources.** Investing in automated case management solutions can bring more effective service for customers and citizens, thus better utilising the limited resources available with more efficient work processes
- **Traceability.** Documentation and information must to a much greater degree be available for review and audit to ensure compliance with applicable laws and regulations. Well-structured and electronically traceable information along with structured work processes form the basis of legal and fair treatment of all matters. Traceability increases confidence in the organization where legal disputes can arise by keeping all documentation structured.
- **E-services and demands for availability.** FormPipe W3D3 provides digital support for identified requirements within the government's mandate in regard to e-administration: To increase usability and accessibility of the services offered by the Swedish public sector, to improve efficiency in case management and internal administration, and provide operative support for all employees. With its easily integrable structure, FormPipe W3D3 can be used as the basis for creating e-services. Examples of these e-services include application processes, contract management, e-recruiting and journal publication
- **Archiving.** Regulations for classifying and storing e-mail, and paper or electronic documents in a common electronic archive are coming into force. FormPipe W3D3 can be used for the undeletable electronic storage of information and documentation. Abstracts can be made for stable electronic storage to meet standards set by the Riksarkivet (National Archives).

Other customers currently using FormPipe W3D3 include Huddinge Municipal District, Lund University and the Swedish Transport Agency. FP

FormPipe Long-Term Archive

FormPipe Long-Term Archive is a system for the preservation of digital information over longer periods. Our system was developed in close collaboration with the Riksarkivet (the Swedish National Archives) and it is based on the OAIS model as stated in ISO 14721:2003.

The world is turning digital and the mass of information is growing explosively. This information comes from many different operational systems such as case management systems, web publication systems and business systems. Moreover, the information is stored in a wide variety of formats. Technological developments quickly make both hard and software obsolete so that many formats are no longer compatible with new software and versions. This creates a significant risk that important digital information can be lost.

Different operational systems – a single system for preservation

Today, we need uniform methods and system-independent solutions for preserving electronic documentation and for quickly finding that preserved information. And, since the amount of information is constantly growing, a fully or at least partially automated solution must be used for this.

Regardless of operational system, or what the requirements and structure of the information that must be preserved, FormPipe Long-Term Archive can take in all exported information. The file format approved for preserving this is selected by the system. Typically, this can be documents preserved in an approved format currently in widespread use that is independent of software provider, like XML, PDF/A, PNG or TIFF. FormPipe Long-Term Archive makes sure the documents are in the correct format and then saves them for long-term storage.

The metadata created in any operation is stored as XML and can be easily traced using the original structure. This preserves the original link between the documents and the context in which they were created.

Follows legal, regulatory, and operational requirements

In addition to important information possibly becoming lost, it is also necessary for the saved information to live up to legal and regulatory requirements that apply to archiving in the public and private sectors. Governmental agencies in Sweden must treat all information registered in any system as formally archived, and it must therefore be transferred to a system for preservation, as long as no formal determination is made to remove it.

As more important information is moved from paper to digital form, external directives and laws are becoming increasingly detailed. Laws and regulations that apply to how information must be stored include:

- The Swedish principle of public access to official records (Freedom of the Press Act, Official Secrets Act, The Administrative Procedure Act, and more)
- Guidelines of the Riksarkivet
- The Swedish Accounting Act
- EuroSox
- The PSI directive

FormPipe Long-Term Archive is a system that helps organizations live up to these laws and regulations. To do this, the system must:

- Preserve information for longer time periods
- Guarantee that any information stored is not corrupted over time
- Preserve and administer information about how the documentation should be read and interpreted
- Enable searching, finding and recapturing the stored information
- Trace how the documentation was processed and how it has been changed over time.

Lars Näslund, IT Manager, CIO, at VINNOVA

VINNOVA leads the way in electronic long-term preservation using FormPipe Long-Term Archive

VINNOVA, the Swedish Research and Innovation Agency, had sought a system for long-term preservation of electronic information for a long while. When they found out there was a newly developed system for this kind of preservation, they took the lead and were first to invest in FormPipe Long-Term Archive.

> *We didn't find any other* ***archiving system*** *on the market that offered us* ***a real alternative****. Either these were not sufficiently standardized for our operations or they were not designed to meet* ***the requirements of the Riksarkivet****.*

When VINNOVA was established over ten years ago, they clearly stated their intention of staying a modern governmental agency. As Sweden's agency for innovation, they have strived to show the way with their own working methods. They wanted electronic document and case management from the beginning and naturally, preserving paper documentation was never an alternative. "Considering archiving, we have always kept our focus on obtaining an electronic long-term preservation system that improved access to all our documents", says Lars Näslund, Senior IT Manager at VINNOVA.

Three years ago, the agency implemented FormPipe Platina for all their case management. But early in the implementation project they decided to exclude archiving. The simple reason for this, then, was that no simple solution was available. So the agency first concentrated efforts on developing effective case management—but not for the following step, archiving. "As the project progressed," continued Mr. Näslund, "we learned that FormPipe Software had developed a new product that was the exact solution for us—a standardised way to archive all our documentation for long-term preservation. This couldn't have been any better!"

Standardised and simple to implement

FormPipe Long-Term Archive fit very well into VINNOVA's strategy for long-term digital preservation with built in standardisation to the extent possible. This was important when the agency chose the system. Moreover, they saw the advantages offered with the system's built-in functionality to archive documentation created in their FormPipe Platina product.

"Another important ingredient was its simplicity. We've seen many examples of archiving projects that turned overly complicated, becoming prohibitively expensive. We therefore decided early that the solution we wanted had to be simple to implement.

Alternatives resource-demanding

Previously, the only alternative for governmental agencies was to specify their system requirements and develop electronic archives on their own, or more likely, with the help of consultants. This has always been costly. And most of these agencies generally lacked the skills needed to successfully implement a long-tem preservation system. Doing so generally demands close collaboration between system developers and archivists. VINNOVA saw running such a resource-demanding project as unrealistic.

"We didn't find any other archiving system on the market that offered us a real alternative. Either these were not sufficiently standardized for our operations or they were not designed to meet the requirements of the Riksarkivet.

Electronic preservation – a paradigm shift

"In coming years, this will explode in the public sector", noted Mr. Näslund.

The amount of electronic information registered in various operational systems is growing significantly today. One hundred years ago, Swedish governmental agencies implemented the significant change in the way they archived material with the nationwide archive scheme – a description of how governmental agencies should preserve their material. Now, the Riksarkivet has changed this scheme to be a more process-oriented method of looking at document preservation.

But it isn't the process-oriented approach that will make the biggest difference, as future researchers will experience it. The biggest revolution is that agencies are now going over to electronic preservation of their documentation, creating entirely new possibilities to manage their archives and, most of all, to access them," concludes Mr. Näslund.

FormPipe Platina brings greater efficiency and quality to the County Council government in Gävleborg

Paper, binders, and document piles are history at the Gävleborg County Council governmental offices. Thanks to their implementation of FormPipe Platina, an ECM product developed by FormPipe Software.

– Structure and organization are the basis for high quality, says Anders Tollmar, Senior Coordination Manager and FormPipe Platina system owner at the Gävleborg County government.

The county medical laboratory operates six units. To guarantee quality and security in these operations there are over 2,000 controlling documents and some 500 audited documents in a management system. This includes procedures, work place descriptions, equipment descriptions and instructions, as well as auditing documentation to maintain accreditation from SWEDAC (the Swedish Board of Accreditation and Conformity Assessment). And, it is extremely important that all these documents are kept up-to-date with validated versions.

The management system previously consisted of paper documents in a binder system. This created an unwieldy process for the over 200 employees at six different sites. Ensuring that all this documentation was fully updated at all times easily lead to quality problems. New procedures required long updating processes, and paper consumption was significant. If an error occurred in any of the documents, the process could take even longer, causing unnecessary delays in providing relevant information, which could affect quality negatively. "Our workers in the medical laboratory department were very pleased with implementing FormPipe Platina, since it gave them immediate access to up-to-date and validated documentation.

Implemented throughout the county health care corporation

The positive response from the laboratory department led the county council to implement FormPipe Platina as support for the management system of the entire Gävleborgs County government—all 230 care units. It thus became the first county to eliminate all their paper and binders to instead rely on the web. Currently, the quality coordinators for each operation are undergoing training to understand the functions the system offers. "My colleagues see this as very exciting and stimulating, and look forward to starting to use the FormPipe Platina system. At the courses, they want to stay on and learn more, so we almost have to kick them out," laughs Anders relating his experience.

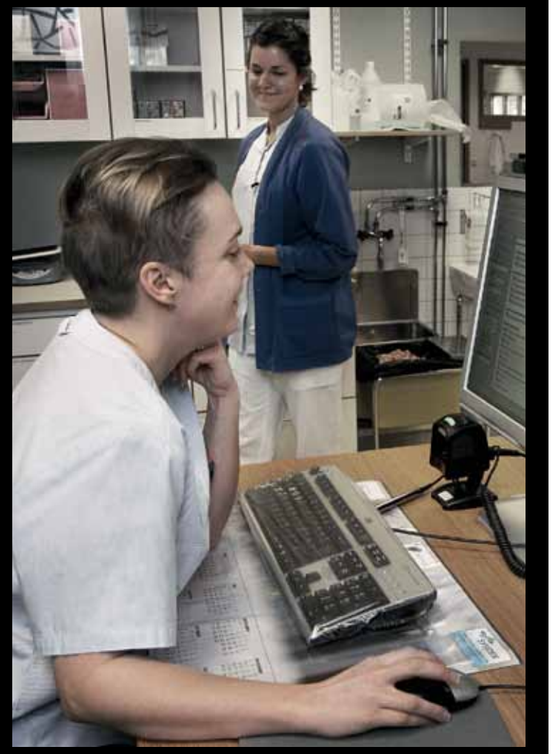
What are your targets for expanding the new ECM system?

"Efficiency and patient security is what we most want from acquiring this structure and organization. It is highly important to be able to update our documentation quickly and easily. All our workers can easily access and read the latest versions that they need. What's more, managers can set permissions for limiting access to the correct documents, and then check that the document was actually read.

The management system is also easier to maintain with each role and responsible manager taking care of creating, reviewing, and confirming every document after receiving an automatic notice to do so. With the product's built-in functionality for document control, managers have constant control of version management for each document and can see all changes made and when. Permissions and roles can be easily administered through the FormPipe Platina administration interface that is integrated with the county administraton's 'Active Directory'.

What gains have you seen from using FormPipe Platina?

Most important for us is the health of our patients.



Biomedical analysts Sara Kron and Åsa Björklin (background).

> ***Structure and organization** is the basis for **high quality.***

FormPipe Platina enables us to work systematically to reduce errors and problems by giving us faster access to current and relevant procedures, checklists, and other documents. So the greatest gain is better health care and fewer errors. We naturally strive to keep mistakes to an absolute minimum, to do things correctly from the start, and thereby avoid unnecessary suffering and costs caused when we have to correct a mistake.

Furthermore, we can also significantly improve efficiency in our administration and greatly reduce paperwork. Another significant advantage is enabling distance work. Since every document has a single source, geographic location is longer a consideration in accessing the information, which can be used 24/7. FP

FormPipe Platina

FormPipe Platina is a modern Web-based information processing platform with powerful capabilities for integration. Our platform is based on the latest Microsoft technology and has many revolutionising ECM innovations. FormPipe Platina is a flexible product that brings quality, control, and profitability for greater satisfaction in users, customers and citizens alike

FORMPIPE PLATINA

FormPipe Platina structures and consolidates business processes to increase efficiency. A significant advantage in using FormPipe Platina for ECM is that much of its functionality is contained in standard settings, while keeping a high degree of flexibility for customer-specific solutions. Our customers always keep control of the functionality they need to implement and the pace of implementation.
The standard product has functionality for document, process, case, and register management. FormPipe Platina also has built-in functions that facilitate operations-specific configuration, rather than requiring added programming. Its flexibility and configurability makes the product highly cost effective for our customers. FormPipe Platina can also be used to visualise, automate, and analyse processes in a fully integrated way so their form and function can be clearly displayed. The Platina Process Server makes it easy to create professional process views that can be used to automate operational processes at many different levels.

FormPipe Platina meets many needs, like:

- **Efficient information management.** The amount of digital information is steadily growing and businesses must be able to determine what is critical to operations. Organising and controlling that information, so the right person has the right information at the right time can be a competitive edge, and it will only become more important.
- **Traceability and regulatory requirements.** Documentation and information must increasingly be available for audit and review to meet regulatory requirements such as the Sarbanes Oxley Act, ISO standards, patient security laws, FDA CFR 21 Part 11, and the principle of access to public information. Well-structured, traceable electronic information and structured working processes are the foundation for correct and legal processing in all cases. Traceability strengthens the organization's position in legal disputes by structuring and organising all documentation.
- **Collaborative and automated processes.** When information is stored electronically, both an opportunity and a need for automated processes arise. FormPipe Platina has a powerful tool to map and draw processes graphically, and to add functions that automate these processes and link the right users with relevant documents. Using this process tool includes letting the user:
  - Create uniform processes that increase efficiency among employees.
  - Optimise the organization by enabling reports and analyses in real time.
  - Reduce risks by establishing standard procedures and policies for all processes.
  - Obtain full traceability in every step.
  - Gain quality assurance in all work processes.
- **Archiving.** Regulatory requirements are increasing for electronic storage and classification of all e-mail, paper documents and electronic documents. FormPipe Platina fully enables this including functionality to make files undeletable.

Customers who are currently using FormPipe Platina are Tele2 and the Association of Counties. FP

FormPipe LaserNet

More than 2,000 companies in a variety of industries use FormPipe LaserNet. The product simplifies managing incoming and outgoing business documents bring greater efficiency. FormPipe LaserNet reduces administrative costs while raising quality and control of information flows.

FormPipe LaserNet can be easily integrated with legacy IT applications which facilitates changing from previous work and paper intensive routines to electronic document management. The product organises, processes, and distributes data from different sources, applications, and systems. With is modularised design, the product lets customers select the functions they want to use to match the input and output data flows in their organization and business partners. FormPipe LaserNet can receive selected data and process it into qualitative documents that can be forwarded intelligently in many different formats (e-mail, fax, PDF, PDF-A, EDI, and XML). Currently, more than 2,000 companies globally use the standard application. The product is also SAP certified, and it offers advantages like:

- Fast and simple implementation.
- Requires no internal printout processing.
- Supports all business systems on the market.
- Reduces costs for billing and other business critical document management.
- Improves cash flows through time savings in billing processes.
- Ensures future compliance with regulatory and other requirements for electronic invoicing, regardless of format.

FormPipe LaserNet meets needs like:

- Sending electronic business documents, saving costs for postage, printing and paper—and, not least, time.
- Future requirements for document management, since it is optimised to meet regulatory requirements like SOX, EuroSox and Basel II.
- Enables customisation according to specific needs—FormPipe LaserNet can produce business documents in the format and layout each customer wants.
- Savings on consulting costs for developing and producing reports from business and accounting system.
- Easy layout design and processing—so that designing and changing reports becomes more effective.
- Good functionality for archiving and storing—FormPipe LaserNet enables easy organization for storing and retrieving business documents.

FormPipe LaserNet is developed to fit organizations of all sizes, municipal governments, and smaller national operations within larger conglomerates.

Customers that currently use FormPipe LaserNet include Unicef, Panasonic and Ernst & Young.

FormPipe OnDemand

Using FormPipe OnDemand, requires no servers, platforms, or system licenses. The system is entirely Web-based and needs no client software installed on personal computers or upgrades. Customers pay only a monthly subscription fee for the service. This fee includes backup, upgrades to new versions, and support. The service offers the customer a short start-up period and highly reliable access to some of the best products on the ECM market.

To ensure operation of FormPipe OnDemand, the Company now partners with TDC Hosting. This experienced provider of business critical operational solutions gives FormPipe Software the flexibility, security, and technology it needs in operating solutions for this product.

Customers of FormPipe OnDemand include seven municipal districts in Värmland County and Södertörn College.

FormPipe NetMaker

FormPipe NetMaker is one of the first products offered by FormPipe Software. It is used to send and receive all kinds of payments and payment data to and from Bankgirocentralen (BGC). The product is a predecessor to today's Internet banks, but is still highly competitive since it offers significantly greater user-friendliness and security. NetMaker BgCom is not associated with any particular bank—this independence brings greater security and flexibility for our customers. FormPipe Software is an official partner of BGC.

Customers include many businesses with transactions passing the BGC, such as Swedbank Juristbyrå, SEB Tryggliv, Visma, Bilia, ABB, Atlas Coco, and PPM.

Collaboration with certified partners

FormPipe Software's business model is based on close collaboration with our certified partners and good relations with our end customers. We develop market leading ECM products, where both partners and end customers can influence the functionality available, enabling us to enter long-term license agreements with our customers.

Revenues
Revenues are generated from FormPipe Software entering long-term license and upgrade agreements. This model guarantees our customers access to latest technology and enables their active participation in product development. This offers significant scalability benefits from additional sales through our certified partners.

FormPipe Softwares generates revenues from:

- License
- Software as a Service (SaaS) – Cloud services
- Support and maintenance
- Other revenues (Training and consulting).

Partner Network
FormPipe Software's certified partner network is central to the Company's business model. We feel that our partner network currently functions well, but actively monitor and evaluate it as we continually look into new possibilities. Our partner strategy, along with the solid growth of our market, creates significant potential for partners in the ECM market.

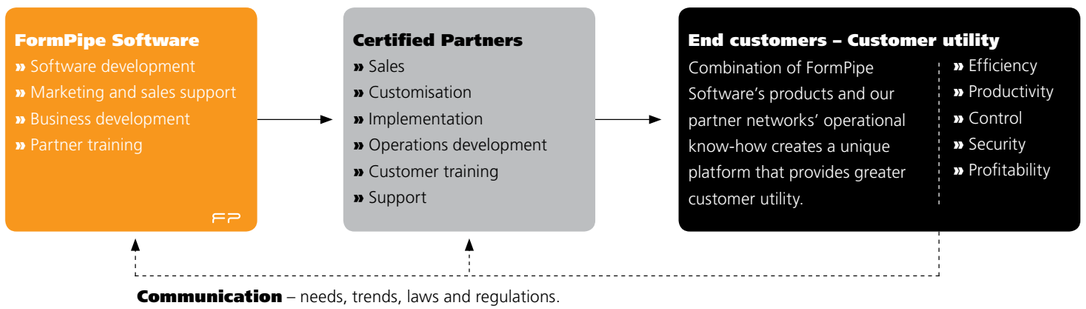
Our certified partners always represent our full product offering. Partners sell, customise, implement, consult, train and provide support to our common customers. FormPipe Software develops and packages our products and contributes to partner training and sales support.

ECM systems are usually a significant part of our partners' operations, creating ideal conditions to effectively develop our operations together and thereby offer greater customer utility. This helps ensure long-term profitability for our partners due to greater customer loyalty. The added value to our customers comes from the closer operational contact with and greater industry know-how these partners have at each customer segment. They can therefore better match the capabilities of our products with the customers' needs.

Many of FormPipe Software's partners are specialised in consulting services for the public sector. They operate through call-off framework agreements, using their deep understanding of the current and future ECM needs for all our customers. Our partner strategy ensures that FormPipe Software's products are included in these public sector agreements for future call-off. To illustrate, five of the six providers authorized in the new 'E-Administration Support Services 2010' framework agreement for public procurement in Sweden are FormPipe Software certified partners.

FormPipe Software actively continues to widen this partner network, focusing on specialty skills in specific industries that have tough regulatory requirements—such as in Life Science. The Company is also pursuing a strategy to partner with companies that have a wider geographical reach, in Sweden and internationally, to expand into new markets with their help.

PARTNER MODEL

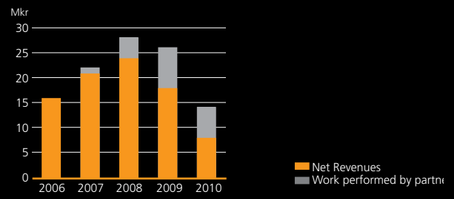


Our partner strategy and how it works

The partner strategy pursued by FormPipe Software – generating sales through our certified partner network – creates greater sales and delivery capacity, and greater understanding of customers' operational needs. This strategy sets the foundation for greater growth potential. We also broaden our reach—geographically into new markets, and in attracting customers in new segments.

*Five of the six providers authorized in the new 'E-Administration Support Services 2010' **framework agreement** for public procurement in Sweden are FormPipe Software **certified partners**.*

NET REVENUES FROM CONSULTING 2010



The graph illustrates how are partner strategy has affected net revenues for consulting.

FormPipe Software are redirecting sales efforts from direct contact with potential customers to using our certified partners. The change is designed to gradually shift operations from being both a product and consulting business to becoming a product-oriented focused business. This strategy has short-term negative effects on Company sales and margins primarily due to lost revenues from consulting and commission payments to our partners on licenses sold. The Company's assessment, however, is that this product-oriented strategy creates greater scalability through significant growth in license and upgrade revenues. The negative effects can be seen in the financial reports for 2009 and 2010.

However, future sales increases and higher margins will be enabled through:

» **New industries and market segments**
Our certified partners help the Company broaden its reach to attract customers in new industries and in wider geographical segments that we otherwise lacked capacity or skills to address.

» **More salespeople in the field**
Our certified partners bring to FormPipe Software a large number of sellers for the Company's products.

» **Greater delivery capacity**
Our certified partners deliver and customise FormPipe Software products to our end-customers. The rate of sales we currently see, and its anticipated increase will require significant delivery capacity that the Company currently doesn't have.

» **Greater customer utility**
Our certified partners have the industry-specific know-how and understanding of our customers' needs to see the value adding potential in FormPipe Software's products to increase customer utility.

Organization and Structure

Legal structure
The FormPipe Software group legal structure includes the parent and four wholly owned subsidiaries.

Operational structure
Our organizational model is designed with clear functions that establish a framework to effectively integrate newly acquired operations, including their products and employees, into FormPipe Software.

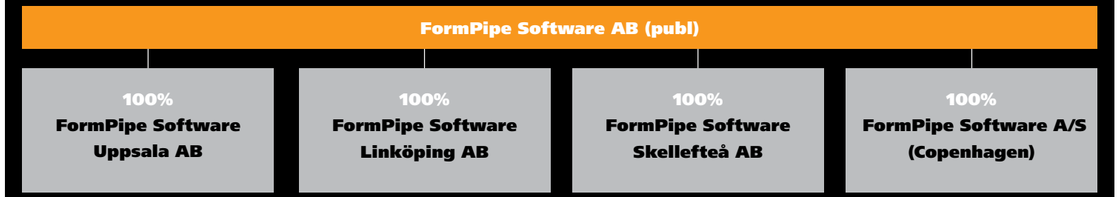
Personnel
Our employee's highly developed skills in technology, ECM, and more generally in IT, are important factors and are strong drivers in moving FormPipe Software forward. Senior management sees one of its highest priorities as keeping and developing current employees and attracting new professionals to the organization. We do this in several ways, including creating an open and stimulating company culture that enables employees to grow in their jobs; and for them to see the opportunities for personal development within the organization so they can work with and represent new innovative technical solutions. As an added opportunity, the Company has a recurring stock option incentive program for our employees.

The Organization in figures
The Company had 74 employees as of December 31, 2010, of which 77 percent were men.

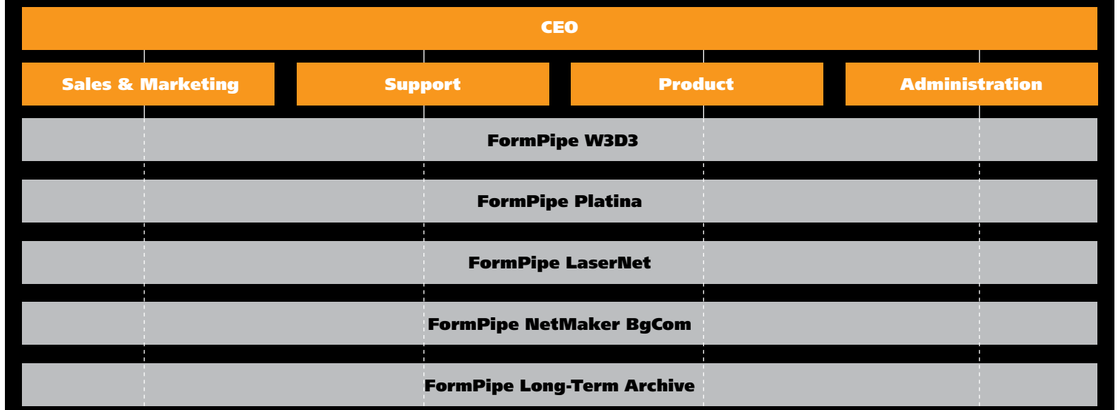
Communication and transparency
High skills levels and highly committed employees and certified partners are important tools for FormPipe Software to maintain our strong position on the ECM market. Our operations are knowledge intensive so our employees are the Company's most important assets. FormPipe Software offers a stimulating environment for good communication and transparency that facilitates integrating new hires and new partners.

Clear Leadership
Management at FormPipe Software is characterised by a clear, decentralised organization with open lines of communication. All employees take part in annual performance reviews with their immediate manager where they set personal goals, and their future and training needs.

LEGAL STRUCTURE



OPERATIONAL STRUCTURE



Our listed shares

FormPipe Software's shares were listed on the NASDAQ OMX Stockholm Small Cap Exchange on January 19, 2010. We noted an immediate increase in interest in the shares, whereby turnover has nearly doubled since listing.

Share Capital
Share capital at year-end totalled SEK 1,200,450 with a total of 12,004,504 shares outstanding, with a par value of SEK 0.10. Every share carries the right to a single vote and every shareholder is entitled to vote their entire shareholding at the Annual General Meeting of Shareholders. All shares carry an equal right to the Company's assets and income.

Share price and volumes over 2010
The FormPipe Software share price started 2010 at SEK 17.70 and ended the year at SEK 16.40 (close on December 30). The highest quotation for the year was SEK 23.90 on March 14. The lowest was SEK 13 on October 27. For the year, a total of 10.6 million shares valued at SEK 187 million were traded.

Listing on the NASDAQ OMX Stockholm Exchange
We were listed on the NASDAQ OMX Stockholm Small Cap Exchange stepping up from the OMX First North Exchange. Trading in our shares nearly doubled since listing, and institutional ownership has increased significantly—two of the primary reasons for the listing.

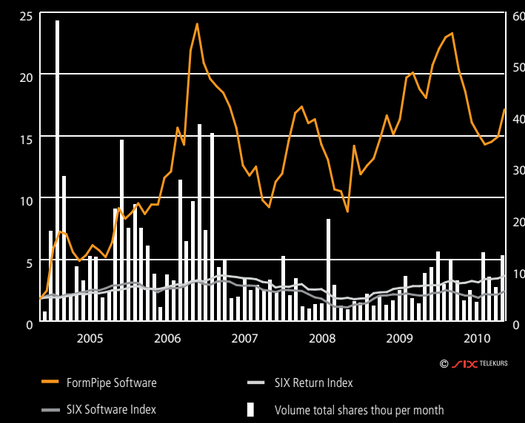
Dividend
The Board of Directors proposes that the Annual General Meeting of Shareholders on March 15, 2011 pass a resolution to pay a dividend of SEK 0.50 per share (0.50), for a total of SEK 6.0 to 6.2 million (6.0 M), depending on the exercise rate of share options granted to personnel.

In making this proposal for dividend payment, the Board of Directors, in accordance with the Swedish Companies Act, Chap. 17 § 3, 2-3, has considered the Company as a whole, its equity requirements, liquidity and general financial position, including its capacity to meet all its obligations.

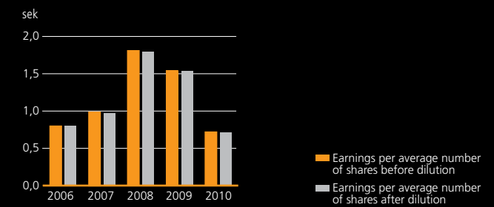
Employee incentive program
The 2008 employee stock option plan vested in 2010 and employees exercised stock options to the extent that 268,323 new shares were issued.
The AGM held on March 16, 2010 voted a new stock option program for the issuance of 350,000 options for all permanent employees of FormPipe Software. Every option entitles the holder to subscribe to one share in the Company and runs over two years.

Shareholders
The list of shareholders and shareholder structure of the Company, as illustrated below is based on information from Euroclear as of December 31, 2010. The twenty largest shareholders owned a total of 61.6 percent of the share capital. FormPipe Software had over 1,650 shareholders at that time. FP

OUR SHARE IN 2010



EARNINGS PER SHARE



OWNERSHIP STRUCTURE TOTAL SHARES AS OF DECEMBER 31, 2010

	Holding	Holding%
Försäkringsaktiebolaget, Avanza Pension	1 312 353	10,93
Provider Capital Sweden AB	1 272 637	10,60
Skandinaviska Enskilda Banken S.A., NQI	679 254	5,66
Swedbank Robur Småbolagsfond Sverige Depå 901-99082-9	450 506	3,75
Länsförsäkringar Småbolagsfond C/O Länsförsäkringar Fondförvaltning	449 241	3,74
Nykredit Bank	382 584	3,19
Christer Jonsson	365 503	3,04
Nordnet Pensionsförsäkring AB	364 007	3,03
Humle Småbolagsfond C/O Humle Kapitlalförvaltning AB	350 000	2,92
AB Wallinder & Co	331 658	2,76
AT2004 Holding APS	226 925	1,89
JP Morgan Bank	190 000	1,58
Leif Aspin	167 800	1,40
Johan Ajander	154 618	1,29
Swedbank Robur Stella Småbolag Swedbank Markets	134 912	1,12
Svenska Handelsbanken SA	123 005	1,02
Christian Sundin	122 466	1,02
Gustaviadavegårdh Sverige Maximal C/O Gustaviadavegårdh Fonder AB	114 502	0,95
Erik Lindeberg	105 000	0,87
Christer Schultzén	101 285	0,84
Other	4 606 248	38,4
Total	**12 004 504**	**100,00**

CHANGES TO SHARE CAPITAL

	Total shares	Total SEK	Total shares	Par value/ share
Share capital October 18, 2004	100 000	100 000	100 000	1,00
Split 10:1, November 26 2004	900 000	-	1 000 000	0,10
Issue in kind, December 27, 2004	4 799 970	479 997	5 799 970	0,10
New issue Digital Diary AB, December 5, 2005	615 000	61 500	6 414 970	0,10
New issue, December 27, 2005	1 917 909	191 791	8 332 879	0,10
New issue ALP Data in Linköping AB, September 1, 2006	454 545	45 455	8 787 424	0,10
New issue EFS Technology A/S, September 1, 2007	1 011 236	101 124	9 768 660	0,10
New issue EBI System AB, September 1, 2008	1 937 521	193 752	11 736 181	0,10
New issue option exercise, March 18, 2010	268 323	26 832	12 004 504	0,10
Share capital December 31, 2010	**12 004 504**	**1 200 450**	**12 004 504**	**0,10**

LENNART PIHL
DIRECTOR

BORN 1950
ELECTED 2007
SHAREHOLDING
-
OTHER BOARD ASSIGNMENTS:
Board Chair of MultiQ International AB (publ). Vice Chair at Readsoft AB (publ) and Heatex AB. Director at Duroc AB (publ) and Green Cargo AB.

BO NORDLANDER
DIRECTOR

BORN 1956
ELECTED 2009
SHAREHOLDING
– RELATED COMPANIES
1,272,637
OTHER BOARD ASSIGNMENTS:
Board Chair of Qtema AB.

HANS MÖLLER
CHAIR

BORN 1955
ELECTED 2009
SHAREHOLDING
– RELATED COMPANIES
1,272,637
OTHER BOARD ASSIGNMENTS: Board chair of Provider Capital Sweden AB. Director at Pilum AB (publ).

STAFFAN TORSTENSSON
DIRECTOR

BORN 1972
ELECTED 2005
SHAREHOLDING
20,000
OTHER BOARD ASSIGNMENTS: Director at Emitor Holding AB (publ) and Tuida AB.

JON PETTERSSON
DIRECTOR

BORN 1965
ELECTED 2007
SHAREHOLDING
-
OTHER BOARD ASSIGNMENTS:
Director at Swedol AB (publ), Invexe AB, Rubber Company AB and Strexe AB.

LINA ELO
CHIEF SUPPORT MANAGER

BORN 1974
EMPLOYED 2004
SHAREHOLDING 5,000
SHARE OPTIONS 34,500

JOAKIM ALFREDSON
CHIEF FINANCIAL OFFICER

BORN 1975
EMPLOYED 2007
SHAREHOLDING
40,000
SHARE OPTIONS
109,515

CHRISTIAN SUNDIN
CHIEF EXECUTIVE OFFICER

BORN 1971
EMPLOYED 2006
SHAREHOLDING
122,466
SHARE OPTIONS
109,516

ERIK LINDEBERG
VP, SALES AND MARKETING

BORN 1970
EMPLOYED 2007
SHAREHOLDING
145,000
SHARE OPTIONS
109,516

RASMUS STABERG
CHIEF TECHNICAL OFFICER

BORN 1970
EMPLOYED 2008
SHAREHOLDING
30,528
SHARE OPTIONS
35,434

Key Performance Ratios

SEK thou	2010	2009
Net sales		
Sales growth, %	-12,2%	27,6%
Support and maintenance	53 299	47 571
Licenses	44 180	54 565
Consulting and other	14 557	25 462
Repetitive sales	57 575	52 661
Repetitive revenues of total sales, %	51,4%	41,3%
Margins		
Operating margin before depreciations and amortizations (EBITDA), %	17,8%	27,5%
Operating margin (EBIT), %	9,7%	20,8%
Profit margin, %	7,7%	14,1%
Return on equity		
Return on operating capital, %	9,7%	23,8%
Return on capital employed, %	9,8%	22,2%
Return on shareholder equity, %	7,2%	15,8%
Return on total equity, %	6,2%	13,7%
Capital structure		
Operating capital	114 029	109 826
Capital employed	118 439	121 669
Equity	118 439	121 669
Interest bearing net debt/cash (-)	-4 410	-11 843
Equity ratio, %	63,7%	63,7%
Cash and liquidity		
Cash flows from operating activities	8 877	27 067
Cash flows from investment activities	-12 970	-9 608
Cash flows from financing activities	-2 946	-15 736
Cash flows for the year	-7 039	1 723
Free cash flows	1 287	25 291
Liquid assets	4 410	11 843
Personnel		
Total employees, average for the year	77	79
Total employees, at year-end	74	79
Share data		
Total shares at year-end	12 004 504	11 736 181
Average shares outstanding before dilution	11 937 423	11 736 181
Average shares outstanding after dilution	12 051 701	11 766 156
Income per shares outstanding SEK	0,72	1,54
Income per shares average outstanding before dilution SEK	0,72	1,54
Income per shares average outstanding after dilution SEK	0,71	1,53
Equity per shares outstanding SEK	9,92	10,37

Consolidated Income Statement

SEK Thou	Note	2010	2009
Net sales		112 035	127 597
Operating expenses			
Sales expenses		-16 616	-10 996
Other expenses	5	-27 559	-23 764
Staff and Personnel	6	-60 819	-63 459
Worked performed by the company for its own use and capitalized		12 909	5 775
Depreciations		-9 064	-8 618
Total Operating expenses		-101 150	-101 063
Operating income		**10 885**	**26 534**
Financial revenues	7, 9	862	648
Financial expenses	7, 9	-110	-724
Profit loss after financial items		**11 637**	**26 458**
Tax on profit for the year	8,22	-3 053	-8 431
Net profit/loss for the year		**8 584**	**18 028**
Other income and similar profit/loss items			
Translation gains/losses on consolidation		-9 312	-3 688
Other income and similar profit/loss items for the period, net after tax		-9 312	-3 688
Total profit/loss for the year		**-728**	**14 339**
Profit /loss for the year attributable to equity holders in the parent		8 584	18 028
Net Profit /loss for the year attributable to equity holders in the parent		-728	14 339

SEK Thou		2010	2009
Profit/loss per share, attributable to equity holders in the Parent			
For the year			
- before dilution	10	0,72	1,54
- after dilution	10	0,71	1,53

Consolidated Balance Sheet

SEK Thou	Note	2010-12-31	2009-12-31
ASSETS			
Fixed assets			
Intangible assets	12		
Capitalized expenditures		25 768	19 026
Goodwill		110 042	118 102
Other intangible assets		2 841	5 965
Total intangible assets		**138 651**	**143 092**
Tangible assets	13		
Computer inventories		627	713
Inventories		385	624
Total tangible assets		**1 012**	**1 338**
Financial assets	14, 16		
Other financial assets		26	-
Total Financial assets		**26**	**0**
Deferred tax receivables	22	**7 939**	**6 348**
Total Fixed Assets		**147 628**	**150 778**
Current assets			
Merchandise inventories	17	12	24
Current receivables			
Financial assets valued at fair value through profit and loss	15, 16	-	661
Trade and other receivables	15, 18	26 089	26 312
Current tax receivables		5 387	-
Other receivables	15	17	84
Prepaid expenses and accrued income	19	2 418	1 431
Total Current assets		**33 911**	**28 487**
Cash and bank	20	4 410	11 843
Total current assets		**38 333**	**40 354**
TOTAL ASSETS		**185 960**	**191 132**

SEK Thou	Note	2010-12-31	2009-12-31
Equity			
Share capital	21	1 200	1 174
Other capital contributions		66 706	63 232
Translation reserves		-3 199	6 113
Profit or loss brought forward		53 732	51 150
Total equity		**118 439**	**121 669**
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	22	5 104	2 751
Total non-current liabilities		**5 104**	**2 751**
Current liabilities			
Trade and other payables	15	4 807	3 851
Current tax liabilities		-	1 268
Financial liabilities valued at fair value through profit or loss	15, 16, 23	-	6 457
Other liabilities	23	5 979	8 710
Other provisions	24	4 566	-
Accrued expenses and prepaid income	25	47 065	46 426
Total current liabilities		**62 417**	**66 712**
Total liabilities		**67 521**	**69 463**
TOTAL EQUITY AND LIBILITIES		**185 960**	**191 132**

SEK Thou	Note	2010-12-31	2009-12-31
Pledged assets:			
Floating charge	14	99 762	108 310
Contingent liabilities		7	18