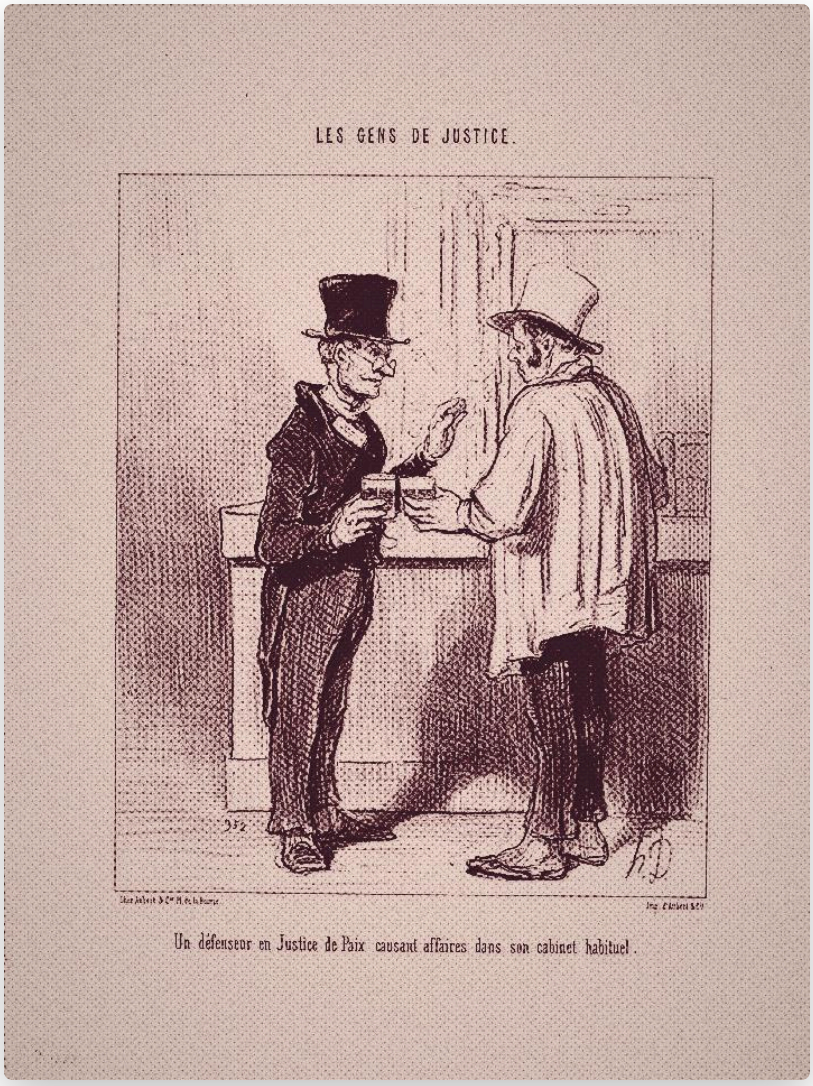
FORM S-1 · REGISTRATION STATEMENT

Imanage Inc

IPO priced 1999-11-17 · $11.00 a share · IMAN



From S1 Directory · www.s1directory.com/s1/imanage-inc/ · Source: https://www.sec.gov/Archives/edgar/data/1093242/000089161899004052/0000891618-99-004052.txt

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON SEPTEMBER 1, 1999 REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION WASHINGTON, DC 20549

FORM S-1 REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

IMANAGE, INC. (EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	7372	36-4043595
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION NUMBER)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

2121 SOUTH EL CAMINO REAL, SUITE 400 SAN MATEO, CALIFORNIA 94403 (650) 356-1166 (ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES) MAHMOOD PANJWANI PRESIDENT AND CHIEF EXECUTIVE OFFICER IMANAGE, INC. 2121 SOUTH EL CAMINO REAL, SUITE 400 SAN MATEO, CALIFORNIA 94403 (650) 356-1166 (NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

COPIES TO:

GREGORY M. GALLO, ESQ.
DAVID A. HUBB, ESQ.
VICTORIA W-Y LEE, ESQ.
GRAY CARY WARE & FREIDENRICH LLP
400 HAMILTON AVENUE
PALO ALTO, CALIFORNIA, 94301-1825
(650) 833-2000

CURTIS L. MO, ESQ.
RICHARD C. LESKA, ESQ.
BROBECK, PHLEGER & HARRISON LLP
TWO EMBARCADERO PLACE
2200 GENG ROAD
PALO ALTO, CALIFORNIA 94303
(650) 424-0160

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: AS SOON AS PRACTICABLE AFTER THE EFFECTIVE DATE OF THIS REGISTRATION STATEMENT.

IF ANY OF THE SECURITIES BEING REGISTERED ON THIS FORM ARE BEING OFFERED ON A DELAYED OR CONTINUOUS BASIS PURSUANT TO RULE 415 UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") CHECK THE FOLLOWING BOX. [ ] IF THIS FORM IS FILED TO REGISTER ADDITIONAL SECURITIES FOR AN OFFERING PURSUANT TO RULE 462(B) UNDER THE SECURITIES ACT, PLEASE CHECK THE FOLLOWING BOX AND LIST THE SECURITIES ACT REGISTRATION NUMBER OF THE EARLIER EFFECTIVE REGISTRATION STATEMENT FOR THE SAME OFFERING. [ ] IF THIS FORM IS A POST-EFFECTIVE AMENDMENT FILED PURSUANT TO RULE 462(C) UNDER THE SECURITIES ACT, CHECK THE FOLLOWING BOX AND LIST THE SECURITIES ACT REGISTRATION NUMBER OF THE EARLIER EFFECTIVE REGISTRATION STATEMENT FOR THE SAME OFFERING. [ ] IF DELIVERY OF THE PROSPECTUS IS EXPECTED TO BE MADE PURSUANT TO RULE 434, CHECK THE FOLLOWING BOX. [ ]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
Common Stock ($0.001 par value).....	$40,000,000	$11,120

(1) ESTIMATED SOLELY FOR THE PURPOSES OF DETERMINING THE REGISTRATION FEE PURSUANT TO RULE 457(A) PROMULGATED UNDER THE SECURITIES ACT.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL SECURITIES,

AND WE ARE NOT SOLICITING OFFERS TO BUY THESE SECURITIES, IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED SEPTEMBER 1, 1999.

[LOGO]

SHARES

COMMON STOCK

iManage is offering shares of our common stock. This is our initial public offering and no public market currently exists for our shares. We have applied for approval for quotation of our common stock on the Nasdaq National Market under the symbol "IMAN." We anticipate that the initial public offering price will be between $ and $ per share.

Investing in Our Common Stock Involves Risks. See "Risk Factors" Beginning on Page 6.

Per Share Total

Public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds to iManage	$	$

THE SECURITIES AND EXCHANGE COMMISSION AND STATE SECURITIES REGULATORS HAVE NOT APPROVED OR DISAPPROVED THESE SECURITIES, OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

iManage has granted the underwriters a 30-day option to purchase up to an additional shares of common stock to cover any over-allotments. BancBoston Robertson Stephens Inc. expects to deliver the shares of common stock to purchasers on , 1999.

BANCBOSTON ROBERTSON STEPHENS U.S. BANCORP PIPER JAFFRAY C.E. UNTERBERG, TOWBIN

The Date of This Prospectus Is , 1999

Explanatory Note

This Registration Statement contains two forms of prospectus: (1) one prospectus to be used in connection with an offering in the United States and Canada and (2) one prospectus to be used in connection with a concurrent offering outside of the United States and Canada. The U.S. prospectus and the international prospectus are identical in all respects except for the front cover page and the first page of the "Underwriting" section. The front cover page and the first page of the "Underwriting" section of the international prospectus are included immediately after the back cover of the prospectus.

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS PROSPECTUS. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION DIFFERENT FROM THAT CONTAINED IN THIS PROSPECTUS. WE ARE OFFERING TO SELL, AND SEEKING OFFERS TO BUY, SHARES OF COMMON STOCK ONLY IN JURISDICTIONS WHERE OFFERS AND SALES ARE PERMITTED. THE INFORMATION CONTAINED IN THIS PROSPECTUS IS ACCURATE ONLY AS OF THE DATE OF THIS PROSPECTUS, REGARDLESS OF THE TIME OF DELIVERY OF THIS PROSPECTUS OR OF ANY SALE OF OUR COMMON STOCK. IN THIS PROSPECTUS, "IMANAGE," "WE," "US" AND "OUR" REFER TO IMANAGE, INC.

UNTIL , 1999, ALL DEALERS THAT BUY, SELL OR TRADE OUR COMMON STOCK, WHETHER OR NOT PARTICIPATING IN THIS OFFERING, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS REQUIREMENT IS IN ADDITION TO THE DEALERS' OBLIGATION TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

Table of Contents

Page

Prospectus Summary..... 3
Risk Factors..... 6
Special Note Regarding Forward-Looking Statements..... 18
Use of Proceeds..... 19
Dividend Policy..... 19
Capitalization..... 20
Dilution..... 21
Selected Financial Data..... 22
Management's Discussion and Analysis of Financial Condition and Results of Operations..... 23
Business..... 38
Management..... 50
Certain Transactions..... 59
Principal Stockholders..... 63
Description of Capital Stock..... 65
Shares Eligible for Future Sale..... 69
Underwriting..... 71
Legal Matters..... 73
Experts..... 73
Where You Can Find Additional Information..... 73
Index to Financial Statements..... F-1

iManage is a registered trademark of iManage, Inc. This prospectus contains other trade names, trademarks and service marks of iManage, Inc. and of other companies.

Prospectus Summary

You should read this summary together with the entire prospectus, including the more detailed information in our financial statements and accompanying notes appearing elsewhere in this prospectus.

Imanage, Inc.

We provide e-business content and collaboration management software. Our solution provides a web-based unified content platform that manages, organizes and delivers relevant information from a variety of sources in a centralized manner throughout the extended enterprise.

The Internet is having a dramatic and pervasive impact on the way that many organizations conduct business. For example, organizations are developing intranets, web-based technologies designed to disseminate, exchange and manage information internally, and extranets, web-based technologies designed to extend the enterprise and enable direct collaboration with partners, customers and service providers. As a result of these developments in electronic business, or e-business, there has been a dramatic increase in the amount of information available to the average employee. The average employee receives a broad range of information, content and documents, in multiple formats, through a variety of sources including email, voicemail, enterprise and desktop applications, facsimiles and photocopies, the Internet, and intranet and extranet web sites. The e-business requirement that the right information be delivered to the right person at the right time is threatened by the overwhelming amount and variety of information that is now disseminated through these disparate media sources.

Our solution provides a web-based unified content platform, that is, it brings together various forms of information and content, including graphics, video, text, audio and data, and manages, organizes and delivers this information and content in a centralized manner throughout the extended enterprise. Key benefits of our solution include the following:

- comprehensive e-business content and collaboration management;

- a scalable and reliable platform;

- timely delivery of relevant information; and - security and accountability.

Our objective is to be the leading provider of e-business content and collaboration management software. Key elements of our strategy to achieve this objective include:

- capturing additional market share;

- leveraging our installed customer base;

- expanding key business relationships;

- maintaining our technological leadership; and - strengthening our international presence.

We sell our software products, including the iManage e-business Server, iManage iSync, iManage iTouch, and iManage iForm, through our direct sales force and a network of strategic partners and systems integrators. Our solution has been designed to address the needs of a broad range of markets, such as financial services, retail, manufacturing and distribution, banking and professional services. 3 Initially, we targeted substantially all of our sales and marketing efforts on the legal applications market. Our customer base of over 400 customers includes Airtouch Communications Inc., America Online, Inc., Cleary, Gottlieb, Steen & Hamilton, Charles Schwab & Company, Inc., Cravath, Swaine & Moore, Fried, Frank, Harris, Shriver & Jacobson, Marriott International, Inc., Morgan, Lewis & Bockius LLP, Wal-Mart Stores Inc., and Wilson, Sonsini, Goodrich & Rosati, Professional Corporation.

We were originally incorporated in Illinois in October 1995 under the name NetRight Technologies, Inc. and we reincorporated in Delaware in December 1996. In April 1999, we changed our name from NetRight Technologies, Inc. to iManage, Inc. Our principal offices are located at 2121 South El Camino Real, Suite 400, San Mateo, California 94403. Our telephone number is (650) 356-1166. Our website address is located at www.iManage.com, but the information on our web site does not constitute a part of this prospectus.

The Offering

Common stock offered by iManage..... shares Common stock to be outstanding after the offering..... shares Use of proceeds..... For general corporate purposes, capital expenditures and working capital. See "Use of Proceeds" on page 19.

Proposed Nasdaq National Market symbol..... IMAN The number of shares of our common stock outstanding after the offering is based on shares outstanding as of June 30, 1999 and does not include 1,894,950 shares of common stock subject to options outstanding under our equity incentive plans as of June 30, 1999. The number of shares outstanding also assumes the conversion of all our outstanding shares of preferred stock into 8,033,117 shares of common stock. 4

Summary Financial Data (In Thousands, Except Per Share Data)

	PERIOD FROM OCTOBER 10, 1995 (INCEPTION) TO DECEMBER 31, 1995	YEAR ENDED DECEMBER 31,			SIX MONTH PERIOD ENDED JUNE 30,	
		1996	1997	1998	1998	1999
					(UNAUDITED)	

STATEMENTS OF OPERATIONS DATA: Total revenues..... $ -- $ 74 $ 1,530 $ 7,741 $ 2,233 $ 7,874 Gross profit..... -- 32 1,231 6,114 1,584 6,374 Loss from operations..... (64) (688) (3,609) (2,979) (2,271) (2,116) Net loss..... (64) (692) (3,596) (2,840) (2,237) (1,934) Net loss per share -- basic and diluted..... $(0.01) $(0.12) $ (0.57) $ (0.38) $ (0.31) $ (0.24) Shares used in net loss per share -- basic and diluted..... 6,000 6,004 6,292 7,455 7,227 8,102 Pro forma net loss per share -

- basic and diluted..... $ (0.21) $ (0.12) Shares used in pro forma net loss per share -- basic and diluted..... 13,489 16,135 JUNE 30, 1999 PRO FORMA ACTUAL PRO FORMA AS ADJUSTED (UNAUDITED)

BALANCE SHEET DATA:			
Cash, cash equivalents and short term investments....	$12,117	$12,117	$
Working capital.....	6,261	6,261	
Total assets.....	18,560	18,560	
Long-term debt.....	889	889	
Total stockholders' equity.....	7,445	7,445	

The pro forma data give effect to the conversion of all of our outstanding shares of preferred stock into common stock upon the closing of this offering. The pro forma as adjusted data give effect to the sale of the shares of common stock that we are offering under this prospectus at an assumed initial public offering price of $ per share and after deducting the estimated underwriting discounts and commissions and estimated offering expenses. See "Capitalization" on page 20.

Unless otherwise indicated, all information contained in this prospectus assumes:

- no exercise of the underwriters' over-allotment option, and - the conversion of each outstanding share of preferred stock into one share of common stock immediately prior to the consummation of this offering.

This prospectus includes statistical data regarding the Internet industry. These data are taken or derived from information published by sources, including the Delphi Group. Although we believe that these data are generally indicative of the matters reflected in those reports, these data are inherently imprecise, and we caution you not to place undue reliance on these data. 5

Risk Factors

You should carefully consider the risks described below before buying shares in this offering. The risks and uncertainties described below are not the only risks we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may impair our business operations. If any of the following risks actually occur, our business, financial condition and operating results could be seriously harmed, the trading price of our common stock could decline and you may lose all or part of your investment.

Our Limited Operating History May Prevent Us from Achieving Success in Our Business.

We were founded in October 1995 and began shipping our first product in October 1996. As a result, we have a limited operating history that may prevent us from achieving success in our business. Our limited operating history makes an evaluation of our prospects very difficult. The potential revenues and income of our business and many of the markets we intend to target are unproven. Because of our limited operating results, we have limited insight into trends that may emerge and affect our business.

We face significant risks because of our limited operating history, including:

- we have a limited number of product offerings and will need to successfully introduce new products and enhance our existing offering, with, for example, an enhanced version of iManage iSync which we expect to release in October 1999 and an enhanced version of iManage e-business Server which we expect to release by the end of the first quarter of 2000;

- we need to sell additional licenses and software products to our existing customers and expand our customer base beyond legal and other professional service firms to achieve profitability;

- we need to expand our sales and marketing and customer support organization to focus on a broad range of markets, build strategic relationships with information technology consultants, systems integrators and unified messaging original equipment manufacturers and strengthen our international operations in Europe and the Asia/Pacific region in order to increase sales; and - we need to effectively manage our anticipated growth, which may distract management and increase our operating expenses, and attract and retain key personnel.

If we do not successfully address any of these and other challenges, our business and operating results will be seriously harmed.

WE HAVE AN ACCUMULATED DEFICIT OF $9.1 MILLION AS OF JUNE 30, 1999 AND MAY NOT BE ABLE TO ACHIEVE PROFITABILITY.

Our failure to significantly increase our total revenues would seriously harm our business and operating results. We incurred net losses of $692,000 in 1996, $3.6 million in 1997, $2.8 million in 1998 and $1.9 million for the six month period ended June 30, 1999. As of June 30, 1999, we had an accumulated deficit of $9.1 million.

To increase our revenues, we must incur significant expenses to increase our research and development, sales and marketing and general and administrative resources. If our revenues do not grow to offset these increased expenses, we will not be profitable. We may not be able to sustain our recent revenue growth rates. In fact, we may not have any revenue growth, and our revenues could decline. For a more detailed description of our operating results, please see "Selected Financial Data" on page 22 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" which begins on page 23.

OUR QUARTERLY OPERATING RESULTS ARE VOLATILE AND DIFFICULT TO PREDICT. IF WE FAIL TO MEET THE EXPECTATIONS OF PUBLIC MARKET ANALYSTS OR INVESTORS, THE MARKET PRICE OF OUR COMMON STOCK MAY DECREASE SIGNIFICANTLY.

Our quarterly operating results have varied significantly in the past and will likely vary significantly in the future. As a result, we believe that period-to-period comparisons of our operating results are not meaningful and should not be relied upon as indicators of our future performance. In the future, our operating results may be below the expectations of securities analysts and investors. Our failure to meet these expectations would likely cause the price of our common stock to decline. Operating results vary depending on a number of factors, including:

- the size, timing, terms and fluctuations of customer orders, particularly large orders from a limited number of customers, especially in markets outside the legal applications market where we have traditionally focused our sales and marketing efforts;

- our ability to expand our relationships with information technology consultants, system integrators and unified messaging original equipment manufacturers;

- the timing of the introduction or enhancement of products by us, such as the release of enhanced versions of our iManage iSync planned for October 1999 and our iManage e-business Server planned for by the end of the first quarter of 2000, and the release of new or enhanced products by our competitors; and - changes in technology, industry standards or customer preferences, such as customers placing a low priority on content and collaboration management.

If, in response to market pressure or other demands, we introduce new pricing structures, such as subscription or services-based structures, for our existing products, we could experience customer dissatisfaction and loss of sales. In addition, we could introduce products that are sold in a manner different from how we currently market our products, or we could recognize revenues differently than under our current accounting policies. Depending on the manner in which we sell existing or future products, this could have the effect of extending the length of time over which we recognize revenues. Our quarterly revenues could be significantly affected based on how applicable accounting standards are amended or interpreted over time.

Furthermore, our expense levels are relatively fixed and are based, in part, on expectations as to future revenues. Therefore, if revenue levels fall below our expectations, our net loss will increase because only a small portion of our expenses vary with our revenues. For a more detailed description of our quarterly results and the factors that may affect them, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations" which begins on page 23.

OUR SUCCESS DEPENDS IN LARGE PART ON THE WIDESPREAD ACCEPTANCE OF OUR IMANAGE SUITE OF PRODUCTS.

In 1998 and the six month period ended June 30, 1999, we derived all of our license revenues from the sale of licenses for our iManage e-business Server, iManage iForm and iManage iSync products. We expect to continue to derive substantially all of our license revenues from these products for the foreseeable future. If the market does not continue to accept these products, our revenues will decline significantly. Factors that may affect the market acceptance of these products include the performance, price and total cost of ownership of our products and the availability, functionality and price of competing products and technologies. Many of these factors are beyond our control.

WE HAVE ALWAYS BEEN HEAVILY DEPENDENT UPON LAW FIRM CUSTOMERS. IF WE DO NOT EXPAND SALES OF OUR PRODUCTS TO OTHER CUSTOMERS, WE MAY NOT BE ABLE TO GROW OUR REVENUES CONSISTENT WITH PAST GROWTH RATES AND OUR OPERATING RESULTS WILL SUFFER.

In 1998 and the six month period ended June 30, 1999, we derived 89.0% and 95.0% of our total revenues, respectively, from the sale of licenses to law firms and professional service firms. As of June 30, 1999, 83.0% of our customers were law firms or professional service firms. Since January 1, 1998, 49 of our top 50 customers, in terms of billings, were law firms or professional service firms. Our future success is substantially dependent on our ability to sell a significant number of licenses to customers in other businesses, particularly Global 2000 corporations. In order to sell a significant number of licenses to these businesses, we must devote time and resources to train our sales employees to work in industries outside law firms and professional service firms. We may not be successful in our efforts. Unlike law firms and professional service organizations, customers in other industries, including Global 2000 corporations, may not require or perceive the value of our content and collaboration management solution. If we cannot license our products to customers in other industries, our business could be significantly adversely affected.

TO PENETRATE ADDITIONAL MARKETS AND GROW OUR REVENUES, WE MUST ESTABLISH AND MAINTAIN RELATIONSHIPS WITH OUR CUSTOMERS.

To increase sales of our e-business content and collaboration management solution and grow our total revenues, we will try to obtain leads or referrals from our current customers. For example, we expect to sell licenses to Global 2000 corporations primarily through introductions from our existing customers. If we are unable to maintain these existing customer relationships, or fail to establish additional relationships, we will have to devote substantially more resources, both financial and personnel, to the sales and marketing of our products. Accordingly, our success depends in part on the ultimate success of these current relationships and the willingness of our customers to provide us with these introductions, referrals and leads. Our current customer relationships do not, and any future relationships we establish may not, afford us any marketing or distribution rights, exclusive or otherwise. In addition, at any time, our customers may terminate their relationships with us, pursue other relationships with our competitors or develop or acquire products that compete with our products. Even if our customers provide us with leads and introductions, we may not penetrate additional markets or grow our revenues.

IF THE EMERGING MARKET FOR E-BUSINESS CONTENT AND COLLABORATION MANAGEMENT SOFTWARE DOES NOT DEVELOP AS QUICKLY AS WE EXPECT, OUR BUSINESS WILL SUFFER AND OUR STOCK PRICE MAY DECLINE.

The market for e-business content and collaboration management software has only recently begun to develop, is rapidly evolving and will likely have an increasing number of competitors. We cannot be certain that a viable market for our products will emerge or be sustainable. If the e-business content and collaboration management market fails to develop, or develops more slowly than expected, demand for our products will be less than anticipated and our business and operating results would be seriously harmed.

Furthermore, in order to be successful in this emerging market, we must be able to differentiate our business from our competitors through our product and service offerings and brand name recognition. We may not be successful in differentiating our business or achieving widespread market acceptance of

our products and services. In addition, enterprises that have already invested substantial resources in other methods of managing their content and collaborative process may be reluctant or slow to adopt a new approach that may replace, limit or compete with their existing systems.

DUE TO OUR LENGTHY AND VARIABLE SALES CYCLE, WE MAY NOT BE ABLE TO PREDICT WHEN OR IF SALES WILL BE MADE AND WE MAY EXPERIENCE UNPLANNED SHORTFALLS IN REVENUES.

Our products have an unpredictable sales cycle that contributes to the uncertainty of our future operating results. Customers often view the purchase of our products as a significant and strategic decision, and this decision typically involves a considerable commitment of resources and is influenced by the customers' budget cycles. Selling our products also requires us to educate potential customers on their use and benefits because our e-business content and collaboration management software is a new category of product. As a result, our products have a lengthy sales cycle, which has historically ranged from approximately two to six months.

As potential customers evaluate our products and before they place an order with us, we typically expend significant sales and marketing expenses. Larger customers may purchase our products as part of multiple, simultaneous purchasing decisions, which may result in additional unplanned administrative processing and other delays in our product sales. If sales forecasted from a specific customer for a particular quarter are not realized, we may experience unplanned shortfalls in revenues. As a result, we have only a limited ability to forecast the timing and size of sales of our products.

COMPETITION FROM PROVIDERS OF SOFTWARE ENABLING CONTENT AND COLLABORATION MANAGEMENT AMONG BUSINESSES MAY INCREASE, WHICH COULD CAUSE US TO REDUCE OUR PRICES, AND RESULT IN REDUCED GROSS MARGINS OR LOSS OF MARKET SHARE.

The market for products that enable companies to manage and share content and collaborate throughout an extended enterprise is new, highly fragmented, rapidly changing and increasingly competitive. We expect competition to continue to intensify, which could result in price reductions for our products, reduced gross margins and loss of market share, any of which would have a material adverse effect on our business and financial condition.

Competitors vary in size and in the scope and breadth of the products and services they offer. We currently face competition from the following companies:

- companies addressing various segments of our market including Agile Software Corporation, BackWeb Technologies Ltd., Documentum, Inc., Hummingbird Communications Ltd., Marimba, Inc., Open Text Corporation, TIBCO Software Inc. and Verity, Inc.;

- intranet and groupware companies including IBM Corporation and its subsidiary, Lotus Development Corporation, Microsoft Corporation and Novell; and - in-house development efforts by our customers and potential customers or partners.

For a further discussion of the competitive markets in which we operate, please see "Business -- Competition" on page 47.

IF OUR EFFORTS TO ENHANCE EXISTING PRODUCTS AND INTRODUCE NEW PRODUCTS ARE NOT SUCCESSFUL, WE MAY NOT BE ABLE TO GENERATE DEMAND FOR OUR PRODUCTS.

Our future success depends on our ability to provide a comprehensive e-business content and collaboration management solution. To provide this comprehensive solution, we must continually develop and introduce high quality, cost-effective products as well as product enhancements on a timely basis. In August 1999, we shipped iManage iTouch, a product that integrates with Microsoft Outlook. Our future revenue growth will depend significantly on the success of this new product. To date, we have only tested this product with a limited number of customers, and we delayed its release two months to incorporate customer-specific functionality. Therefore, we cannot guarantee that this product will gain widespread market acceptance. If the market does not accept iManage iTouch or other new products, our business will suffer and our stock price will likely fall.

In addition, while our current product offerings have the ability to manage many types of content, such as graphics, video, text, audio and data, we are dependent upon third parties to develop additional interfaces that will enable the deposit of certain types of structured relational data, particularly data generated by enterprise resource planning systems, into the iManage e-business Server. These third parties may not be able to develop these technologies, and we may therefore not be able to continue to offer a comprehensive e-business content and collaboration management solution. Our failure to offer a comprehensive solution would seriously harm our business.

IF OUR PRODUCTS CANNOT SCALE TO MEET THE DEMANDS OF THOUSANDS OF CONCURRENT USERS, OUR TARGETED CUSTOMERS MAY NOT LICENSE OUR SOLUTIONS, WHICH WILL CAUSE OUR REVENUE TO DECLINE.

Our strategy is to target large organizations that, because of the significant amounts of information and content that they generate and use, require our e-business content and collaboration management solution. For this strategy to succeed, our software products must be highly scalable; that is, they must be able to accommodate thousands of concurrent users. If our products cannot scale to accommodate a large number of concurrent users, our target markets will not accept our products and our business and operating results will suffer.

While we and independent test laboratories have tested the scalability of our products in simulations, we have not had the opportunity to observe the performance of our products in the context of an actual large-scale, that is, tens to hundreds of thousands of concurrent users, customer implementation. In fact, only a limited number of our customers have more than one thousand concurrent users who use our software to manage their information and content needs. Accordingly, it is possible that if our software solution is widely deployed, it may not perform adequately or fail entirely. If our customers cannot successfully implement large-scale deployments, or if they determine that our products cannot accommodate large-scale deployments, our customers will not license our solutions and this will materially adversely affect our financial condition and operating results.

IF USE OF THE INTERNET DOES NOT CONTINUE TO DEVELOP AND RELIABLY SUPPORT THE DEMANDS PLACED ON IT BY E-BUSINESS, WE MAY EXPERIENCE LOSS OF SALES.

Our success depends upon the acceptance and continued growth in the use of the Internet as a medium for the exchange of information and the conduct of commerce and collaborative processes among businesses and their partners, customers and service providers. The Internet may not be accepted as a viable long-term medium for these purposes for the following reasons:

- potentially inadequate development of the necessary network infrastructure to support businesses and their partners, customers and service providers;

- delays in the development of enabling technologies and performance improvements;

- delays in the development or adoption of new standards and protocols;

- concerns over the secure transmission of confidential information over the Internet; and - increased governmental regulation or taxation.

Our success depends in large part upon third parties maintaining the Internet infrastructure to provide a reliable network backbone with the necessary speed, data capacity, security and hardware necessary for reliable Internet access and services. If the Internet does not continue to develop, our business will not succeed.

In addition, although the Internet is experiencing rapid growth in the number of users, this growth is a recent phenomenon. As a result, acceptance and use may not continue to develop at historical rates and a sufficiently broad base of customers may not adopt, and continue to use, the Internet and other online services as a medium of commerce. Demand and market acceptance for recently introduced services and products over the Internet are subject to a high level of uncertainty, and there exist few proven services and products.

OUR PRODUCTS MIGHT NOT BE COMPATIBLE WITH ALL MAJOR PLATFORMS, WHICH COULD INHIBIT SALES AND HARM OUR BUSINESS.

We must continually modify and enhance our products to keep pace with changes in computer hardware and software and database technology, as well as emerging technical standards in the software industry. For example, we have designed our products to work with databases and servers such as Informix, Oracle and SQL Server and software applications including Microsoft Office, Lotus Notes and Novell GroupWise. Any changes to these platforms could require us to modify our products and could cause us to delay releasing a product until the updated version of that platform or application has been released. As a result, uncertainties related to the timing and nature of new product announcements, introductions or modifications by vendors of operating systems, back-end supporting applications and browsers and other Internet-related applications could hurt our business, as customers delay purchases until they determine how our products will operate with these updated platforms or applications.

In addition, our iManage e-business Server runs on the Windows NT platform. If a customer does not currently use the Windows NT platform and does not choose to adopt this platform, we will be unable to license our products to this customer. Furthermore, some of our products do not run on other popular operating systems, such as the UNIX operating system. If another platform becomes more widely used, we could be required to convert our product to that platform. We may not succeed in these efforts, and even if we do, potential customers may not choose to license our product.

Defects in Our Software Products Could Diminish Demand for Our Products.

Our software products are complex and may contain errors, including year 2000-related errors, that may be detected at any point in the life of the product. We cannot assure you that, despite testing by us, our implementation partners and our current and potential customers, errors will not be found in new products or releases after shipment, resulting in loss of revenues, delay in market acceptance and sales, diversion of development resources, injury to our reputation or increased service and warranty costs. If any of these were to occur, our business would be adversely affected and our stock price could fall.

Because our products are generally used in systems with other vendors' products, they must integrate successfully with these existing systems. System errors, whether caused by our products or those of another vendor, could adversely affect the market acceptance of our products, and any necessary revisions could cause us to incur significant expenses. In addition, since many of our customers use our products for critical applications, errors, defects or other performance problems with our products could result in financial or other damage to our customers and could significantly impair their operations. For a more detailed discussion of potential year 2000-related issues, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Year 2000 Compliance" which begins on page 34.

OUR MARKET CHANGES RAPIDLY DUE TO CHANGING TECHNOLOGY AND EVOLVING INDUSTRY STANDARDS, AND OUR FUTURE SUCCESS WILL DEPEND ON OUR ABILITY TO EFFECTIVELY RESPOND TO THESE CHANGES.

The market for our products is characterized by rapidly changing technology, evolving industry standards, frequent new service and product introductions and changes in customer demands. Our future success will depend to a substantial degree on our ability to offer products and services that incorporate leading technology, and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. You should be aware that:

- our technology or systems may become obsolete upon the introduction of alternative technologies, such as products that better manage various types of content;

- the technological life cycles of our products are difficult to estimate, and may vary across different industries;

- we may not have sufficient resources to develop or acquire new technologies or to introduce new products or services capable of competing with future technologies or service offerings; and - the price of the products provided by us is expected to decline as rapidly as the cost of any competitive alternatives.

We may not be able to effectively respond to the technological requirements of the changing market. To the extent we determine that new technologies and equipment are required to remain competitive, the development, acquisition and implementation of those technologies and equipment are likely to continue to require significant capital investment by us. Sufficient capital may not be available for this purpose in the future, and even if it is available, investments in new technologies may not result in commercially viable technological processes and there may not be commercial applications for those technologies. However, if we do not develop and introduce new products and services and achieve market acceptance in a timely manner, our business, financial condition and operating results may be materially adversely affected.

The Success of Our Products Is Dependent on Third-party Software and Applications.

We rely on software that we license from third parties, including software that is integrated with internally developed software and used in our products to perform key functions. For example, we license Search '97 from Verity, Inc. and we license Outside In Viewer Technology and Outside In HTML Export from INSO Corporation. The functionality of our products therefore depends on our ability to integrate these third-party technologies into our products. Furthermore, we may license additional software from third parties in the future in order to add functionality to our products. If our efforts to integrate this third-party software into our products are not successful, our customers may not license our products and our business will suffer.

In addition, we would be seriously harmed if the providers from whom we license software ceased to deliver and support reliable products, enhance their current products or respond to emerging industry standards. Moreover, the third-party software may not continue to be available to us on commercially reasonable terms or at all. Our license agreement with Verity terminates in February 2002 and our agreement with INSO terminates in December 2001 and each may be renewed only with the other party's written consent. The loss of, or inability to maintain or obtain licensed software, could result in shipment delays or reductions. Furthermore, we might be forced to limit the features available in our current or future product offerings. Either alternative could seriously harm our business and operating results.

IF WE ARE UNABLE TO PROTECT OUR INTELLECTUAL PROPERTY, OUR BUSINESS MAY SUFFER AS WE COULD LOSE MARKET SHARE, INCUR COSTLY LITIGATION EXPENSES OR LOSE VALUABLE ASSETS.

We believe that our continued success depends on protecting our proprietary technology. We rely on a combination of patent, trademark, service mark, trade secret and copyright law and contractual restrictions to protect the proprietary aspects of our technology. In addition, we also enter into confidentiality or license agreements with our employees and consultants, and control access to and distribution of our software, documentation and other proprietary information. These legal and practical protections afford only limited protection. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our products or to obtain and use our proprietary information. These attempts, if successful, could cause us to lose market share and thus harm our business and operating results. Litigation may be necessary to enforce our intellectual property rights, to protect our trade secrets and to determine the validity and scope of the proprietary rights of others. Any litigation could result in substantial costs and diversion of resources and could seriously harm our business and operating results. In addition, as we expand our international sales, we may find that the laws of many countries, particularly those in the Asia/Pacific region, do not protect our proprietary rights to as great an extent as the laws of the United States.

OTHERS MAY BRING INFRINGEMENT CLAIMS AGAINST US WHICH COULD BE TIME CONSUMING AND EXPENSIVE FOR US TO DEFEND.

Other companies, including our competitors, may obtain patents or other proprietary rights that would prevent, limit or interfere with our ability to make, use or sell our products. For example, we may discover that third parties have developed similar or competing technologies to manage, organize and deliver information and content. As a result, we may be found to infringe on the proprietary rights of others. Furthermore, companies in the software market are increasingly bringing suits that allege infringement of their proprietary rights, particularly patent rights. We could incur substantial costs to defend any litigation, and intellectual property litigation could force us to do one or more of the following:

- cease selling, incorporating or using key aspects of our e-business content and collaboration management solution that incorporate the challenged intellectual property;

- obtain a license from the holder of the infringed intellectual property right; and - redesign some or all of our suite of e-business content and collaboration management products to avoid infringing.

In the event of a successful claim of infringement against us and our failure or inability to license the infringed technology, our business and operating results would be significantly harmed.

WE COULD BE SUBJECT TO PRODUCT LIABILITY CLAIMS IF OUR CUSTOMERS' INFORMATION OR CONTENT IS DAMAGED THROUGH THE USE OF OUR PRODUCTS.

If software errors or design defects in our products cause damage to customers' data and our agreements do not protect us from related product liability claims, our business, financial condition and operating results may be materially adversely affected. Our software products are complex and sophisticated and may contain design defects or software errors that are difficult to detect and correct.

Errors, bugs or viruses may result in the loss of market acceptance or the loss of customer data. Our agreements with customers that attempt to limit our exposure to product liability claims may not be enforceable in certain jurisdictions where we operate.

OUR SUCCESS DEPENDS ON RETAINING OUR CURRENT KEY PERSONNEL AND ATTRACTING ADDITIONAL QUALIFIED PERSONNEL.

Our success depends largely on the skills, experience and performance of the members of our senior management and other key personnel, such as Mahmood Panjwani, our President and Chief Executive Officer, and Rafiq Mohammadi, our Chief Technology Officer. We may not be successful in attracting, assimilating or retaining qualified personnel in the future. None of our senior management or other key personnel is bound by an employment agreement. If we lose one or more of these key employees, our business and operating results could be seriously harmed. In addition, our future success will depend largely on our ability to continue attracting and retaining highly skilled personnel. Like other high-technology companies, we face intense competition for qualified personnel. For a more detailed description of our management personnel, please see "Management" which begins on page 50.

TO INCREASE OUR TOTAL REVENUES, WE MUST SUCCESSFULLY MANAGE OUR GROWTH AND EXPANSION; OTHERWISE, OUR BUSINESS WILL SUFFER.

Our historical growth has placed, and any further growth is likely to continue to place, a significant strain on our limited resources. Any failure to manage growth effectively could seriously harm our business and operating results.

We have grown from 29 employees at January 1, 1998 to 87 employees at June 30, 1999. To be successful, we will need to implement additional management information systems, improve our operating, administrative, financial and accounting systems and controls, train new employees and maintain close coordination among our executive, research and development, accounting, finance, marketing, sales and operations organizations. Our failure to do any of the foregoing will hurt our business and reduce our total revenues.

AS WE EXPAND OUR OPERATIONS INTERNATIONALLY, WE WILL FACE SIGNIFICANT RISKS IN DOING BUSINESS IN FOREIGN COUNTRIES.

A key component to our business strategy is to expand our existing sales and marketing activities internationally, particularly in Asia, Australia, New Zealand, and the United Kingdom. As a result of this business strategy, we expect to commit significant resources to expand our international sales and marketing activities. If our efforts are successful, we will be subject to a number of risks associated with international business activities, including:

- costs of customizing our products for foreign countries, including localization, translation and conversion to international and other foreign technology standards;

- laws and business practices favoring local competitors;

- compliance with multiple, conflicting and changing governmental laws and regulations, including changes in regulatory requirements that may limit our ability to sell our software in particular countries;

- import and export restrictions, tariffs and greater difficulty in collecting accounts receivable; and - difficulties in enforcing agreements through foreign legal systems.

Our failure to successfully address any of these risks will hurt our operations and may prevent our total revenues from growing.

Our international activities also face foreign currency-related risks. To date, all of our revenues have been denominated in U.S. dollars, but we believe that an increasing portion of our revenues may be denominated in foreign currencies. In particular, an increasing portion of our international revenues may be denominated in the Euro, the currency of the European Union. The Euro is an untested currency and may be subject to economic risks that are not currently contemplated. We currently do not engage in foreign exchange hedging activities. For additional information on our foreign currency risks, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations" which begins on page 23.

YEAR 2000 COMPLIANCE COSTS AND RISKS ARE DIFFICULT TO ASSESS AND COULD RESULT IN DELAY OR LOSS OF REVENUES, DIVERSION OF DEVELOPMENT RESOURCES, DAMAGE TO OUR REPUTATION OR INCREASED SERVICE, WARRANTY OR LITIGATION COSTS.

Although we believe that our internally-developed proprietary systems are year 2000 compliant, that is, that they will recognize date information correctly when the year changes to 2000, these systems nevertheless could be substantially impaired or cease to operate due to year 2000 problems. In addition, we rely on information technology supplied by third parties. Year 2000 problems experienced by us or any of these third parties could materially adversely affect our business. Furthermore, the Internet could face serious disruptions arising from the year 2000 problem.

We believe that many of our customers and potential customers have implemented policies that prohibit or strongly discourage making changes or additions to their internal computer systems until after January 1, 2000. We will experience fewer sales if potential customers who might otherwise purchase our products delay the purchase and implementation of our product until after January 1, 2000 in an effort to stabilize their internal computer systems to cope with the year 2000 problem or because their information technology budgets have been diverted to address year 2000 issues. If our potential customers delay purchasing or implementing our products as a result of the year 2000 problem, our business will be seriously harmed. In addition, because the revenues from some of our customers are recognized on a ratable basis, any implementation delays by these customers caused by their needs to address year 2000 issues will affect our ability to recognize these revenues.

Given the pervasive nature of the year 2000 problem, we cannot guarantee that disruptions in other industries and market segments will not adversely affect our business. We have not completed our year 2000 investigation and overall compliance initiative. The costs related to year 2000 compliance, which

thus far have not been material, could ultimately be significant and may harm our business. For a complete discussion of our readiness for the year 2000, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Year 2000 Compliance" which begins on page 34.

PROVISIONS IN OUR CHARTER DOCUMENTS, CUSTOMER AGREEMENTS AND DELAWARE LAW COULD PREVENT OR DELAY A CHANGE IN CONTROL OF IMANAGE AND MAY REDUCE THE MARKET PRICE OF OUR COMMON STOCK.

Provisions of our certificate of incorporation and bylaws may discourage, delay or prevent a merger or acquisition that a stockholder may consider favorable. These provisions include those that:

- authorize the issuance of preferred stock without stockholder approval;

- prohibit cumulative voting in the election of directors;

- require super-majority voting to effect amendments to our certificate of incorporation and bylaws;

- limit the persons who may call special meetings of stockholders; and - prohibit stockholder actions by written consent.

Provisions of Delaware law also may discourage, delay or prevent someone from acquiring or merging with us. Further, some agreements with our business partners require us to give prior notice of or obtain prior written consent to a change of control of iManage. For further information regarding these provisions, please see "Description of Capital Stock -- Delaware Anti-Takeover Law and Certain Charter Provisions" on page 67.

FUTURE ACQUISITIONS MAY BE DIFFICULT TO INTEGRATE, DISRUPT OUR BUSINESS, DILUTE STOCKHOLDER VALUE OR DIVERT MANAGEMENT ATTENTION.

As part of our business strategy, we may find it necessary to acquire additional businesses, products or technologies that we feel could complement or expand our business, increase our market coverage, enhance our technical capabilities or otherwise offer growth opportunities. If we identify an appropriate acquisition candidate, we may not be able to successfully negotiate the terms of the acquisition, finance the acquisition, or integrate the acquired business, products or technologies into our existing business and operations. Furthermore, completing a potential acquisition and integrating an acquired business will cause significant diversions of management time and other resources. Since we have never acquired another business, we may experience unexpected difficulties and obstacles in acquiring and integrating new operations.

If we consummate one or more significant acquisitions in which the consideration consists of stock or other securities, your equity could be significantly diluted. If we were to proceed with one or more significant acquisitions in which the consideration included cash, we could be required to use a substantial portion of our available cash, including proceeds of this offering, to consummate that acquisition. Acquisition financing may not be available on favorable terms, if at all. In addition, we may be required to amortize significant amounts of goodwill and other intangible assets in connection with future acquisitions, which would seriously harm our operating results.

OUR EXECUTIVE OFFICERS, DIRECTORS AND MAJOR STOCKHOLDERS WILL RETAIN SIGNIFICANT CONTROL OVER IMANAGE AFTER THIS OFFERING, WHICH MAY LEAD TO CONFLICTS WITH OTHER STOCKHOLDERS OVER CORPORATE GOVERNANCE MATTERS.

Upon completion of this offering, our executive officers, directors and principal stockholders will beneficially own approximately % of our outstanding common stock. As a result, these stockholders will be able to exercise control over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, which could have the effect of delaying or preventing a third party from acquiring control over or merging with us. We also plan to reserve up to 5% of the shares offered in this offering under a directed share program which our executive officers, directors and principal stockholders, among others, may be able to purchase shares in this offering at the initial public offering price. This program may further increase the amount of stock held by persons whose interests are closely aligned with management's interests. For information regarding the ownership of our outstanding stock by our executive officers and directors and their affiliates, please see "Principal Stockholders" on page 63.

OUR STOCK PRICE MAY BE VOLATILE AND YOU MAY NOT BE ABLE TO RESELL YOUR SHARES AT OR ABOVE THE INITIAL PUBLIC OFFERING PRICE.

There has been no public market for our common stock prior to this offering. An active public market for our common stock may not develop or be sustained after this offering. The initial public offering price for our common stock will be determined through negotiations between the underwriters and us. The market price for our common stock will vary from the initial offering price after this offering. If you purchase shares of common stock, you may not be able to resell those shares at or above the initial public offering price. The market price of our common stock may fluctuate significantly in response to a number of factors, some of which are beyond our control, including:

- quarterly fluctuations in operating results as we expand into other markets or adopt other pricing structures such as subscription or services-based licensing;

- changes in financial estimates or recommendations by securities analysts;

- announcements by us or our competitors of financial results, new products, significant technological innovations, contracts, acquisitions, strategic partnerships, joint ventures, capital commitments or other events;

- additions or departures of key personnel, including Mahmood Panjwani, our President and Chief Executive Officer, and Rafiq Mohammadi, our Chief Technology Officer;

- any future sales of our common stock or other securities; and - stock market price and volume fluctuations, which are particularly common among securities of Internet-related companies.

In addition, the stock market has experienced extreme volatility that often has been unrelated to the performance of particular companies. These market fluctuations may cause our stock price to fall regardless of our performance.

You should read the "Underwriting" section on page 71 for a more complete discussion of the factors to be considered in determining the initial public offering price of our common stock.

OUR STOCK PRICE COULD BE AFFECTED BY SHARES OF OUR COMMON STOCK BECOMING AVAILABLE FOR SALE IN THE FUTURE.

If our stockholders sell substantial amounts of our common stock in the public market following this offering, the market price of our common stock could fall. In addition, the sale of these shares could impair our ability to raise capital through the sale of additional stock. Based on shares outstanding as of June 30, 1999, upon completion of this offering, we will have shares of common stock outstanding, or shares if the underwriters' overallotment is exercised in full. Other than the shares sold in this offering, no shares will be immediately eligible for sale in the public market. Our directors, executive officers and current stockholders will be subject to agreements with the underwriters or us that restrict their ability to transfer their stock for 180 days from the date of this prospectus. After these agreements expire, an additional shares will be eligible for sale in the public market, in some cases subject only to the volume, manner of sale and notice requirements of Rule 144 of the Securities Act. The increase in the shares eligible for sale upon expiration of these agreements may cause the price of our stock to decline. For a detailed discussion of the shares eligible for future sale, please see "Shares Eligible for Future Sale" on page 69.

You Will Incur Immediate and Substantial Dilution as a Result of This Offering.

The initial public offering price is expected to be substantially higher than the book value per share of our outstanding common stock. As a result, investors purchasing common stock in this offering will incur immediate and substantial dilution. In addition, we have issued options to acquire common stock at prices significantly below the initial public offering price. To the extent outstanding options are ultimately exercised, there will be further dilution to investors in this offering. For a discussion regarding dilution in this offering, please see "Dilution" on page 21.

MANAGEMENT CAN SPEND THE PROCEEDS OF THIS OFFERING IN WAYS WITH WHICH THE STOCKHOLDERS MAY NOT AGREE.

We plan to use the net proceeds from this offering for general corporate purposes. Therefore, we will have broad discretion as to how we will spend these proceeds, and stockholders may not agree with the ways in which we use the proceeds. We may not be successful in investing the net proceeds from this offering, in our operations or external investments, to yield a favorable return or result. For a discussion of our anticipated uses of the net proceeds of this offering, please see "Use of Proceeds" on page 19.

WE MAY BE UNABLE TO MEET OUR FUTURE CAPITAL REQUIREMENTS WHICH WOULD LIMIT OUR ABILITY TO GROW.

We may need to seek additional funding in the future. We cannot be certain that we will be able to obtain additional financing on favorable terms, if at all. In addition, if we issue equity securities, stockholders may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of common stock. If we cannot raise funds on acceptable terms, if and when needed, we may not be able to develop or enhance our products, take advantage of future opportunities or respond to competitive pressures or unanticipated requirements, which could seriously harm our business.

WE ARE AT RISK OF SECURITIES CLASS-ACTION LITIGATION DUE TO OUR EXPECTED STOCK PRICE VOLATILITY.

In the past, securities class-action litigation has often been brought against a company following periods of volatility in the market price of its securities. We may in the future be the target of similar litigation. Securities litigation could result in substantial costs and divert management's attention and resources.

Special Note Regarding Forward-looking Statements

Some of the statements under "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and elsewhere in this prospectus constitute forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expect," "plan," "intend," "forecast," "anticipate," "believe," "estimate," "predict," "potential," "continue" or the negative of these terms or other comparable terminology. The forward-looking statements contained in this prospectus involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, level of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these statements. These factors include, among others, those listed under "Risk Factors" and elsewhere in this prospectus.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. You should not place undue reliance on these forward-looking statements.

Use of Proceeds

We estimate that our net proceeds from the sale of the shares of common stock we are offering will be approximately $ million, at an assumed initial public offering price of $ per share and after deducting estimated underwriting discounts and commissions and estimated offering expenses. If the underwriters' over-allotment option is exercised in full, we estimate that our net proceeds will be approximately $ million.

The principal purposes of this offering are to obtain additional capital, to create a public market for our common stock, to enhance our ability to acquire other businesses, products or technologies, and to facilitate future access to public equity markets. We intend to use the proceeds for working capital,

capital expenditures and other general corporate purposes. We may also use a portion of the net proceeds from this offering to acquire or invest in businesses, technologies or products that are complementary to our business. We currently have no commitments or agreements with respect to any acquisitions. Pending our use of the net proceeds, we intend to invest them in short-term, interest bearing, investment grade securities.

Dividend Policy

We have never declared or paid any cash dividends on our common stock and do not anticipate paying such cash dividends in the foreseeable future. We currently anticipate that we will retain all of our future earnings for use in the development and expansion of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors and will depend upon our financial condition, operating results and other factors as the board of directors, in its discretion, deems relevant. Additionally, we have entered into loan agreements with creditors that restrict our ability to pay dividends.

Capitalization

The following table sets forth the capitalization of iManage as of June 30, 1999. The pro forma information reflects the conversion of each outstanding share of preferred stock into one share of common stock upon the closing of this offering. The pro forma as adjusted information reflects the sale of shares of common stock that we are offering at an assumed initial public offering price of $ per share after deducting estimated underwriting discounts and commissions and our estimated offering expenses and the application of the net proceeds we receive from this offering. In addition, the pro forma as adjusted information reflects none of the 1,894,950 shares of common stock issuable upon exercise of outstanding options at June 30, 1999 at a weighted average exercise price of $0.58. For a description of our option plans, please see "Management -- Stock Option Plans" on page 55.

This table should be read in conjunction with our Financial Statements and the related notes included elsewhere in this prospectus. For more information regarding our capitalization, please see "Use of Proceeds" on page 19 and "Certain Transactions" on page 59.

AS OF JUNE 30, 1999 PRO FORMA ACTUAL PRO FORMA AS ADJUSTED (UNAUDITED) (IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

```
Long-term debt.....................................  $   889    $   889      $
Stockholders' equity:
  Preferred stock, $.001 par value; 8,153,708 shares
     authorized, actual; 2,000,000 shares authorized, pro
     forma and pro forma as adjusted; 8,033,117 shares
     issued and outstanding, actual; none issued or
     outstanding, pro forma and pro forma as adjusted.....        8         --
  Common stock, $.001 par value; 20,000,000 shares
     authorized, actual; 100,000,000 shares authorized,
     pro forma and pro forma as adjusted; 8,745,413 shares
     issued and outstanding, actual; 16,778,530 issued and
     outstanding, pro forma;                shares issued
```

and outstanding, pro forma as adjusted.....	8	16
Additional paid-in capital.....	20,100	20,100
Deferred stock-based compensation.....	(3,047)	(3,047)
Notes receivable for common stock.....	(498)	(498)
Accumulated deficit.....	(9,126)	(9,126)
Total stockholders' equity.....	7,445	7,445
Total capitalization.....	$ 8,334	$ 8,334

Dilution

If you invest in our common stock, your interest will be diluted to the extent of the difference between the public offering price per share of our common stock and the pro forma net tangible book value per share of our common stock after this offering. In the table below, we have calculated pro forma net tangible book value per share by dividing the net tangible book value, tangible assets less total liabilities, by the number of outstanding shares of common stock as adjusted for the conversion of 8,033,117 shares of preferred stock into common stock upon consummation of this offering. If you participate in this offering, you could pay as much as $ per share which substantially exceeds $ per share, which is the pro forma per share value of our tangible assets after deducting our liabilities. You and other participants in this offering will contribute % of the total amount of the funds we have raised but will own of % of iManage.

Our pro forma net tangible book value as of June 30, 1999 was approximately $ or $ per share, assuming the conversion of all outstanding shares of preferred stock into shares of common stock. Pro forma net tangible book value per share is determined by dividing the pro forma number of outstanding shares of common stock into our net tangible book value, which is our total tangible assets less total liabilities. After giving effect to the receipt of the estimated net proceeds from this offering, based upon an assumed initial public offering price of $ per share and after deducting the estimated underwriting discounts and commissions and estimated offering expenses, our pro forma as adjusted net tangible book value as of June 30, 1999 would have been approximately $, or $ per share. This represents an immediate increase in pro forma as adjusted net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to investors purchasing common stock in this offering. The following table illustrates the per share dilution:

ASSUMING NO EXERCISE OF OVER-ALLOTMENT OPTION Assumed initial public offering price per share..... $ Pro forma net tangible book value per share as of June 30, 1999..... $ Increase per share attributable to new investors..... Pro forma as adjusted net tangible book value per share after the offering..... Dilution per share to new investors..... $ The following table summarizes as of June 30, 1999, on the pro forma basis described above, the number of shares of common stock purchased from us, the total consideration paid and the average price per share paid by existing stockholders and by investors purchasing shares of common stock in this offering, before deducting the estimated underwriting discounts and commissions and estimated offering expenses:

		TOTAL
	SHARES PURCHASED	CONSIDERATION

	NUMBER	PERCENT	AMOUNT	PERCENT	AVERAGE PRICE PAID PER SHARE
Existing stockholders.....		%	$	%	$
New investors.....					
Total.....		100%	$	100%	

Selected Financial Data

The following data have been derived from financial statements audited by PricewaterhouseCoopers LLP, independent accountants, except for the data for the six month period ended June 30, 1998. Balance sheets at December 31, 1997 and 1998 and at June 30, 1999, the related statements of operations and of cash flows for the three years ended December 31, 1998 and the six month period ended June 30, 1999 and notes thereto appear elsewhere in this prospectus. The statement of operations data for the period from October 10, 1995, our inception, through December 31, 1995 and the balance sheet data as of December 31, 1995 and 1996 are derived from audited financial statements not included in this prospectus.

The selected financial data set forth below contains only a portion of iManage's financial statements and should be read in conjunction with the Financial Statements and related Notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus. In particular, see Note 2 to Financial Statements for an explanation of the calculations of net loss per share and per share amounts.

	PERIOD FROM OCTOBER 10, 1995 (INCEPTION) TO DECEMBER 31, 1995	YEAR ENDED DECEMBER 31, 1996	1997	1998	SIX MONTH PERIOD ENDED JUNE 30, 1998	1999
					(UNAUDITED)	
	(IN THOUSANDS, EXCEPT PER SHARE DATA)					
STATEMENTS OF OPERATIONS DATA:						
Revenues:						
License.....	$ --	$ 70	$ 1,172	$ 6,509	$ 1,849	$ 6,159
Support and services.....	--	4	358	1,232	384	1,715
Total revenues.....	--	74	1,530	7,741	2,233	7,874
Cost of revenues:						
License.....	--	4	136	414	150	327
Support and services.....	--	38	163	1,213	499	1,173
Total cost of revenues.....	--	42	299	1,627	649	1,500
Gross profit.....	--	32	1,231	6,114	1,584	6,374
Operating expenses:						
Sales and marketing.....	19	335	1,120	4,393	1,798	3,677
Research and development.....	24	113	935	2,351	1,058	

1,884					
General and administrative.....	21	272	706	1,295	577
938					
Stock-based compensation.....	--	--	2,079	1,054	422
1,991					
Total operating expenses.....	64	720	4,840	9,093	3,855
8,490					
Loss from operations.....	(64)	(688)	(3,609)	(2,979)	(2,271)
(2,116)					
Interest income (expense), net.....	--	(4)	13	139	34
186					
Loss before provision for income taxes...	(64)	(692)	(3,596)	(2,840)	(2,237)
(1,930)					
Provision for income taxes.....	--	--	--	--	--
4					
Net loss.....	$ (64)	$ (692)	$(3,596)	$(2,840)	$(2,237)
$(1,934)					
Net loss per share -- basic and diluted.....	$(0.01)	$(0.12)	$ (0.57)	$ (0.38)	$ (0.31)
$ (0.24)					
Shares used in net loss per share -- basic and diluted.....	6,000	6,004	6,292	7,455	7,227
8,102					
Pro forma net loss per share -- basic and diluted.....				$ (0.21)	
$ (0.12)					
Shares used in pro forma net loss per share -- basic and diluted.....				13,489	
16,135					

	DECEMBER 31,				JUNE 30,
	1995	1996	1997	1998	1999
	(IN THOUSANDS)				
BALANCE SHEETS DATA:					
Cash, cash equivalents and short term investments.....	$ 10	$359	$1,789	$ 7,617	$12,117
Working capital (deficit).....	(18)	17	1,740	6,119	6,261
Total assets.....	44	511	3,260	13,495	18,560
Long-term debt.....	--	--	--	--	889
Total stockholders' equity.....	17	90	1,986	7,360	7,445

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the Financial Statements and Notes thereto included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.

Overview

We supply e-business content and collaboration management software that provides organizations with a web-based unified content platform that manages, organizes and delivers relevant information from a variety of sources in a centralized manner throughout the extended enterprise. We believe we are a leading provider of e-business content and collaboration management software, based on the number of customers we serve and the features our software provides. Since 1996, we have licensed our products to over 400 customers for use by over 100,000 end users.

We were incorporated in October 1995 and commenced operations shortly thereafter. During the period October 1995 through September 1996 we were a development stage company and had no revenues. Our operating activities during this period related primarily to developing our product, building our corporate infrastructure and raising capital. In October 1996, we released the first version of our iManage e-business Server and iManage iForm,and sold them through a small sales force and support staff. In June 1997, we enhanced our iManage suite of products and shipped iManage iSync. In March 1998, we released an enhanced version of iManage e-business Server. We began shipping our iManage iTouch in August 1999.

Our total revenues, which consist of software license revenues and support and services revenues, totaled $74,000 in 1996, $1.5 million in 1997, $7.7 million in 1998 and $7.9 million in the six month period ended June 30, 1999. Through June 30, 1999, substantially all of our total revenues were derived from licenses of the iManage e-business Server, iManage iForm and iManage iSync and related services. We expect that for the foreseeable future, substantially all of our total revenues will be derived from our iManage e-business Server, iManage iForm and iManage iSync product lines and related services. Our license revenues are based on the number of users and servers. Support and services revenues consist of customer support, training and consulting. Customers who license our products generally purchase support contracts, which are billed on a subscription basis typically covering a 12-month period. Training services are billed on a per student or per class session basis and consulting is customarily billed at a fixed daily rate plus our out-of-pocket expenses. For a discussion of our historical revenue concentration, please see "Risk Factors -- We have always been heavily dependent upon law firm customers. If we do not expand sales of our products to other customers, we may not be able to grow our revenues consistent with past growth rates and our operating results will suffer" on page 8.

We market our software and services primarily through our direct sales organization, resellers and system integrators in the United States and Canada, and through distributors in the United Kingdom and Australia. Revenues from iManage e-business Server, iManage iForm and iManage iSync licenses and services to customers outside the United States and Canada have been insignificant to date.

Through 1997, we recognized revenues in accordance with the American Institute of Certified Public Accountants Statement of Position 91-1. Commencing in 1998, we began recognizing revenues in accordance with the American Institute of Certified Public Accountants Statement of Position 97-2, "Software Revenue Recognition," or SOP 97-2, as amended by Statement of Position 98-4. Further implementation guidelines relating to these standards may result in unanticipated changes in our revenue recognition practices, and these changes could affect our future revenues and earnings.

We recognize license revenues upon shipment if a signed contract exists, the fee is fixed and determinable, collection of resulting receivables is probable and product returns are reasonably estimable and if applicable, acceptance criteria have been met. Provisions for estimated warranty costs and sale returns are recorded at the time of shipment.

For contracts with multiple obligations, for example, deliverable and undeliverable products, support and other services, we allocate revenues to each element of the contract based on objective evidence of its fair value, which is specific to us, or for products not being sold separately, the price management has established. We recognize revenues allocated to undelivered products when the criteria for license revenues set forth above are met. We recognize support and services revenues, including amounts allocated from contracts with multiple obligations and for ongoing customer support ratably over the period of the support contract. Payments for support fees are generally made in advance and are non-refundable. For revenues allocated to training and consulting services or derived from the separate sales of these services, we recognize revenues as the related services are performed.

Our cost of license revenues includes royalties due to third parties for integrated technology, the cost of manuals and product documentation, production media used to deliver our products and packaging costs. Our cost of support and services revenues includes salaries and related expenses for the customer support and training organization and an allocation of overhead expenses.

Our operating expenses are classified as sales and marketing, research and development, general and administrative and stock-based compensation. We classify all charges to these operating expense categories based on the nature of the expenditures. Although each category includes expenses that are unique to the category type, there are common recurring expenditures that are typically included in all operating expense categories, including salaries, employee benefits, incentive compensation, bonuses, travel costs, professional fees, telephone, communication and rent and allocated facilities costs. The sales and marketing category of operating expenses includes additional expenditures specific to the sales group, such as commissions, and expenditures specific to the marketing group, including public relations and advertising, trade shows and marketing collateral materials. In the development of our new products and enhancements of existing products, the technological feasibility of the software is not established until substantially all product development is complete. Historically, software development costs eligible for capitalization have been insignificant, and we have expensed all costs related to internal research and development as we have incurred them.

In connection with the granting of stock options to our employees and consultants, we have recorded deferred stock-based compensation totaling approximately $8.2 million through June 30, 1999, of which approximately $3.0 million remains to be amortized. This amount represents the difference between the exercise price and the current estimated fair value of our common stock on the date these stock options were granted. This amount is included as a component of stockholders' equity and is being amortized by charges to operations over the vesting period of the options, consistent with the method described in Financial Accounting Standards Board, or FASB, Interpretation No. 28. We recognized stock-based compensation expense of approximately $2.1 million and $1.1 million in 1997 and 1998, respectively, and approximately $2.0 million for the six month period ended June 30, 1999,

which includes stock-based compensation amounts for services not initially deferred. We expect to record additional deferred stock-based compensation with respect to stock option grants made subsequent to June 30, 1999 of at least $1.3 million. The amortization of the remaining deferred stock-based compensation at June 30, 1999 will result in additional charges to operations through 2002. The stock-based compensation expense is included in our operating expenses.

We anticipate that our operating expenses will increase substantially for the foreseeable future as we intend to continue to incur significant research and development costs and invest heavily in the expansion of our sales, marketing and support organizations to build an infrastructure to support our long-term growth strategy. The number of our full-time employees increased from 59 as of December 31, 1998, to 87 as of June 30, 1999. We will seek to hire additional employees in the future. As a result of investments relating to the expansion of our business, we have incurred net losses in each quarter since inception and, as of June 30, 1999, had an accumulated deficit of $9.1 million. In order to achieve profitability, we will have to increase our total revenues significantly. We cannot assure you that we will ever attain or maintain profitability.

In view of the rapidly changing nature of our market and our limited operating history, we believe that period-to-period comparisons of our revenues and operating results are not necessarily meaningful and should not be relied upon as indicative of future performance. Our historic revenue growth rates are not necessarily sustainable or indicative of our future growth. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in early stages of development, particularly companies in new and rapidly evolving markets. We cannot assure you we will be successful in addressing these risks and difficulties.

Results of Operations

The following table sets forth certain statement of operations data as a percentage of total revenues for the periods indicated.

	YEAR ENDED DECEMBER 31,			SIX MONTH PERIOD ENDED JUNE 30,	
	1996	1997	1998	1998	1999
				(UNAUDITED)	
STATEMENTS OF OPERATIONS DATA:					
Revenues:					
License	94.6%	76.6%	84.1%	82.8%	78.2%
Support and services	5.4	23.4	15.9	17.2	21.8
Total revenues	100.0	100.0	100.0	100.0	100.0
Cost of revenues:					
License	5.4	8.9	5.3	6.7	4.2
Support and services	51.4	10.7	15.7	22.3	14.9
Total cost of revenues	56.8	19.5	21.0	29.1	19.1
Gross profit	43.2	80.5	79.0	70.9	80.9
Operating expenses:					
Sales and marketing	452.7	73.2	56.7	80.5	46.7
Research and development	152.7	61.1	30.4	47.4	23.9
General and administrative	367.6	46.1	16.7	25.8	11.9
Stock-based compensation	0.0	135.9	13.6	18.9	25.3
Total operating expenses	973.0	316.3	117.5	172.6	107.8
Loss from operations	(929.7)	(235.9)	(38.5)	(101.7)	(26.9)

Interest income (expense), net.....	(5.4)	0.8	1.8	1.5	2.4
Loss before provision for income taxes.....	(935.1)	(235.0)	(36.7)	(100.2)	(24.5)
Provision for income taxes.....	0.0	0.0	0.0%	0.0	0.1
Net loss.....	(935.1)%	(235.0)%	(36.7)%	(100.2)%	(24.6)%

Six Month Period Ended June 30, 1998 and 1999

Revenues

Our total revenues are derived from software licenses and related support and services. Our revenues were $2.2 million and $7.9 million for the six month period ended June 30, 1998 and 1999, respectively, representing an increase of $5.7 million, or 259.1%. International revenues were not significant for the six month period ended June 30, 1998 and 1999.

License Revenues. Our license revenues were $1.8 million and $6.2 million for the six month period ended June 30, 1998 and 1999, respectively, representing an increase of $4.4 million, or 244.4%. License revenues represented 82.8% and 78.2% of total revenues for the six month period ended June 30, 1998 and 1999, respectively. This increase was primarily a result of increased sales of iManage e-business Server, iManage iForm and iManage iSync, reflecting the increased market acceptance of these products, as well as increases in the size and productivity of the sales force and our resellers.

Support and Services Revenues. Support and services revenues consist primarily of support and, to a lesser extent, training and consulting services associated with the increase in licenses of iManage e-business Server, iManage iForm and iManage iSync during these periods. Our support and services revenues were $384,000 and $1.7 million for the six month period ended June 30, 1998 and 1999, respectively, representing an increase of $1.3 million, or 342.7%. Support and services revenues represented 17.2% and 21.8% of total revenues for the six month period ended June 30, 1998 and 1999, respectively. The increase in support and services revenues for the six month period ended June 30, 1999 compared to the six month period ended June 30, 1998 was primarily a result of increased licenses of iManage e-business Server, iManage iForm and iManage iSync in 1999. We expect that the proportion of our support and services revenues to total revenues will fluctuate in the future, depending in part on the level and nature of license revenues as well as the number of support contracts sold and the level of training and consulting revenues.

Cost of Revenues

Cost of License Revenues. Cost of license revenues was $150,000 and $327,000 for the six month period ended June 30, 1998 and 1999, respectively, representing an increase of $177,000, or 118.0%. This increase was principally a result of increased royalties owed to third parties for integrated technologies as a result of additional third-party technology arrangements entered into during 1999.

Cost of license revenues represented 8.1% and 5.3% of license revenues for the six month period ended June 30, 1998 and 1999, respectively. We expect that the cost of license revenues will fluctuate as a percentage of license revenues in the future depending in part on the demand for our current products.

Cost of Support and Services Revenues. Cost of support and services revenues was $499,000 and $1.2 million for the six month period ended June 30, 1998 and 1999, respectively, representing an increase of $701,000, or 140.5%. This increase was primarily a result of an increase in technical support and training personnel costs and headcount, an increase in facility-related overhead costs and an increase in travel-related costs, all of which were necessary to manage and support our growing customer base. Cost of support and services revenues was 129.9% and 68.4% of support and services revenues for the six month period ended June 30, 1998 and 1999, respectively. Cost of support and services revenues as a percentage of support and services revenues may vary between periods due to the customer support services versus the mix of training and consulting services we provide.

Operating Expenses

Sales and Marketing. Sales and marketing expenses were $1.8 million and $3.7 million for the six month period ended June 30, 1998 and 1999, respectively, representing an increase of $1.9 million, or 105.6%. This increase was primarily a result of investments in sales and marketing, which included significant personnel-related costs to recruit and hire sales and marketing personnel, increased facility-related overhead expenses and increased professional service expenses primarily related to third-party consultants. Sales and marketing employees increased from 17 as of June 30, 1998 to 35 as of June 30, 1999, an increase of 18, or 105.9%. Sales and marketing expenses represented 80.5% and 46.7% of total revenues for the six month period ended June 30, 1998 and 1999, respectively. We believe that a significant increase in our sales and marketing efforts is essential for us to maintain our market position and further increase acceptance of our products. Accordingly, we anticipate that sales and marketing expenses will increase in absolute dollars but may fluctuate as a percentage of total revenues in future periods.

Research and Development. Research and development expenses were $1.1 million and $1.9 million for the six month period ended June 30, 1998 and 1999, respectively, representing an increase of $800,000, or 72.7%. This increase was primarily a result of an increase in the number of software developers, program management and documentation personnel and outside contractors we use to support development of our products. Our research and development employees increased from 16 as of June 30, 1998 to 23 as of June 30, 1999, an increase of seven, or 43.8%. Research and development costs represented 47.4% and 23.9% of total revenues for the six month period ended June 30, 1998 and 1999, respectively. We believe that significant increases in our research and development investment are essential for us to maintain our market position, to continue to expand our product line and to enhance the unified content technology platform for our suite of products. Accordingly, we anticipate that we will continue to invest significantly in product research and development for the foreseeable future, and as a result, our research and development expenses are likely to increase in absolute dollars in future periods.

General and Administrative. General and administrative expenses were $577,000 and $938,000 for the six month period ended June 30, 1998 and 1999, respectively, representing an increase of $361,000, or 62.6%. This increase was primarily a result of additional finance, executive, information services and human resources personnel needed to support the growth of our business, an increase in facility-related overhead costs and an increase of outside contractors expense associated with expanded human resources programs. General and administrative costs represented 25.8% and 11.9% of our total revenues for the six month period ended June 30, 1998 and 1999, respectively. We believe that our general and administrative expenses will continue to increase in absolute dollars as a result of the continued expansion of our administrative staff and expenses associated with being a public company.

Interest Income (Expense), Net. Interest income was $39,000 and $204,000 for the six month period ended June 30, 1998 and 1999, respectively, representing an increase of $165,000, or 423.1%. This increase reflects the higher cash and short-term investment base as a result of proceeds we received in September 1998 from issuance of our series C preferred stock and borrowings under our equipment line of credit in March 1999, in addition to the generation of cash from operations during 1999. Interest expense was $5,000 and $18,000 for the six month period ended June 30, 1998 and 1999, respectively, with the increase primarily the result of borrowings under our equipment line of credit in March 1999.

Provision for Income Taxes. As of June 30, 1999, we had estimated net operating loss carryforwards for federal and state income tax reporting purposes of approximately $3.2 million and federal and state tax credit carryforwards of $350,000, which expire through 2018. The U.S. tax laws contain provisions that limit the use in any future period of net operating loss and credit carryforwards upon the occurrence of certain events, including a significant change in ownership interests. We had deferred tax assets, including our net operating loss carryforwards and tax credits, totaling approximately $1.9 million as of June 30, 1999. A valuation allowance has been recorded for the entire deferred tax asset as a result of uncertainties regarding the realization of the asset balance. See Note 7 to Financial Statements on page F-20.

Year Ended December 31, 1996, 1997 and 1998

Revenues

Our revenues were $74,000 in 1996, $1.5 million in 1997 and $7.7 million in 1998, representing increases of $1.4 million, or 1,927.0%, from 1996 to 1997, and $6.2 million, or 413.3%, from 1997 to 1998.

License Revenues. Our license revenues were $70,000 in 1996, $1.2 million in 1997 and $6.5 million in 1998, representing increases of $1.1 million, or 1,614.3%, from 1996 to 1997 and $5.3 million, or 441.7%, from 1997 to 1998. License revenues represented 94.6%, 76.6% and 84.1% of our total revenues in 1996, 1997 and 1998, respectively. The increase in our license revenues from 28 1996 to

1997 was primarily the result of the initial shipment in October 1996 of iManage e-business Server, iManage iForm and iManage iSync. The increase in our license revenues from 1997 to 1998 was primarily due to increased market acceptance of these products and increased prices for these products.

Support and Services Revenues. Our support and services revenues were $4,000 in 1996, $358,000 in 1997 and $1.2 million in 1998, representing increases of $354,000 from 1996 to 1997 and $842,000, or 235.2%, from 1997 to 1998. In 1997 and 1998, support and services revenues consisted primarily of customer support and, to a lesser extent, training services, associated with the increasing license revenues during these periods. Support and services revenues represented 5.4%, 23.4% and 15.9% of our total revenues in 1996, 1997 and 1998, respectively. The increase in absolute dollars in support and services revenues from 1997 to 1998 reflects increasing licenses of our iManage e-business Server, iManage iForm and iManage iSync.

Cost of Revenues

Cost of License Revenues. Cost of license revenues was $4,000 in 1996, $136,000 in 1997 and $414,000 in 1998, representing increases of $132,000, or 3,300.0%, from 1996 to 1997 and $278,000, or 204.4%, from 1997 to 1998. The increase from 1996 to 1997 was a result of increased costs of production of manuals and other media associated with the increasing license revenues during this period. The increase in 1997 to 1998 was a result of increased royalties to third parties for technology integrated into our iManage e-business Server in the fourth quarter of 1997 and the first quarter of 1998. Cost of license revenues as a percentage of license revenues was 5.7% for 1996, 11.6% for 1997 and 6.4% for 1998.

Cost of Support and Services Revenues. Cost of support and services revenues was $38,000 in 1996, $163,000 in 1997 and $1.2 million in 1998, representing increases of $125,000, or 328.9%, from 1996 to 1997 and $1.0 million, or 636.2%, from 1997 to 1998. The increases from 1996 to 1997 and 1997 to 1998 resulted primarily from increases in technical support and training personnel costs and headcount and increases in travel-related costs to manage and support our growing customer base. Cost of support and services revenues as a percentage of support and services revenues was 950.0% for 1996, 45.5% for 1997 and 98.5% for 1998.

Operating Expenses

Sales and Marketing. Sales and marketing expenses were $335,000 in 1996, $1.1 million in 1997 and $4.4 million in 1998, representing increases of $765,000, or 228.4%, from 1996 to 1997 and $3.3 million, or 300.0%, from 1997 to 1998. The increases from 1996 through 1998 primarily reflected investments in our sales and marketing infrastructure, which included significant personnel-related expenses including salaries, benefits and commissions, recruiting fees, travel and entertainment expenses, and related costs of hiring sales management, sales representatives, sales engineers and marketing personnel. Sales and marketing employees totaled three, nine and 23 as of December 31,

1996, 1997 and 1998, respectively, representing increases of 200.0% from 1996 to 1997 and 155.6% from 1997 to 1998. The increase in sales and marketing expenses from 1997 to 1998 also reflected increased public relations and trade show expenses, and increased facility-related overhead costs. Sales and marketing expenses as a percentage of total revenues were 452.7% for 1996, 73.2% for 1997 and 56.7% for 1998. The decreases in sales and marketing expenses as a percentage of total revenues from 1996 through 1998 reflected the more rapid growth of our total revenues compared to the growth of sales and marketing expenses in these periods.

Research and Development. Research and development expenses were $113,000 in 1996, $935,000 in 1997 and $2.4 million in 1998, representing increases of $822,000, or 727.4%, from 1996 to 1997 and $1.5 million, or 156.7% from 1997 to 1998. The increases from 1996 through 1998 were primarily related to the increase in the wage rates, benefits and the number of software developers and quality assurance personnel and third-party consultants to support our product development and testing activities related to the development of iManage iForm, iManage iSync and iManage iTouch as well as enhancements to iManage e-business Server. Our research and development employees totaled three, 12 and 16 as of December 31, 1996, 1997 and 1998, respectively, representing increases of 300.0% from 1996 to 1997 and 33.3% from 1997 to 1998. Research and development costs as a percentage of total revenues were 152.7.% in 1996, 61.1% in 1997 and 30.4% in 1998. The decreases in research and development expenses as a percentage of total revenues from 1996 through 1998 reflected increases in our total revenues.

General and Administrative. General and administrative expenses were $272,000 in 1996, $706,000 in 1997 and $1.3 million in 1998, representing increases of $434,000, or 159.6%, from 1996 to 1997 and $594,000, or 84.1%, from 1997 to 1998. The increases from 1996 through 1998 were primarily the result of additional finance, executive and administrative personnel and professional service costs, primarily accounting and legal, to support the growth of our business during these periods. General and administrative costs, as a percentage of total revenues were 367.6% in 1996, 46.1% in 1997 and 16.7% in 1998. The decrease in general and administrative expenses as a percentage of total revenues from 1996 through 1998 reflected increases in our total revenues.

Interest Income (Expense), Net. Interest income (expense), net was $(4,000) in 1996, $13,000 in 1997 and $139,000 in 1998, representing increases of $17,000, or 425.0%, from 1996 to 1997, and $126,000, or 969.2%, from 1997 to 1998. The increases from 1996 through 1998 were primarily the result of the higher invested cash base as a result of proceeds received from the issuance of our series A, B and C preferred stock.

Provision for Income Taxes. We have not recorded a provision for federal and state income taxes because we have experienced net losses since inception which has resulted in deferred tax assets. We have recorded a valuation allowance for the entire deferred tax asset as a result of uncertainties regarding the realization of the asset balance.

Quarterly Results of Operations

The following table sets forth unaudited statement of operations data for the six quarters ended June 30, 1999, as well as such data expressed as a percentage of our total revenues for the periods indicated. You should read this information in conjunction with our financial statements and related notes appearing elsewhere in this prospectus. We have derived this unaudited information on a basis consistent with our audited Financial Statements and, in the opinion of our management, it reflects all normal recurring adjustments considered necessary for a fair presentation of our financial position and operating results for the quarters presented. Our quarterly results have in the past been, and may in the future be, subject to significant fluctuations. As a result, we believe that results of operations for interim periods should not be relied upon as any indication of the results to be expected in any future period. For a more complete description of the factors that may materially affect our operating results, please see "Risk Factors -- Our quarterly operating results are volatile and difficult to predict.

If we fail to meet the expectations of public market analysts or investors, the market price of our common stock may decrease significantly" on page 7.

	THREE MONTH PERIOD ENDED					
	MAR 31, 1998	JUNE 30, 1998	SEPT 30, 1998	DEC 31, 1998	MAR 31, 1999	JUNE 30, 1999
	(UNAUDITED AND IN THOUSANDS)					
STATEMENTS OF OPERATIONS DATA:						
Revenues:						
License	$ 564	$1,285	$2,195	$2,465	$2,805	$ 3,354
Support and services	206	178	382	466	774	941
Total revenues	770	1,463	2,577	2,931	3,579	4,295
Cost of revenues:						
License	53	97	112	152	149	178
Support and services	233	266	289	425	526	647
Total cost of revenues	286	363	401	577	675	825
Gross profit	484	1,100	2,176	2,354	2,904	3,470
Operating expenses:						
Sales and marketing	810	988	1,212	1,383	1,707	1,970
Research and development	487	571	595	698	900	984
General and administrative	280	297	331	387	440	498
Stock-based compensation	249	173	390	242	527	1,464
Total operating expenses	1,826	2,029	2,528	2,710	3,574	4,916
Loss from operations	(1,342)	(929)	(352)	(356)	(670)	(1,446)
Interest income (expense), net	2	32	27	78	77	109
Loss before provision for income taxes	(1,340)	(897)	(325)	(278)	(593)	

(1,337)						
Provision for income taxes.....	--	--	--	--	1	
3						
Net loss.....	$(1,340)	$ (897)	$ (325)	$ (278)	$ (594)	
$(1,340)						

	THREE MONTH PERIOD ENDED					
	MAR 31, 1998	JUNE 30, 1998	SEPT 30, 1998	DEC 31, 1998	MAR 31, 1999	JUNE 30, 1999
	(UNAUDITED)					
As a percentage of total revenues:						
Revenues:						
License.....	73.2%	87.8%	85.2%	84.1%	78.4%	78.1%
Support and services.....	26.8	12.2	14.8	15.9	21.6	21.9
Total revenues.....	100.0	100.0	100.0	100.0	100.0	100.0
Cost of revenues:						
License.....	6.9	6.6	4.3	5.2	4.2	4.1
Support and services.....	30.3	18.2	11.2	14.5	14.7	15.1
Total cost of revenues.....	37.1	24.8	15.6	19.7	18.9	19.2
Gross profit.....	62.9	75.2	84.4	80.3	81.1	80.8
Operating expenses:						
Sales and marketing.....	105.2	67.5	47.0	47.2	47.7	45.9
Research and development.....	63.2	39.0	23.1	23.8	25.1	22.9
General and administrative.....	36.4	20.3	12.8	13.2	12.3	11.6
Stock-based compensation.....	32.3	11.8	15.1	8.3	14.7	34.1
Total operating expenses.....	237.1	138.7	98.1	92.5	99.9	114.5
Loss from operations.....	(174.3)	(63.5)	(13.7)	(12.2)	(18.7)	(33.7)
Interest income (expense), net.....	0.3	2.2	1.0	2.7	2.2	2.5
Loss before provision for income taxes....	(174.0)	(61.3)	(12.6)	(9.5)	(16.6)	(31.1)
Provision for income taxes.....	0.0	0.0	0.0	0.0	0.0	0.1
Net loss.....	(174.0)%	(61.3)%	(12.6)%	(9.5)%	(16.6)%	(31.2)%

Revenues. Our total revenues increased in each of the six quarterly periods presented above. The increase in total revenues in these periods reflects the increase in the number of customers and increased sales following our release of enhancements to our iManage e-business Server in March 1998. Since June 30, 1998, our license revenues have decreased as a percentage of our total revenues as our support and services revenues have increased with the increase in our customer base.

Cost of Revenues. Cost of revenues increased in each of the six quarterly periods ended June 30, 1999 as a result of the growth of revenues.

Operating Expenses. Operating expenses increased significantly in each of the six quarterly periods presented above as a result of increased sales and marketing expenses associated with higher numbers of personnel, use of independent contractors and other third parties for development of our products, recruiting and related hiring expenses for additional senior management in our sales and marketing, general and administrative, and research and development organizations and stock-based compensation expense.

Our quarterly operating results have varied widely in the past, and we expect that they will continue to fluctuate in the future as a result of a number of factors, many of which are outside our control. We believe that our period-to-period operating results are not meaningful, and you should not rely on them as indicative of our future performance. Although we have experienced significant revenue growth recently, our revenues might not continue to grow and we might not become or remain profitable in the future. Our future operating results will depend on many factors, including:

- the size, timing, terms and fluctuations of customer orders, particularly large orders from a limited number of customers, especially in markets outside the legal applications market where we have traditionally focused our sales and marketing efforts;

- our ability to expand our relationships with information technology consultants, system integrators and unified messaging original equipment manufacturers;

- the timing of the introduction or enhancement of products by us, such as the release of enhanced versions of our iManage iSync planned for October 1999 and our iManage e-business Server planned for the end of the first quarter of 2000, and the release of new or enhanced products by our competitors; and - changes in technology, industry standards or customer preferences, such as customers placing a lower priority on content and collaboration management.

We have in the past experienced delays in the planned release dates of our new software products or upgrades and have discovered software defects in our new products after their introduction. Our new products or upgrades may not be released according to schedule, or when released may contain defects. Either of these situations could result in adverse publicity, loss of revenues, delay in market acceptance or claims by customers brought against us, any of which could harm our business. In addition, the timing of individual sales has been difficult for us to predict, and large individual sales have, in some cases, occurred in quarters subsequent to those anticipated by us. The loss or deferral of one or more significant sales may harm our quarterly operating results.

Liquidity and Capital Resources

Since inception, we have funded our operations primarily through sales of convertible preferred stock, resulting in net proceeds of $10.9 million through June 30, 1999. To a lesser extent, we have financed our operations through lending arrangements. As of June 30, 1999, we had cash, cash equivalents and short-term investments of $12.1 million, and approximately $3.5 million of available borrowings under a line of credit.

Net cash used in operating activities was $412,000, $1.8 million and $622,000 in 1996, 1997 and 1998, respectively. For the six month period ended June 30, 1999, net cash provided by operations was $4.7 million. For the 1996, 1997 and 1998 periods, net cash used by operating activities was primarily a result of funding ongoing operations. Net cash provided by operations in the six month period ended June 30, 1999 was primarily the result of increasing sales of our iManage suite of products, receipt of cash associated with license and support and service revenues in advance of revenue recognition and non-cash charges associated with stock-based compensation expense.

Since inception, our investing activities have consisted of purchases of property and equipment and, in 1999, the purchase of short-term investments. Capital expenditures totaled $59,000, $192,000 and $431,000 in 1996, 1997 and 1998, respectively, and $4.7 million in the six month period ended June 30, 1999. We finance the acquisition of property and equipment, which largely consists of computer hardware and software and furniture and fixtures for our increasing employee base as well as for our management information systems, primarily through a line of credit. We anticipate that we will experience an increase in our capital expenditures consistent with our anticipated growth in operations, infrastructure and personnel. We do not expect to incur significant costs to make our products or internal information systems year 2000 compliant because we believe such products and information systems are designed to function properly through and beyond the year 2000. For a further description of the risks we face relating to the year 2000 issue, please see "Risk Factors -- Year 2000 compliance costs and risks are difficult to assess and could result in delay or loss of 33 revenues, diversion of development resources, damage to our reputation or increased service, warranty or litigation costs" on page 15.

Our financing activities provided $820,000, $3.4 million and $6.9 million in 1996, 1997 and 1998, respectively, and $1.0 million in the six month period ended June 30, 1999. In 1996, cash provided by financing activities consisted primarily of $625,000 received in connection with the sale of series A preferred stock. In 1997, cash provided by financing activities consisted primarily of $3.4 million received in connection with the sale of series A and series B preferred stock. In 1998, cash provided by financing activities consisted primarily of $7.0 million received in connection with the sale of series B and series C preferred stock. In the six month period ended June 30, 1999, cash provided by financing activities consisted primarily of $1.0 million in borrowings under our equipment line of credit.

As of June 30, 1999, we had a revolving line of credit with a bank for $5.0 million, which bears interest at the lending bank's prime rate plus 0.25%. Borrowings were limited to the lesser of 80% of eligible accounts receivable or $5.0 million and were secured by substantially all of our assets. As of June 30, 1999, we had not borrowed under the revolving line of credit. We could borrow approximately $2.5 million under this line as of June 30, 1999. In addition, as of June 30, 1999, we had an equipment line of credit with a bank for $2.0 million, which bears interest at the lending bank's prime rate plus 0.5%. As of June 30, 1999, we had borrowed $1.0 million under the equipment line of credit.

We currently anticipate that the net proceeds of this offering, together with our existing lines of credit and available funds, will be sufficient to meet our anticipated needs for working capital and capital expenditures for at least the next 12 months.

Year 2000 Compliance

Background of Year 2000 Issues. Many currently installed computer systems and software products are unable to distinguish between twentieth century dates and twenty-first century dates because such systems were developed using two digits rather than four to determine the applicable year. For example, computer programs that have date-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This error could result in system failures or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, send invoices or engage in similar normal business activities. As a result, many companies' software and computer systems may need to be upgraded or replaced to comply with such "year 2000" requirements.

State of Readiness. We have completed our initial assessment of the potential overall impact of the impending century change on our business. Based on our current assessment, we believe the current versions of our software products are year 2000 compliant. By year 2000 compliant, we mean that our software products, when used with accurate date data and in accordance with their associated documentation, are capable of properly processing date data from, into and between the 20th and 21st centuries, including the years 1999, 2000 and leap years, provided that all other products, such as hardware, software and firmware, used with our products properly exchange date data with them. However, our products are generally integrated into enterprise systems involving sophisticated hardware and complex software products that we cannot adequately evaluate for year 2000 compliance. We may face claims based on year 2000 problems in other companies' products, or issues arising from the integration of multiple products within an overall system even if our products are otherwise year 2000 compliant. Although we have not been a party to any litigation or arbitration proceeding involving our products or services related to year 2000 compliance issues, we may in the future be required to defend our products or services in these proceedings, or to negotiate resolutions of claims based on year 2000 issues. The costs of defending and resolving year 2000-related disputes, regardless of the merits of these disputes, and any liability we may have for year 2000-related damages, including consequential damages, could substantially harm our business.

In addition, we believe that year 2000 issues may affect the purchasing patterns of customers and potential customers, as companies expend significant resources to correct or upgrade their current software systems for year 2000 compliance or defer additional software purchases until after 2000. As a result, some customers and potential customers may have more limited budgets available to purchase software products such as those offered by us, and others may choose to refrain from changes in their information technology environment until after January 1, 2000. To the extent year 2000 issues cause significant delay in, or cancellation of, purchases of our products or services, our business would be materially adversely affected.

We are currently reviewing our internal management information and other computer systems to identify any year 2000 problems. To date, we have not encountered any material year 2000 problems with our internal management information or computer systems or any other equipment that might be subject to such problems. We believe that the Verity and INSO software that we incorporate into our

iManage e-business Server are year 2000 compliant based on information that each of them has provided to us. We are beginning to communicate with our other external vendors that supply us with other software and information systems and with our significant suppliers to determine their year 2000 readiness. We have not completed our year 2000 investigation of these vendors and suppliers and overall compliance initiative.

Costs. To date, we have not incurred any material costs directly associated with our year 2000 compliance efforts, except for compensation expenses associated with our salaried employees who have devoted some of their time to our year 2000 assessment and remediation efforts. We do not expect the total cost of year 2000 problems to be material to our business. However, we will continue to evaluate new versions of our software products, new software and information systems provided to us by third parties and any new infrastructure systems that we acquire to determine whether they are year 2000 compliant. Despite our current assessment, we may not identify and correct all significant year 2000 problems on a timely basis. Year 2000 compliance efforts may involve significant time and expense and unremediated problems could substantially harm our business. We currently have not completed our contingency plans to address the risks associated with unremediated year 2000 problems.

Risks. We are not currently aware of any year 2000 readiness problems relating to our internally developed proprietary systems that would substantially harm our business. We may discover year 2000 readiness problems in these systems that will require substantial revision. In addition, third-party software, hardware or services incorporated into our material systems may need to be revised or replaced, all of which could be time-consuming and expensive. Our failure to fix or replace our internally developed proprietary software or third-party software, hardware or services on a timely basis could result in lost revenues, increased operating costs, the loss of customers and other business interruptions, any of which could substantially harm our business. Moreover, our failure to adequately address year 2000 readiness issues in our internally developed proprietary software could result in claims of mismanagement, misrepresentation or breach of contract and related litigation, which could be costly and time-consuming to defend.

In addition, governmental agencies, telephone and utility companies, Internet access companies, third-party service providers and others outside of our control may not be year 2000 ready. The failure by these entities to be year 2000 ready could result in a systemic failure beyond our control, such as a prolonged Internet, telecommunications or electrical failure, which could also prevent us from delivering our services to our customers, decrease the use of the Internet or prevent users from accessing web sites.

Contingency Plan. As discussed above, we are engaged in an ongoing year 2000 assessment and have not yet completed development of our contingency plans. The results of our year 2000 simulation testing and the responses received from third-party vendors and service providers will be taken into account in determining the nature and extent of any contingency plans we adopt.

Recent Accounting Pronouncements

In December 1998, AcSEC released Statement of Position 98-9 or SOP 98-9, Modification of SOP 97-2, "Software Revenue Recognition." SOP 98-9 amends SOP 97-2 to require that an entity recognize revenue for multiple element arrangements by means of the "residual method" when (1) there is no vendor-specific objective evidence, or VSOE, of the fair values of all the undelivered elements that are not accounted for by means of long-term contract accounting, (2) VSOE of fair value does not exist for one or more of the delivered elements, and (3) all revenue recognition criteria of SOP 97-2, other than the requirement for VSOE of the fair value of each delivered element, are satisfied. The provisions of SOP No. 98-9 that extend the deferral of certain paragraphs of SOP 97-2 became effective December 15, 1998. These paragraphs of SOP 97-2 and SOP 98-9 will be effective for transactions that are entered into in fiscal years beginning after March 15, 1999. Retroactive application is prohibited. We are currently evaluating the impact of the requirements of SOP 98-9 and the effects, if any, on our current revenue recognition policies.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, or SFAS 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS 133 establishes new standards of accounting and reporting for derivative instruments and hedging activities. SFAS 133 requires that all derivatives be recognized at fair value in the statement of financial position, and that the corresponding gains or losses be reported either in the statement of operations or as a component of comprehensive income, depending on the type of hedging relationship that exists. In July 1999, the Financial Accounting Standard Boards issued SFAS No. 137, or "SFAS 137," "Accounting for Derivative Instruments and Hedging Activities -- Deferral of the Effective Date of SFAS No. 133." SFAS 137 deferred the effective date of SFAS 133 until the first fiscal quarter beginning after June 15, 2000. We do not currently hold derivative instruments or engage in hedging activities. We are continuing to evaluate the impact of the requirements of SFAS No. 133 and SFAS No. 137 will have on our financial statements and related disclosures.

Qualitative and Quantitative Disclosures About Market Risk

We develop products in the United States and market our products in North America, and to a lesser extent in Europe and Asia/Pacific regions. As a result, our financial results could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in foreign markets. Because all of our revenues are currently denominated in U.S. dollars, a strengthening of the dollar could make our products less competitive in foreign markets. Our interest income is sensitive to changes in the general level of U.S. interest rates, particularly since the majority of our investments are in short-term instruments. Our interest expense is also sensitive to changes in the general level of U.S. interest rates. Due to the short-term nature of our investments, we believe that there is not a material risk exposure.

Issues Related to the European Monetary Conversion

On January 1, 1999, member states of the European Economic Community, or the EEC, fixed their respective currencies to a new currency, the Euro. On that day, the Euro became a functional legal currency within these countries. During the three years beginning on January 1, 1999, business in these EEC member states will be conducted in both the existing national currency, such as the Netherlands Guilder, French Franc or Deutsche Mark, and the Euro. Companies operating in or conducting business in EEC member states will need to ensure that their financial and other software systems are capable of processing transactions and properly handling the existing currencies, as well as the Euro. We are still assessing the impact that the Euro will have on our internal systems and products. While we believe our enterprise-wide information systems will be Euro compliant, we have not tested these systems. We have not determined the costs related to any Euro-related problems that may arise in the future. These problems may materially adversely affect our business, operating results and financial condition.

Business

Company Overview

We provide e-business content and collaboration management software. Our software provides a web-based unified content platform that manages, organizes and delivers relevant information from a variety of sources in a centralized manner throughout the extended enterprise. Our solution features a highly scalable, reliable and robust platform designed to provide security, accountability and the timely delivery of relevant information, content and documents. Our core technology architecture has been developed over the last four years and has been deployed in over 400 customers, including: Airtouch Communications, Inc., America Online, Inc., Charles Schwab & Company, Inc., Cleary, Gottlieb, Steen & Hamilton, Cravath, Swaine & Moore, Fried, Frank, Harris, Shriver & Jacobson, Marriott International, Inc., Morgan, Lewis & Bockius LLP, Wal-Mart Stores Inc., and Wilson, Sonsini, Goodrich & Rosati, Inc., Professional Corporation.

Industry Background

The Internet is having a dramatic and pervasive impact on the way that many organizations conduct business. Organizations worldwide are looking for new and innovative ways to use the Internet to gain competitive advantages. For example, organizations are employing web-based technologies to disseminate, exchange and manage information internally through corporate intranets to enable collaboration among employees. Organizations are also using web-based technologies to develop corporate extranets that extend the enterprise and enable it to collaborate directly with its partners, customers and service providers. According to a recent survey from the Delphi Group, collaborative information management, that is, the dissemination, exchange and management of information across

an extended enterprise, is the number one priority of corporate information technology departments. The use of web-based technologies has led to the development of an electronic business environment, or e-business, where the dynamic exchange, timely dissemination and use of information is essential to conducting business.

The development of e-business has led to a dramatic increase in the amount of information available to the average employee. This increase in information has not only transformed the business world but has also introduced new complexities and challenges as employees struggle to cope with the volume and diversity of information that they are required to process on a daily basis. The average employee receives a broad range of information, content and documents through a variety of sources including email, voicemail, enterprise and desktop applications, facsimiles and photocopies, the Internet, and intranet and extranet web sites. In addition, the growth of e-business has resulted in a proliferation of the various forms in which employees receive and exchange information. These new forms include media such as graphics, video, text, audio and data. The e-business requirement that the right information be delivered to the right person at the right time is threatened by the overwhelming amount and variety of information that is now disseminated through these disparate media sources.

Most companies have ineffective approaches for addressing the challenge of ensuring that the right information gets to the right person at the right time. In the absence of a comprehensive e-business solution, organizations have generally adopted one of two approaches. Organizations have either developed a custom approach through a combination of email and intranet and extranet web sites or used packaged applications that are not specifically designed to meet the requirements of e-business. Organizations that have implemented a custom approach often fail to achieve the integrated delivery and management of critical information and content for several reasons. Email, while easy-to-use and convenient, lacks effective collaboration and project management, control, accountability and security, and is not integrated with intranet information and content. Intranets and extranets, while more effective mechanisms for disseminating information, typically lack the scalable content management infrastructure to ensure that posted information is accurate, up-to-date, organized and actually viewed by the intended audience.

Alternatively, other organizations have attempted to address the information challenges of e-business by deploying a variety of packaged applications, including enterprise information portals, web-based information delivery systems, and knowledge and document management solutions. Enterprise information portals and web-based information delivery systems are effective means of accessing and distributing information. However, they lack the comprehensive infrastructure to manage and organize all forms of information, content and documents and to enable collaboration and project management across the extended enterprise. Client-server based knowledge and document management systems are capable of organizing and storing documents but are expensive to maintain and are not designed to deliver and exchange information over the web to thousands of concurrent users. As the custom approach and use of packaged applications demonstrate, there is no comprehensive solution that addresses the key aspects of content and collaboration management to enable more effective information management, organization and delivery across the extended enterprise.

Solution

We provide e-business content and collaboration management software. Our solution provides a web-based unified content platform that manages, organizes and delivers relevant information from a variety of sources in a centralized manner throughout the extended enterprise.

Our solution provides the following key benefits:

Comprehensive E-Business Content and Collaboration Management. Our iManage e-business Server provides a comprehensive e-business content and collaboration management solution that addresses key aspects of managing, organizing and delivering information and content to the right person at the right time throughout the extended enterprise. Our server provides users with a centralized online location to access content, such as graphics, video, text, audio and data. In addition to offering a robust underlying content management infrastructure, our solution is designed to ensure effective content access, delivery and notification based on relevance to particular projects, processes and individuals. We believe our comprehensive solution enables our customers to more effectively collaborate and exchange information over the web.

Highly Scalable, Reliable and Robust Platform. Our solution features a highly scalable, reliable and robust platform. We have developed our underlying architecture over the last four years and have deployed our solution in over 400 customers. Our software has been designed to accommodate the demands of e-business and to scale to tens of thousands of concurrent users and millions of information objects. For example, in a single customer deployment, our solution scaled to accommodate over 3.8 million information objects and 2,400 concurrent users in over 14 geographic locations across the world.

Timely Delivery of Relevant Information. Our solution ensures the timely delivery of relevant information by notifying the appropriate users of the information and providing them with access to the information via the web and email. For example, with the release of iManage iTouch in August 1999, a user can specify business rules or profiles so that new information is delivered only to those individuals who meet the criteria that the user specifies. Through the use of rules and profiles, a user can limit the information he receives to meet his specified criteria. The delivery of and access to relevant information is immediate through our automatic publication and notification features. This functionality is designed to ensure that the right information is delivered to the right person at the right time.

Security and Accountability. Our solution offers the ability to centrally enforce security privileges based on individual or group access level permissions within an organization or across the extended enterprise. For example, rather than attaching documents to email, which is a highly insecure method of distributing information, our solution only sends a "link" to the content which resides on a secure content server. This approach enhances security in contrast to other forms of information distribution. The use of links also ensures accountability by preserving control of the content in a single location. As a result, organizations using our solution can now track when documents were sent, when they were received and reviewed, when project folders were accessed and who accessed them.

Our solution has been designed to address the needs of a broad range of markets, such as financial services, retail, manufacturing and distribution, banking and professional services. Initially, we targeted substantially all of our sales and marketing efforts on the legal applications market. The customers in this market require management and organization of a large volume of critical information in a scalable and secure environment. We now intend to leverage on our success and experience in the legal applications market to market our solution to other markets.

Strategy

Our objective is to become the leading provider of e-business content and collaboration management software. Key elements of our strategy to achieve this objective include:

Capture Market Share. Our strategy is to become the market leader in providing software to enable unified e-business content and collaboration management over the Internet. As our customers deploy our solution, their customers, partners and service providers will be exposed to the benefits and functionality of our products. We believe that the introduction of our products to these non-customers will accelerate industry recognition and adoption of our products. As more and more organizations deploy our e-business solution, we believe that the management, organization and delivery of relevant information will improve, which will drive greater usage.

Leverage Installed Customer Base. We believe there are significant opportunities to leverage the use of our products throughout our current customer base. Our corporate customers generally deploy our products initially on a departmental basis and we believe that initial customer satisfaction with these deployments will lead to significant opportunities for enterprise-wide adoption. In addition, most companies and professional service firms, including our customers, are just beginning to exploit the business opportunities that the web has created. As they increasingly migrate their business processes to the web, we believe they will need additional licenses of our software to support and enable e-business content and collaboration applications.

Expand and Leverage Key Business Relationships. To accelerate the acceptance of our solution and to promote the adoption of e-business content and collaboration management over the web, we intend to develop cooperative alliances and relationships with leading information technology consultants, system integrators and unified messaging original equipment manufacturers. We believe that these alliances and relationships will provide additional marketing and sales channels for our products, enable us to more rapidly incorporate additional functions and platforms into our e-business suite of products, and facilitate the successful deployment of customer applications.

Maintain Technological Leadership. We believe that we offer the most complete e-business content and collaboration management solution available today. We have devoted significant resources to developing our solution over the last four years. We intend to extend our leadership position by continuing to enhance our technology through significant investment in research and development activities. We also plan to expand our unified content platform by integrating content from new media sources including facsimile machines, photocopiers, voicemail systems and scanners.

Strengthen International Presence. We believe that there will be significant international opportunities for our products and services and intend to strengthen our global sales, marketing and distribution efforts to address the range of markets and applications for our e-business content and collaboration management solution. We currently have a direct sales presence in the U.S. and Canada. In Europe and the Asia/Pacific region, we sell our products through third-party distributors. We intend to aggressively strengthen our international presence by adding direct sales personnel and increasing our indirect sales channels to fully capitalize on international market opportunities.

Imanage Products

Our iManage suite of e-business content and collaboration management products, which we have developed over the last four years, provides a comprehensive set of application modules that work in concert with each other and the same underlying server. Our current product line consists of the iManage e-business Server and iManage iSync, iManage iTouch and iManage iForm application modules.

The following table describes the major features and benefits of our iManage suite of products.

PRODUCT	FEATURES	BENEFITS
iManage e-business Server Content and collaboration server	Application Server Failover	Ensures server uptime by splitting server processes across multiple servers so that if any one server fails, users are automatically routed to the next available server.
	Transaction Processing	Ensures all server transactions are completed in full or the information is restored to the previous state before the transaction commenced.
	Content Indexing	Allows users to use search criteria to find specific information.
	Roles-Based Security	Protects content from unauthorized access and allows users to be assigned security privileges based on their role in an organization.
iManage iTouch Microsoft Outlook integration module	Auto-Notification	Automatically alerts subscribers when new content has been contributed to a project folder.
	Auto-Publishing	Automates the process of publishing content to an intranet, extranet or Internet web site.
	Link/URL Routing	Allows users to email 'links' and uniform resource locators, or URLs, to specific server content instead of physically transferring content via email, ensuring system security, accountability and network efficiency.
	Rules-Based Processing	Provides the ability to route to specific project folders incoming email, content and facsimiles based on specific user defined rules.
iManage iSync Web-portal module	Security-Based Navigation	Enables navigation through project folders and review of content based on security privileges.
	User-Definable Search Folders	Allows content from multiple projects to be dynamically grouped together using search criteria.
	Secured Content Contribution	Allows secure content contribution into iManage repositories securely over the Internet.
PRODUCT	FEATURES	BENEFITS
iManage iForm	Content Profiling	Adds context to content and enables users to

Content-authoring module	and History	track usage of content and access history.
	Integrated Online Research	Allows users to search the content of iManage repositories and online information services.
	Microsoft Office Integration	Provides access to iManage repositories and the ability to submit content directly from within Microsoft Word, Excel and PowerPoint products.
	Content Relationship Grouping	Enables information to be 'tagged' together so that users can track information that is relevant to a project, process or individual.

Our iManage e-business Server provides the core functionality of our content and collaboration management solution. Each of our application modules, iManage iTouch, iManage iSync and iManage iForm, work in conjunction with the iManage e-business Server and with one another. Each of these modules delivers additional functionality for different client configurations and applications. An organization can elect to use any combination of iManage iSync, iManage iForm and iManage iTouch with the iManage e-business Server as its needs dictate. Additionally, multiple organizations using iManage iSync with iManage e-business Server enjoy the benefits of using an iManage virtual private network upon which they can collaborate and share information.

iManage iTouch, our newest module, integrates with Microsoft Outlook and enables users to manage, organize and deliver e-business information, content and documents through the familiar, easy-to-use Outlook environment. iManage iSync is a web-based user interface that provides full access to all iManage e-business Server content through a web browser. iManage iForm is a dedicated content-authoring interface that integrates with Microsoft Office publishing tools, such as Excel, Word and PowerPoint and is designed for heavy publishing uses. These application modules allow different users with different interfaces to share and exchange information and content. The overall objective in the design of each element of the iManage suite of products is to provide a simplified mechanism to enable intra-business and business-to-business content and collaboration management capabilities for organizations over their existing email, intranet and Internet networks.

We also provide the following products:

iManage Notes Module. The iManage Notes Module enables users of the Lotus Notes application environment to integrate their Notes content and email correspondence directly into an iManage e-business Server repository.

iManage GroupWise Module. The iManage GroupWise Module enables users of the Novell GroupWise application environment to integrate their GroupWise content and email correspondence directly into an iManage e-business Server repository.

iManage Software Development Kit (SDK). iManage SDK is a software development kit developed primarily for third-party developers who wish to integrate their applications with iManage e-business Server repositories. Software integrators also use the iManage SDK to develop their own applications based on the iManage suite of e-business content and collaboration management products.

Our products are licensed to customers on a per server and a per user basis. We do not license our products on a concurrent user basis, nor are they available on a rental or service basis. However, we are reviewing both subscription and services-based licensing models for possible adoption in future

product offerings.

Technology Platform.

[Diagram of iManage components architecture including - content authority interfaces - iManage e-business Server components - content storage servers - content consumption and collaborative interfaces - new media device integration] The iManage suite of products incorporates a number of open industry standards as well as proprietary technologies that ensure our broad industry suitability to e-business collaboration and content applications. The following is a list of technologies that are employed within our products to meet the requirements of the market and provide competitive advantages to our products:

MAPI Store Provider interface (MSP). The MSP interface integrates Microsoft Outlook to our repositories and functionality to enable Outlook to work with the iManage e-business Server as if it were a Microsoft Exchange server. This integration allows us to seamlessly route and forward email, voicemail and other content into the iManage e-business Server directly from Outlook.

NT and NDS directory service support. Our products incorporate a highly sophisticated security management system. This system integrates with the existing directories of Microsoft Windows NT and Novell NDS so that users of NT and Novell networks can automatically be listed as users of the iManage system.

JAVA, HTML and Active Server Page support. We developed web interfaces to support the most widely used web application and content technologies, namely JAVA, HTML and Active Server Pages, or ASP. Using these technologies, we have designed interfaces so that users of Microsoft Internet Explorer and Netscape Navigator web browsers, as well as other browsers, can access information contained within iManage e-business Server repositories.

Microsoft Office 2000 integration. We designed interfaces to our server that enable users of Microsoft Office 2000 and previous Microsoft Office versions the ability to contribute content directly to the iManage repositories. This integration enables authors of information, which is to be published on an intranet, extranet or Internet site, to remain within the authoring tool of choice, such as Excel, Word or PowerPoint, and save their content directly to the iManage repository.

Component Object Model (COM) support. We employed COM as our standard means of integrating each component of our solution into other components and the operating environment itself. COM has become a development standard for all Microsoft Windows applications and an efficient means to develop new modular functionality for our products.

International support. To date, our software has been translated and localized into German for distribution in Germany. We expect to provide additional language conversions to ensure our products can be distributed in additional non-English speaking international markets.

Sales and Marketing

We sell our software products through our direct sales force and a network of strategic partners and systems integrators. As of June 30, 1999, we employed 34 people in our sales, marketing and business development organization. Our distribution network of over 150 reseller partners and systems integrators complements our direct sales force and represents us in Australia, Canada, New Zealand, the United Kingdom and the United States. Our application specialists provide pre-sales support and post-sales implementation for our customers.

Our marketing programs focus on creating overall awareness of e-business content and collaboration management. To generate market awareness, we participate in market research, industry analyst product and strategy updates, trade shows and seminars and engage in web site marketing to generate qualified sales leads. We utilize market research in a formal feedback process to determine specific industry segment needs, which we use to define and direct our product development efforts.

Our sales process consists of engaging senior management, primarily chief information and chief technology officers, at our potential customers to explain the benefits of our solution. With our technical professionals and systems integration partners, we assess the specific needs of the enterprise and create demonstrations and proposals to satisfy customer requirements. We have certified and trained approximately 500 third-party consultants to assist our customers in the technical implementation of our solution.

We believe that strategic alliances will be increasingly important in marketing and selling our solution and developing customer applications. We intend to broaden the number of alliances we have with key systems integrators. Furthermore, we intend to aggressively expand our sales and marketing staff and devote substantial resources to our sales and marketing activities.

Customers

We have licensed our products to over 400 customers. To date, we have focused our sales and marketing resources primarily on law firms. In 1998 and the six month period ended June 30, 1999, we derived 89.0% and 95.0% of our total revenues, respectively, from the sale of licenses to law firms and professional service firms. The following table lists our top twenty law firm customers, in terms of billings, since January 1, 1998 and our non-law firm customers that have purchased licenses in excess of $50,000 since January 1, 1998.

```
Airtouch Communications Inc.                McCutchen, Doyle, Brown & Enersen, LLP
America Online, Inc.                        McDermott, Will & Emery
Barnes & Thornburg                          Minter Ellison
Charles Schwab & Company, Inc.              Morgan, Lewis & Bockius LLP
City of Phoenix                             Paul, Weiss, Rifkind, Wharton & Garrison
Cleary, Gottlieb, Steen & Hamilton          Pillsbury Madison & Sutro LLP
Commodities Corporation LLC                 Ropes & Gray
Cravath, Swaine & Moore                     State of California
Federal Home Loan Bank Chicago              State of Indiana
Fraser Milner                               Stoel Rives LLP
Fried, Frank, Harris, Shriver & Jacobson    TIAA-CREF
```

```
Gibson, Dunn & Crutcher LLP
Jenkens & Gilchrist, A Professional
Corporation
Lane Powell Spears Lubersky LLP
Marriott International, Inc.
Mayer, Brown & Platt
Vinson & Elkins L.L.P.
Wal-Mart Stores Inc.
Wilmer, Cutler & Pickering
Wilson, Sonsini, Goodrich & Rosati,
Professional Corporation
```

Four customers accounted for 67.0% of our total revenues for 1996. There were no customers that accounted for more than 10% of our total revenues for 1997, 1998 and the six month period ended June 30, 1999. For a discussion of our historical revenue concentration, please see "Risk Factors -- We have always been heavily dependent upon law firm customers. If we do not expand sales of our products to other customers, we may not be able to grow our revenues consistent with past growth rates and our operating results will suffer" on page 8.

Customer Service, Training and Support

We believe that customer satisfaction is essential for our long-term success. Our technical support group provides dependable and timely resolution of customer technical inquiries and is available to customers by telephone, email and over the web. We use a customer service automation system to track each customer's inquiry until it is resolved. Our training services group delivers education and training to our customers and partners. We offer a comprehensive series of classes to our customers to provide them with the knowledge and skills to successfully deploy, use and maintain our products. These courses focus on the technical aspects of our products as well as related business issues and processes. We regularly hold our classes in various locations throughout the United States and in our training facilities at our research and development headquarters in Chicago, Illinois. Our customer support and training organization consisted of 18 employees at June 30, 1999.

Research and Development

We believe that our future success will depend in large part on our ability to enhance our product family, develop new products, maintain technological leadership, and satisfy an evolving range of customer requirements for large-scale interactive online content and collaboration management applications. Our product development organization is responsible for product architecture, core technology, product testing, quality assurance, documentation and expanding the ability of our products to operate with leading hardware platforms, operating systems, database management systems, and key electronic commerce transaction processing standards. As of June 30, 1999, our product development organization consisted of 22 employees.

We believe that our product development team and core technologies represent a significant competitive advantage. Our product development team includes key members of other past research and development organizations that have developed scalable, reliable, critical online applications. We believe our technically skilled, quality-oriented and highly productive development organization is a

key component of the success of our new product offerings. We must attract and retain highly qualified employees to further our product development efforts. Our business and operating results could be seriously harmed if we are not able to hire and retain a sufficient number of these individuals.

Our research and development expenditures were approximately $113,000 for 1996, $935,000 for 1997, $2.4 million for 1998 and $1.9 million for the six month period ended June 30, 1999. All research and development expenditures have been expensed as incurred. We expect to continue to devote substantial resources to our research and development activities.

Competition

We have experienced and expect to continue to experience increased competition from current and potential competitors. Many of these companies have greater name recognition, longer operating histories, larger customer bases and significantly greater financial, technical, marketing, public relations, sales, distribution and other resources than we have. We expect to face competition from these and other competitors, including:

- companies addressing certain segments of our market including Agile Software Corporation, BackWeb Technologies Ltd., Documentum, Inc., Hummingbird Communications Ltd., Marimba, Inc., Open Text Corporation, TIBCO Software Inc. and Verity, Inc.;

- intranet and groupware companies including IBM and its subsidiary, Lotus Development Corporation, Microsoft and Novell; and - in-house development efforts by our customers and potential customers or partners.

We believe that we may face additional competition from operating system vendors, online service providers, client/server applications and tools vendors and enterprise information portal companies. If any of our competitors were to become the industry standard or were to enter into or expand relationships with significantly larger companies through mergers, acquisitions or otherwise, our business could be seriously harmed. In addition, potential competitors may bundle their products or incorporate functionality into existing products in a manner that discourages users from purchasing our products.

We believe that the principal competitive factors in the e-business content and collaboration management market are:

- product performance, features, functionality and reliability;

- price/performance characteristics;

- timeliness of new product introductions;

- adoption of emerging industry standards;

- brand name; and

- access to customers.

We believe we compete favorably with our competitors with respect to each of the foregoing factors. However, because many of our existing and potential competitors have greater name recognition, longer operating histories, larger customer bases and significantly greater financial, technical, marketing, public relations, sales, distribution and other resources, they may have stronger brand names and access to more customers than we do. These competitors may be able to undertake more extensive marketing campaigns, adopt more aggressive pricing policies and make more attractive offers to distribution partners than we can. To remain competitive, we believe we must invest significant resources in enhancing our current products and developing new ones, and maintain customer satisfaction. If we fail to do so, our products will not compete favorably with those of our competitors and our business will be significantly harmed.

We expect that competition will increase in the near term and that our primary long-term competitors may not have entered the market yet. Increased competition could result in price reductions, fewer customer orders, reduced gross margin and loss of market share, any of which could cause our operating results to suffer.

Intellectual Property

Our success and ability to compete is dependent on our ability to develop and protect our technology. To protect our proprietary technology, we rely primarily on patent, trademark, service mark, trade secret and copyright laws and contractual restrictions.

Most of our customers' use of our software is governed by shrink-wrap or signed written license agreements. We also enter into written agreements with each of our channel partners with respect to the distribution of our products. In addition, we seek to avoid disclosure of our trade secrets by requiring each of our employees and others with access to our proprietary information to execute confidentiality agreements with us. We protect our software, documentation and other written materials under trade secret and copyright laws, which afford only limited protection.

We currently have no issued U.S. patents, we have applied for one U.S. patent and we have two pending foreign patent applications. It is possible that no patents will be issued from our currently pending patent applications and that our potential future patents may be found invalid or unenforceable, or otherwise be successfully challenged. It is also possible that any patent issued to us may not provide us with any competitive advantages, that we may not develop future proprietary products or technologies that are patentable, and that the patents of others may seriously limit our ability to do business. In this regard, we have not performed any comprehensive analysis of patents of others that may limit or ability to do business.

Despite our efforts to protect our proprietary rights, we may be unable to prevent others from infringing upon or misappropriating our intellectual property. Any steps we take to protect our intellectual property may be inadequate, time consuming and expensive. In addition, the laws of some foreign countries do not protect our proprietary rights to as great an extent as the laws of the United States. A discussion of risks associated with the protection of our intellectual property rights and the

intellectual property right of others is presented in "Risk Factors -- If we are unable to protect our intellectual property, our business may suffer as we could lose market share, incur costly litigation expenses or lose valuable assets" on page 13 and "-- Others may bring infringement claims against us which could be time consuming and expensive for us to defend" on page 13.

Substantial litigation regarding intellectual property rights exists in the software industry. To date, we have not been notified that our technologies infringe the proprietary rights of anyone. We cannot assure you that others will not claim that we have infringed proprietary rights with respect to past, current or future technologies. We expect that we could become subject to intellectual property infringement claims as the number of our competitors grows and our services overlap with competitive offerings. These claims, even if without merit, could be expensive, time-consuming to defend, divert management's attention from the operation of our company and cause product shipment delays. If we become liable for infringing intellectual property rights, we would be required to pay a substantial damage award and to develop non-infringing technology, obtain a license or cease selling the products that contain the infringing intellectual property. We may be unable to develop non-infringing technology or obtain a license on commercially reasonable terms, if at all.

We license indexing and searching technologies from third parties. We cannot assure you that these technology licenses will not infringe the proprietary rights of others or will continue to be available to us on commercially reasonable terms, if at all. We license Search '97 from Verity, Inc. for search functionality in the iManage e-business Server. This agreement expires in February 2002 and is renewable with the written agreement of the parties. Either party may terminate the agreement for cause prior to the expiration date with 90 days written notice. In addition, we license Outside In Viewer Technology and Outside In HTML Export from INSO Corporation for file-viewing functionality in our solution. This agreement expires in December 2001 and is renewable with the written consent of the parties. Either party may terminate the agreement for cause prior to the expiration date. If we cannot renew these licenses, shipments of our products could be delayed until equivalent software could be developed or licensed and integrated into our products. These types of delays could seriously harm our business. For a discussion of the risks associated with our intellectual property, please see "Risk Factors -- The success of our products is dependent on third-party software and applications" on page 12.

Employees

As of June 30, 1999, we had 87 full-time employees. Of these employees, 22 were in product development, 34 in sales, marketing and business development, 18 in customer support and training and 13 in finance and administration. None of our employees is subject to a collective bargaining agreement. We believe our relations with our employees are good. Our future success depends on our ability to attract, motivate and retain highly qualified technical and management personnel. From time to time we also employ independent contractors to support our product development, sales, marketing and business development organizations.

Facilities

Our principal offices are located in a leased facility in San Mateo, California and consists of approximately 12,000 square feet under a three-year lease that expires in 2001. We are in the process of securing an additional 12,000 square feet in this facility, which we expect to finalize in the third quarter of 1999. Our engineering and customer support personnel and our training facility are located in leased facility in Chicago, Illinois. This facility consists of approximately 14,000 square feet and our lease is non-cancelable through 2004 and expires in 2009. We have an option to lease additional space in this facility. We believe that our existing facilities are adequate for our current needs and that suitable additional or alternative space will be available in the future on commercially reasonable terms.

Legal Proceedings

From time to time, we could become involved in litigation relating to claims arising out of our ordinary course of business. We are not presently involved in any legal proceedings.

Management

Directors and Executive Officers

The following table provides information concerning directors and executive officers of iManage as of June 30, 1999:

Name Age Position

Mahmood Panjwani	40	President, Chief Executive Officer and Chairman of the Board of Directors
Owen Carton	34	Vice President, Marketing and Strategic Planning
Mark Culhane	39	Chief Financial Officer and Secretary
Rafiq Mohammadi	39	Chief Technology Officer, Vice President, Engineering and Director
Shamshad Rashid	39	Vice President, Business Development
Philip Uchno	43	Vice President, Worldwide Sales
Mark Perry	56	Director(1)(2)
Moez Virani	44	Director(1)(2)

(1) Member of audit committee (2) Member of compensation committee Mahmood Panjwani is a co-founder of iManage and has served as our President, Chief Executive Officer and Chairman of our board of directors since October 1995. In August 1988, Mr. Panjwani founded Q-Image Corporation, a consulting services company, and served as its President and Chairman of the board of directors until December 1997.

Owen Carton has served as our Vice President, Marketing and Strategic Planning since July 1998. Prior to joining iManage, from November 1996 to May 1998, Mr. Carton was Vice President, Marketing at FrontOffice Technologies, Inc., a document and knowledge management software company. From 1993 to 1996, Mr. Carton was Vice President, Marketing for Timeline Inc., a financial analysis, budgeting and reporting systems company. From 1985 to 1993, Mr. Carton held various senior level product marketing positions for Microsoft Corporation.

Mark Culhane has served as our Chief Financial Officer and Secretary since September 1998. From June 1992 to December 1997, Mr. Culhane held various positions at SciClone Pharmaceuticals, a publicly-held life science company, his last position being that of SciClone's Chief Financial Officer, Vice President, Finance and Administration and Secretary from May 1994 through December 1997. From 1982 to the time that Mr. Culhane joined SciClone, he held various positions at Price Waterhouse LLP, now known as PricewaterhouseCoopers LLP, most recently as Senior Manager. Mr. Culhane is a certified public accountant.

Rafiq Mohammadi is a co-founder of iManage and has served as our Chief Technology Officer and director since October 1995. Between 1985 and 1995, Mr. Mohammadi co-founded and served as President of M/H Manage, a company that developed and distributed software that converted documents between different platforms and formats.

Shamshad Rashid is a co-founder of iManage and has served as our Vice President, Business Development since October 1995. Ms. Rashid served as Vice President, Operations at Q-Image, and has served as its President since December 1997.

Philip Uchno has served as our Vice President, Worldwide Sales since May 1999. From 1989 to the time he joined iManage, Mr. Uchno was employed by Silicon Graphics, Inc. where he began as a Regional Sales Manager and then Director, Telecommunications Marketing. In July 1997, Mr. Uchno became Silicon Graphics' Vice-President, Asia-Pacific Field Operations and held that position until July 1998 when he was appointed Vice-President, Manufacturing Industry Marketing.

Mark Perry has been one of our directors since September 1998. From October 1995 to May 1996, Mr. Perry was a consultant to New Enterprise Associates, a venture capital firm and one of our major stockholders. Mr. Perry is currently serving as a general partner at New Enterprise Associates, a position he has held since June 1996. From May 1994 to December 1995, Mr. Perry was President and Chief Executive Officer of ViewStar Corporation, a client/server software company. From 1985 to April 1994, Mr. Perry worked at Silicon Graphics where he last held the position of Vice-Chairman. Mr. Perry serves on the boards of directors of Exabyte Corporation, a network storage and backup company, and Hyperion Solutions Corporation, an analytic application software company, as well as on the boards of directors of several private companies.

Moez Virani has been one of our directors since December 1996. Mr. Virani has been a partner at Mohr Davidow Ventures, a venture capital firm, since July 1999. From January 1998 to June 1999, Mr. Virani served as the Chief Financial Officer of Ziff-Davis Events, Inc., a media company. From February 1995

to December 1998, Mr. Virani was the Chief Financial Officer and Chief Operating Officer of SOFTBANK Forums, Inc., a wholly-owned subsidiary of SOFTBANK, Inc. From 1984 to 1995, Mr. Virani worked for Sun Microsystems in a variety of domestic and international finance positions.

Board Composition

Effective upon the closing of this offering, our certificate of incorporation and bylaws will provide for a board of directors consisting of four members, divided into three classes, each serving staggered three-year terms: Class I, whose term will expire at the annual meeting of stockholders expected to be held in April 2000; Class II, whose term will expire at the annual meeting of stockholders expected to be held in April 2001; and Class III, whose term will expire at the annual meeting of stockholders expected to be held in April 2002. As a result, only one class of directors will be elected at each annual meeting of stockholders, with the other classes continuing for the remainder of their respective terms. Effective upon the closing of this offering, will serve as a Class I director, will serve as a Class II director and and will serve as Class III directors.

Board Compensation

Our directors do not receive cash compensation for their services as directors and do not currently receive any reimbursement for expenses incurred in attending board and board committee meetings.

Each eligible director who is not our employee and who is or becomes a member of our board of directors on or after the effective date of the registration statement, of which this prospectus forms a part, will be granted an option to purchase shares under our amended 1997 stock option plan, unless that director has previously received an option grant before the effective date. Immediately following each annual meeting of our stockholders, each eligible director will automatically be granted an additional option to purchase shares under this plan if the director has served continuously as a member of our board of directors for at least one year. The options will have 10-year terms and will terminate months following the date the director ceases to be one of our directors or consultants or months if the termination is due to death or disability. All options granted to directors under this plan will vest over a period of years from the date of grant.

Board Committees

Our board of directors has an audit committee and a compensation committee.

AUDIT COMMITTEE. The current members of our audit committee are Mark Perry and Moez Virani. The committee reviews the results and scope of the annual audit and meets with our independent auditors to review our internal accounting policies and procedures.

COMPENSATION COMMITTEE. The current members of our compensation committee are Mark Perry and Moez Virani. The committee reviews and makes recommendations to our board of directors with respect to our general and specific compensation policies and practices and administers our amended 1997 stock option plan and 1999 employee stock purchase plan.

Compensation Committee Interlocks and Insider Participation

None of the members of the compensation committee has at any time since our formation been one of our officers or employees. None of our executive officers currently serves, or in the past has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee. Prior to the creation of our compensation committee, all compensation decisions were made by our full board of directors. Neither Mr. Panjwani nor Mr. Mohammadi participated in discussions by our board of directors with respect to his own compensation.

Executive Compensation

The following table presents the compensation paid to or earned by our chief executive officer and our other four most highly compensated executive officers whose salary and bonus for the fiscal year ended December 31, 1998 exceeded $100,000.

Summary Compensation Table

			LONG-TERM COMPENSATION	
	ANNUAL COMPENSATION		AWARDS	
NAME AND PRINCIPAL POSITION	SALARY	BONUS	SECURITIES UNDERLYING OPTIONS(#)	
Mahmood Panjwani	$120,000	$84,066	--	President and Chief Executive Officer
Owen Carton(1)	67,708	15,000	305,000	Vice President, Marketing and Strategic Planning
Mark Culhane(2)	35,000	10,000	180,000	Chief Financial Officer and Secretary
Rafiq Mohammadi	120,000	--	--	Vice President, Engineering and Chief Technology Officer
Shamshad Rashid	100,000	--	--	Vice President, Business Development

(1) Mr. Carton joined us in July 1998. His annual salary is $150,000. (2) Mr. Culhane joined us in September 1998. His annual salary is $140,000.

Options Grants in Last Fiscal Year

The following table presents the grants of stock options under and outside of our amended 1997 stock option plan during 1998 to our chief executive officer and our other four most highly compensated executive officers. The options granted to the individuals listed below are immediately exercisable and

are either incentive stock options or nonqualified stock options. We have a right to repurchase these shares upon termination of the optionee's employment with us. Our repurchase right generally lapses as to 25% of the shares subject to the option one year from the date of grant and as to 2.083% of the shares each succeeding month, and in some cases, our board of directors has approved acceleration of vesting for certain options upon a change of control of the company. Options expire ten years from the date of grant. Options were granted at an exercise price equal to the fair market value of our common stock, as determined by our board of directors, on the date of grant. The following table is based on the grant of options to purchase a total of 1,147,325 shares of our common stock during 1998.

The 5% and 10% assumed annual rates of stock price appreciation are required by the rules of the Securities and Exchange Commission and do not represent our estimate or projection of future common stock prices. Unless the market price of the common stock appreciates over the option term, no value will be realized from the option grants made to the executive officers. Actual gains, if any, on stock option exercises will be dependent on the future performance of our common stock. The assumed 5% and 10% rates of stock appreciation are based on the assumed offering price of $ per share.

Option Grants in 1998

NAME	NUMBER OF SHARES UNDERLYING OPTIONS GRANTED	PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES	EXERCISE OR BASE PRICE PER SHARE	EXPIRATION DATE	POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM	
					5%	10%
Mahmood Panjwani.....	--	--	--	--		
Owen Carton.....	305,000	26.6%	$0.30	07/27/08	$	$
Mark Culhane.....	180,000	15.7	0.40	10/13/08		
Rafiq Mohammadi.....	--	--	--	--		
Shamshad Rashid.....	--	--	--	--		

Option Exercises and Holdings

The following table presents the number of shares acquired and the value realized upon exercise of stock options during 1998 and the number of shares of common stock subject to "vested" and "unvested" stock options held as of December 31, 1998 by our chief executive officer and our other four most highly compensated executive officers. Also presented are values of "in-the-money" options, which represent the positive difference between the exercise price of each outstanding stock option and a fair market value of $ per share.

Fiscal Year-end Option Values

	NUMBER OF SHARES	NUMBER OF SHARES UNDERLYING UNEXERCISED OPTIONS AT DECEMBER 31, 1998	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT DECEMBER 31, 1998

NAME	ACQUIRED ON EXERCISE	VALUE REALIZED	EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Mahmood Panjwani.....	--	--	--	--	--	--
Owen Carton.....	--	$ --	305,000	--	$	$
Mark Culhane.....	180,000	0	--	--	--	--
Rafiq Mohammadi.....	--	--	--	--	--	--
Shamshad Rashid.....	--	--	--	--	--	--

Change of Control and Severance Arrangements

In July 1998, we entered into a letter agreement with Owen Carton that provides that if he is terminated by us without cause, Mr. Carton will be entitled to receive six months of his base salary to be paid in accordance with our normal payroll practices.

In September 1998, we entered into a letter agreement with Mark Culhane that provides that if, within 12 months following a transfer of control of iManage, he is constructively terminated, Mr. Culhane will be entitled to receive six months of his base salary to be paid in accordance with our normal payroll practices. In addition, Mr. Culhane's options will immediately accelerate in an amount equal to the lesser of (A) 60% of the total number of his shares subject to options as of the date of the constructive termination or (B) the number of his remaining unvested shares subject to options as of the date of the constructive termination.

In May 1999, we entered into a letter agreement with Philip Uchno that provides that if, within 12 months following a transfer of control of iManage, he is constructively terminated, Mr. Uchno's options will immediately accelerate in an amount equal to 50% of his remaining unvested options as of the date of the constructive termination. If at any time on or before May 5, 2000 we terminate Mr. Uchno without cause, his options will vest based on the number of full months of service he has provided to iManage as of the date of his termination. If at any time on or before May 5, 2000 Mr. Uchno terminates his employment with us for any reason, or if we terminate his employment for cause, we will have the right to repurchase his vested options at the original option price.

Stock Option Plans

Amended 1997 Stock Option Plan

Our amended 1997 stock option plan was adopted by our board of directors in June 1997, was subsequently approved by our stockholders and has been amended from time to time. This plan originally provided for the issuance of 3,600,000 shares of common stock. On September 14, 1998 and April 6, 1999, our board of directors and stockholders approved increases in the reserve of the amended 1997 stock option plan in the amount of 400,000 shares and 1,000,000 shares, respectively. On August 30, 1999, subject to obtaining stockholder approval, our board of directors approved an increase in the reserve of the amended 1997 stock option plan in the amount of 1,000,000 shares.

Upon stockholder approval of the August 30, 1999 share reserve increase, the amended 1997 stock option plan will allow for the issuance of 6,000,000 shares of common stock. The share reserve will automatically be increased on the first day of each fiscal year beginning on and after December 31, 2000 by the lesser of 1,200,000 shares or 5% of the number of shares of our common stock that was issued and outstanding on the last day of the preceding fiscal year, or such lesser number of shares as determined by our board of directors or a committee of our board of directors.

Under the amended 1997 stock option plan, all of our employees or employees of a subsidiary, all directors who are not our employees or employees of a subsidiary and any independent contractor or advisor who performs services for us or a subsidiary are eligible to receive nonstatutory stock options. Employees are also eligible to receive incentive stock options intended to qualify under Section 422 of the Internal Revenue Code of 1986. The amended 1997 stock option plan is administered by our board of directors, which selects the persons who will receive options, determines the number of shares in each option and prescribes other terms and conditions, including the type of consideration to be paid to us upon exercise and vesting schedules, in connection with each option. However, this responsibility may be delegated to a committee at the option of our board of directors.

With respect to nonstatutory stock options granted under the amended 1997 stock option plan, the exercise price must be at least 85% of the fair market value of our common stock on the date of grant. The exercise price under incentive stock options cannot be lower than 100% of the fair market value of our common stock on the date of grant and, in the case of incentive stock options granted to 10% stockholders, not less than 110% of such fair market value. The term of an option cannot exceed ten years, and the term of an incentive stock option granted to a 10% stockholder cannot exceed five years. Options generally expire not later than 30 days following a termination of employment or six months following the optionee's termination date if the termination was due to the optionee's death or disability.

Options granted under the amendment 1997 stock option plan generally vest over four years, although the board or committee may specify a different vesting schedule for a particular grant. Options granted under the amended 1997 stock option plan are generally nontransferable other than by will or the laws of descent and distribution, although the board or committee may grant nonstatutory stock options which allow for limited transferability.

In the event of a change in control of iMange, the acquiring or successor corporation may assume or substitute for the outstanding options granted under the amended 1997 stock option plan. The outstanding options will terminate to the extent that such options are neither exercised nor assumed or substituted for by the acquiring or successor corporation.

Under our amended 1997 stock option plan, as of June 30, 1999, there were outstanding options to purchase 1,894,950 shares of common stock at exercise prices ranging from $0.20 to $1.65 per share, or a weighted average exercise price per share of $0.58. Options to acquire 2,274,333 shares have been exercised. As of June 30, 1999, a total of 830,717 shares of common stock were available for future option grants. If any option granted under the amended 1997 stock option plan expires, terminates or

is canceled for any reason, or if we repurchase shares of stock issued subject to a right of repurchase, the shares allocable to the unexercised option or the repurchased shares will become available for further issuance for grants under the amended 1997 stock option plan.

1999 Employee Stock Purchase Plan

Our 1999 employee stock purchase plan was adopted by our board of directors in August 1999 and approved by our stockholders in 1999. This plan will be effective upon the completion of this offering. Initially, a total of 500,000 shares of common stock will be reserved for issuance under the purchase plan, none of which will be issued as of the effective date of this offering. The share reserve will be automatically increased on January 1, 2001, and on each January 1 thereafter until and including January 1, 2009, by an amount equal to the lesser of 500,000 shares or 2% of our outstanding common stock on the last day of the immediately preceding fiscal year, or such lesser number of shares as determined by our board of directors or a committee of our board of directors.

The purchase plan, which is intended to qualify under Section 423 of the Internal Revenue Code of 1986, will be administered by our board of directors or by a committee of our board of directors. Employees, including our officers and directors who are also employees, of iManage or any subsidiary designated by our board of directors for participation in the purchase plan, will be eligible to participate in the purchase plan if they are customarily employed for more than 20 hours per week and more than five months per year. Eligible employees will be able to participate at the start of any offering period.

The first offering period under the purchase plan will commence on the date of this prospectus and will run for approximately 24 months. This initial 24-month period will be divided into four consecutive purchase periods of approximately six months, with shares purchased on the last day of each purchase period. The first purchase period will commence on the date of this prospectus and will terminate on July 31, 2000. Subsequent offering periods will generally have a duration of approximately six months. Offering periods after the initial offering period will commence on the first day of August and February of each year, with shares purchased on the last day of each offering period. Our board of directors may change the dates or duration of one or more offering periods, but no offering period may exceed 27 months.

The purchase plan will permit eligible employees to purchase shares of common stock through payroll deductions at a price equal to 85% of the lower of the fair market value of our common stock on (a) the first day of the offering period or (b) the purchase date. Participants generally may not purchase more than 2,500 shares on any purchase date or purchase stock having a value, measured at the beginning of the offering period, greater than $25,000 in any calendar year. In the event of a change in control of iManage, our board of directors may accelerate the purchase date of the then current offering period to a date prior to the change in control, or the acquiring corporation may assume or replace the outstanding purchase rights under the purchase plan.

401(k) Plan

We sponsor a tax-qualified employee savings and retirement plan intended to qualify under Section 401 of the Internal Revenue Code, or a 401(k) plan. Employees who are at least 21 years old and who performed at least one hour of service for us are generally eligible to participate and may enter the plan as of the first day of any calendar quarter. Participants may make pre-tax contributions to the plan of up to 20% of their eligible compensation, subject to a statutorily prescribed annual limit, which was $10,000 in calendar year 1998. Each participant is fully vested in his or her contributions and the investment earnings on these contributions at all times. The 401(k) plan does not currently permit us to make matching contributions on behalf of participants. Contributions by the participants or us to the plan, and the income earned on these contributions, are generally not taxable to the participants until withdrawn. Contributions are generally deductible by us when made. The 401(k) plan assets are held in trust. The trustee of the 401(k) plan invests the assets of the plan in various investment options as directed by the participants.

Limitations of Liability and Indemnification Matters

We have adopted provisions in our certificate of incorporation, which the Delaware General Corporation Law permits, which provide that our directors shall not be personally liable to us or our stockholders for monetary damages resulting from a violation of the directors' duty to act with care and in the best interests of the stockholders, except for liability:

- for acts or omissions that are not in good faith, are deliberately improper or are known to be illegal;

- under Section 174 of the Delaware General Corporation Law relating to improper dividends or distributions; or - for any transaction from which the director obtained an improper personal benefit.

This limitation of liability does not affect the availability of equitable remedies, including injunctive relief or rescission.

Our bylaws authorize us to indemnify our officers, directors, employees and agents to the extent permitted by the Delaware General Corporation Law. Section 145 of the Delaware General Corporation Law empowers us to enter into indemnification agreements with our officers, directors, employees and agents.

Prior to the completion of this offering, we intend to enter into separate indemnification agreements with each of our current directors and executive officers which may, in some cases, be broader than the specific indemnification provisions allowed by the Delaware General Corporation Law. The indemnification agreements may require us, among other things, to indemnify such executive officers and directors against liabilities that may arise by reason of status or service as directors or executive officers and to advance expenses they spend as a result of any proceeding against them as to which they could be indemnified.

We intend to obtain liability insurance for our directors and officers and intend to obtain a rider to extend that coverage for public securities matters.

At present, there is no pending litigation or proceeding involving a director, officer, employee or agent of iManage where indemnification will be required or permitted, and we are not aware of any threatened litigation or proceeding that may result in a claim for such indemnification.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, executive officers or persons controlling iManage, we have been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Certain Transactions

Since our inception in October 1995, there has not been, nor is there currently planned, any transaction or series of similar transactions to which iManage was or is a party in which the amount involved exceeds $60,000 and in which any director, executive officer or holder of more than 5% of iManage's capital stock or any member of their immediate family had or will have a direct or indirect material interest other than agreements which are described where required under the caption "Management" and the transactions described below.

Sale of Stock to Insiders

The following directors, executive officers, holders of more than 5% of a class of voting securities and members of any such person's immediate families purchased shares of our series A preferred stock, series B preferred stock, series C preferred stock or common stock:

STOCKHOLDER	SERIES A PREFERRED STOCK	SERIES B PREFERRED STOCK	SERIES C PREFERRED STOCK	COMMON STOCK
Anthelion Capital LLC.....	352,113	--	--	75,000
Neil Araujo.....	--	--	--	750,000
Zia Bhatti.....	--	--	--	750,000
Owen Carton.....	--	--	--	305,000
Mark Culhane.....	--	--	--	180,000
Entities and individuals affiliated with Louis Leitz Digital Systems GmbH & Co.....	--	1,273,885	--	10,000
Rafiq Mohammadi.....	--	--	--	3,000,000
Entities associated with New Enterprise Associates.....	--	1,034,401	1,705,599	--
Entities and individuals affiliated with Mahmood Panjwani and Shamshad Rashid(1).....	--	--	--	3,232,170
Raj-Dak Investments LLC.....	281,690	--	--	50,000
Iqbal Sadruddin.....	257,434	--	--	70,567
Philip Uchno.....	--	--	--	230,000
Entities and individuals affiliated with C.E. Unterberg Towbin (formerly know as Unterberg Harris, L.P.)	1,267,605	764,326	--	--
Entities and individuals affiliated with Moez Virani....	206,417	--	--	123,513

(1) Includes 171,875 shares of our common stock held by Ms. Samia Rashid, the sister of Ms. Shamshad Rashid; 29,295 shares of our common stock held by Akber Panjwani and Karim Panjwani, both brothers of Mr. Panjwani; and 53,000 shares of common stock held by Sherbanu Panjwani, Mr. Panjwani's mother.

The following is a summary of sales of our preferred and common stock that are set forth in the table above:

Series A financing. Between December 27, 1996 and August 28, 1997, we sold a total of 2,853,708 shares of series A preferred stock at a price of $0.71 per share.

Series B financing. Between December 15, 1997 and July 31, 1998, we sold a total of 3,200,000 shares of series B preferred stock at a price of $1.57 per share.

Series C financing. Between September 28, 1998 and November 30, 1998, we sold a total of 1,979,409 shares of our series C preferred stock at a price of $2.10 per share. 100,000 of these shares were issued for $210,000 in pre-paid rent for our San Mateo facility. Immediately before the closing of this offering, all outstanding shares of series A preferred stock, series B preferred stock and series C preferred stock will automatically convert into shares of common stock on a one-for-one basis.

Sales of Common Stock. On October 10, 1995, we sold to each of Mahmood Panjwani and Rafiq Mohammadi 3,000,000 shares of common stock at a price of $0.000165 per share. On December 27, 1996, we sold a total of 291,080 shares of common stock at a price of $0.071 per share. In February 1998, Mr. Araujo and Mr. Bhatti each exercised an option to acquire 750,000 shares of common stock at a price of $0.20 per share. Of the 75,000 shares of common stock shown as held by Anthelion Capital LLC, 50,000 shares are owned by Amit Shah and 25,000 shares are owned by Amit Parikh, both principals of Anthelion Capital LLC. Messers. Shah and Parikh each acquired their shares upon exercise of options granted at a price of $0.20 per share. The 10,000 shares of common stock shown as held by Louis Leitz Digital Systems GmbH & Co. are owned by Harold Ractzsch, acquired upon exercise of an option granted at $0.30 per share. All other holders of common stock set forth in the table above acquired their shares upon exercise of stock options as described below.

Option Grants to Directors and Executive Officers

In November 1997, we granted to Moez Virani, one of our directors, an option to purchase a total of 50,000 shares of common stock at an exercise price of $0.20 per share. In March 1999, we granted Mr. Virani an additional option to purchase 25,000 shares of common stock at an exercise of $0.60 per share. Mr. Virani has exercised both options.

In July 1998, we granted to Owen Carton, our Vice President, Marketing and Strategic Planning, an option to purchase 305,000 shares of common stock at an exercise price of $0.30 per share. Mr. Carton exercised options to purchase 177,917 shares in April 1999 and 127,083 shares in May 1999 with

funds we loaned him under two full recourse promissory notes approved by our board of directors. The April 1999 and May 1999 promissory notes accrue interest at rates of 4.71% and 4.83% per annum, respectively, and are due on March 31, 2003 and May 30, 2003, respectively.

In September 1998, we granted to Mark Perry, one of our directors, an option to purchase 100,000 shares of common stock at an exercise price of $0.40 per share. Mr. Perry has not exercised the option.

In October 1998, we granted to Mark Culhane, our Chief Financial Officer and Secretary, options to purchase 180,000 shares of common stock at an exercise price of $0.40 per share. In November 1998, Mr. Culhane exercised the option in full with funds we loaned him under a full recourse promissory note approved by our board of directors. The promissory note accrues interest at the rate of 4.51% per annum and is due on November 12, 2002.

In May 1999, we granted to Philip Uchno, our Vice President, Worldwide Sales, an option to purchase 230,000 shares of common stock at an exercise price of $0.90 per share. In July 1999, Mr. Uchno exercised the option in full with funds we loaned him under a full recourse promissory note approved by our board of directors. The promissory note accrues interest at the rate of 5.22% per annum and is due on July 31, 2003.

In June 1999, we granted to Shamshad Rashid, our Vice President, Business Development, an option to purchase 180,000 shares of common at an exercise price of $1.65 per share. In July 1999, Ms. Rashid exercised the option in full with funds we loaned her under a full recourse promissory note approved by our board of directors. The promissory note accrues interest at the rate of 4.9% per annum and is due on July 26, 2001.

Other Insider Arrangements

Prior to founding iManage, Mahmood Panjwani, our President and Chief Executive Officer, and Shamshad Rashid, our Vice President, Business Development and Mr. Panjwani's spouse, operated Q-Image Corporation, a consulting services company founded by Mr. Panjwani. Mr. Panjwani served as president of Q-Image from August 1988 to December 1997. Ms. Rashid has continued her involvement with Q-Image where she has served as President since December 1997. Currently, Mr. Panjwani and Ms. Rashid jointly hold a 90% ownership in Q-Image.

From 1995 until late 1998, we subleased office space in Sunnyvale, California from Q-Image. During 1998, we paid a total of $54,000 in rent to Q-Image. In November 1998, we moved to our current location in San Mateo, California and we terminated our sublease arrangement with Q-Image for the Sunnyvale facility. Q-Image now subleases office space from us in our San Mateo facility for $84,600 per year for 1999 and $91,650 per year for 2000 under a written sublease agreement.

Since 1997, we have engaged Q-Image for personnel recruiting services under an arrangement where we pay Q-Image a placement fee amounting to 25% of the base salary of the candidates we hire. During 1998, we paid a total of $101,575 in placement fees to Q-Image under the terms of a written

agreement. Although this written agreement expired in August 1999, we are currently negotiating with Q-Image to renew the agreement. During the six month period ended June 30, 1999, we paid a total of $141,250 in placement fees to Q-Image.

We are presently utilizing the services of several full-time consultants who were referred to us by Q-Image. Under our current arrangement with Q-Image, we pay fees to Q-Image equivalent to the salaries and incentive pay of these consultants. We also pay additional fees to Q-Image to cover the cost of employee benefits provided by Q-Image to these individuals. We have in the past, and may in the future, hire consultants from Q-Image as full-time iManage employees. During 1998 and the six month period ended June 30, 1999, we paid Q-Image $365,826 and $279,148, respectively, for the services of these consultants.

On November 14, 1996, December 12, 1996 and December 19, 1996, Mahmood Panjwani loaned us $25,000, $10,000 and $15,000, respectively. Each loan accrued interest at the rate of 10% per annum. Both loans were repaid in full on September 14, 1998.

On October 10, 1995 and June 25, 1996, Rafiq Mohammadi loaned us $24,010 and $5,000, respectively. Each loan accrued interest at the rate of 10% per annum. Mr. Mohammadi was repaid $10,000 of this loan in two installments of $7,000 in May 1997 and $3,000 in August 1997, and the balance was repaid in full on September 14, 1998.

We believe that all the transactions set forth above were made on terms no less favorable to us than could have been obtained from unaffiliated third parties. We intend that all future transactions, including the agreements with Q-Image and loans between us and our officers, directors and principal stockholders and their affiliates, will be approved by a majority of the board of directors. In addition, we intend that all such future transactions will take place on terms no less favorable to us than could be obtained from unaffiliated third parties.

Indemnification Agreements

We intend to enter into indemnification agreements with each of our directors and officers. These agreements will require us to indemnify these individuals to the fullest extent permitted by the Delaware General Corporation Law.

Principal Stockholders

The following table sets forth certain information concerning the beneficial ownership of the shares of our common stock as of June 30, 1999, and as adjusted to reflect the sale of shares of common stock in this offering assuming (a) 16,778,530 shares of common stock outstanding as of June 30, 1999, (b) conversion of all of iManage's outstanding shares of convertible preferred stock into common stock and (c) no exercise of the underwriters' over-allotment option, by:

- each person we know to be the beneficial owner of 5% or more of the outstanding shares of common stock;

- each executive officer listed in the summary compensation table above;

- each of our directors; and - all executive officers and directors of iManage as a group.

Beneficial ownership is determined under the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Except in cases where community property laws apply or as indicated in the footnotes to this table, we believe that each stockholder identified in the table possesses sole voting and investment power with respect to all shares of common stock shown as beneficially owned by such stockholder. Shares of common stock subject to options that are currently exercisable or exercisable within 60 days of June 30, 1999 are deemed to be outstanding and to be beneficially owned by the person holding the options for the purpose of computing the percentage ownership of that person but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Unless indicated below, the address of each individual listed below is 2121 South El Camino Real, Suite 400, San Mateo, California 94403.

NAME AND ADDRESS	NUMBER OF SHARES BENEFICIALLY OWNED	PERCENTAGE OF SHARES BENEFICIALLY OWNED PRIOR TO THE OFFERING	PERCENTAGE OF SHARES BENEFICIALLY OWNED AFTER THE OFFERING
NAMED EXECUTIVE OFFICERS AND DIRECTORS Rafiq Mohammadi.....	3,000,000	17.9%	
Mahmood Panjwani(1).....	2,978,000	17.6	
Shamshad Rashid(2).....	2,978,000	17.6	
Mark Perry(3).....	2,840,000	16.8	c/o New Enterprise Associates 2490 Sand Hill Road Menlo Park, CA 94025
Moez Virani(4).....	329,930	2.0	c/o Mohr Davidow Ventures 2775 Sand Hill Road, Suite 240 Menlo Park, CA 94025
Owen Carton(5).....	305,000	1.8	
Mark Culhane(6).....	180,000	1.1	
OTHER 5% STOCKHOLDERS New Enterprise Associates(7).....	2,740,000	16.3	Attn: Mark Perry 2490 Sand Hill Road Menlo Park, CA 94025
Entities and individuals associated with C.E. Unterberg Towbin, L.P.(8).....	2,031,931	12.1	Swiss Bank Tower 10 East 50th Street New York, NY 10022
Entities and individuals associated with Louis Leitz Digital Systems GmbH & Co.(9).....	1,283,885	7.7	Seimenstrasse 64, 70469 Stuttgart Germany
All executive officers and directors as a group (8 persons)(10).....	9,862,930	57.0	

(1) Includes 2,648,000 shares held in joint tenancy with Ms. Rashid, Mr. Panjwani's wife, 50,000 shares registered in the name of Mr. Panjwani and Ms. Rashid as the trustees of the Danyal M. Panjwani Trust and 100,000 shares registered in the name of Mr. Panjwani and Ms. Rashid as the trustees of the Panjwani Irrevocable Trust dated December 31, 1998. Also includes 180,000 shares subject to options held by Ms. Rashid exercisable within 60 days of June 30, 1999, of which 86,250 are subject to a right of repurchase in favor of iManage which lapses over time.

(2) Includes 2,648,000 shares held in joint tenancy with Mr. Panjwani, Ms. Rashid's husband, 50,000 shares registered in the name of Mr. Panjwani and Ms. Rashid as the trustees of the Danyal M. Panjwani Trust and 100,000 shares registered in the name of Mr. Panjwani and Ms. Rashid as the

trustees of the Panjwani Irrevocable Trust dated December 31, 1998. Also includes 180,000 shares subject to options held by Ms. Rashid exercisable within 60 days of June 30, 1999, of which 86,250 are subject to a right of repurchase in favor of iManage which lapses over time.

(3) Mr. Perry is a General Partner of New Enterprise Associates and a director of iManage. Includes 100,000 shares subject to options exercisable within 60 days of June 30, 1999, all of which are subject to a right of repurchase in favor of iManage which lapses over time. Also includes 2,783 shares held by NEA Ventures 1998, Limited Partnership, 27,828 shares held by NEA Presidents Fund, L.P. and 2,709,389 shares held by New Enterprise Associates VIII, Limited Partnership. Mr. Perry disclaims beneficial ownership of shares held by these entities, except for his proportional interest arising from his partnership interest in New Enterprise Associates.

(4) Includes 254,930 shares registered in the name of the Moez R. Virani and Vivienne Virani, TTEES of the Virani Fam 93 Rev Tr Dtd 11/24/93.

(5) Includes 111,198 shares subject to a right of repurchase in favor of iManage which lapses over time.

(6) Represents 180,000 shares subject to a right of repurchase in favor of iManage which lapses over time. Includes 5,000 shares registered in the name of Mark and Michele Culhane as trustees of the Michael D. Culhane 1999 Irrevocable Trust, 5,000 shares registered in the name of Mark and Michele Culhane as trustees of the Maxwell A. Culhane 1999 Irrevocable Trust and 5,000 shares registered in the name of Mark and Michele Culhane as trustees of the Monica G. Culhane 1999 Irrevocable Trust.

(7) Represents 2,783 shares held by NEA Ventures 1998, Limited Partnership, 27,828 shares held by NEA Presidents Fund, L.P. and 2,709,389 shares held by New Enterprise Associates VIII, Limited Partnership. Mr. Perry is a General Partner of New Enterprise Associates and has dispositive and voting power for these shares.

(8) Includes 127,388 shares held by C.E. Unterberg, Towbin LLC, 1,016,786 shares held by Unterberg Harris Private Equity Partners L.P., 323,940 shares held by Unterberg Harris, L.P., 217,177 shares held by Unterberg Harris Private Equity Partners, C.V., 63,694 shares held by A. Robert Towbin, a principal of Unterberg Towbin L.P., and an aggregate of 282,946 shares held by seven trusts and two 401(k) profit sharing accounts, all of which have beneficiaries who are affiliated with Unterberg Towbin L.P. or the principals of Unterberg Towbin L.P.

(9) Includes 10,000 shares held by Harold Raetzsch, an executive officer of Louis Leitz Digital Systems GmbH & Co.'s U.S. subsidiary. These 10,000 shares are subject to a repurchase option in favor of iManage in the event Mr. Raetzsch ceases to serve as a consultant or advisor to us.

(10) Includes 707,448 shares subject to a right of repurchase in favor of iManage which lapses over time. Also includes 510,000 shares subject to options exercisable within 60 days of June 30, 1999.

Description of Capital Stock

Immediately following the closing of this offering, our authorized capital stock will consist of 100,000,000 shares of common stock, $0.001 par value per share, and 2,000,000 shares of preferred stock, $0.001 par value per share. As of June 30, 1999, and assuming the conversion of all outstanding preferred stock into common stock upon the closing of this offering, there were outstanding 16,778,530 shares of common stock held of record by approximately 93 stockholders and options to purchase 1,894,950 shares of common stock.

Immediately before the closing of this offering, we intend to amend and restate our certificate of incorporation and our bylaws. Our certificate of incorporation, bylaws and rights agreement, including all of its amendments, described below, are included as exhibits to the registration statement of which this prospectus forms a part.

Common Stock

Dividend Rights. Subject to preferences that may apply to shares of preferred stock outstanding at the time, the holders of outstanding shares of common stock are entitled to receive dividends out of assets legally available at the times and in the amounts as our board of directors may from time to time determine.

Voting Rights. Each common stockholder is entitled to one vote for each share of common stock held on all matters submitted to a vote of stockholders. Cumulative voting for the election of directors is not provided for in our certificate of incorporation, which means that the holders of a majority of the shares voted can elect all of the directors then standing for election.

No Preemptive or Similar Rights. Our common stock is not entitled to preemptive rights and is not subject to conversion or redemption.

Right to Receive Liquidation Distributions. Upon our liquidation, dissolution or winding-up, the assets legally available for distribution to our stockholders are distributable ratably among the holders of our common stock and any participating preferred stock outstanding at that time after payment of liquidation preferences, if any, on any outstanding preferred stock and payment of other claims of creditors. Each outstanding share of common stock is, and all shares of common stock to be outstanding upon completion of this offering will be, fully paid and nonassessable.

Preferred Stock

Upon the closing of this offering, each outstanding share of series A preferred stock, series B preferred stock and series C preferred stock will be converted into one share of common stock. See Note 6 to our financial statements for a description of the preferred stock.

Following the offering, we will be authorized, subject to the limits imposed by the Delaware General Corporation Law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, to fix the rights, preferences and privileges of the shares of each wholly unissued series and any of its qualifications, limitations or restrictions. Our board of directors can also increase or decrease the number of shares of any series, but not below the number of shares of that series then outstanding, without any further vote or action by the stockholders.

Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of our common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of iManage and may cause the market price of our common stock to decline or impair the voting and other rights of the holders of our common stock. We have no current plans to issue any shares of preferred stock.

Registration Rights

The holders of approximately 8,033,117 shares of preferred stock have the right to require us to register their shares with the Securities and Exchange Commission so that those shares may be publicly resold or to include their shares in any registration statement we file.

Demand registration rights At any time after December 31, 2001, stockholders with registration rights can request that we file a registration statement so that they can publicly sell their shares. The underwriters of any underwritten offering will have the right to limit the number of shares to be included in the filed registration statement. At any time six months after the closing of this offering, the holders of at least 30% of the shares having registration rights have the right to demand that we file a registration statement on a form other than Form S-3, as long as the aggregate amount of securities to be sold under the registration statement exceeds $7.5 million. If we are eligible to file a registration statement on Form S-3, the holders of at least 10% of the shares having registration rights have the right to demand that we file a registration statement on Form S-3, as long as the amount of securities to be sold under the registration statement exceeds $500,000. We will be required to file two registration statements on a form other than Form S-3 for the holders of at least 30% of shares having registration rights. If we are eligible to file a registration statement on Form S-3, we are not required to file more than one registration statement during any 12-month period. We may postpone the filing of a registration statement for up to 60 days once in a 12-month period if we determine that the filing would be seriously detrimental to us or our stockholders.

Piggyback registration rights If we register any securities for public sale, stockholders with registration rights will have the right to include their shares in the registration statement. The underwriters of any underwritten offering will have the right to limit the number of shares to be included in the registration statement.

Expenses of registration We will pay all expenses relating to any demand or piggyback registration. However, we will not pay for the expenses of any demand registration if the request is subsequently withdrawn by the holders of a majority of the shares having registration rights, subject to very limited exceptions.

Expiration of registration rights The registration rights described above will expire six years after this offering is completed. The registration rights will terminate earlier with respect to a particular stockholder if that holder can resell all of its securities in a three-month period under Rule 144 of the Securities Act and we are subject to the reporting requirements of the Securities Exchange Act of 1934.

Delaware Anti-takeover Law and Certain Charter Provisions

The provisions of the Delaware General Corporation Law, our certificate of incorporation and our bylaws described below may have the effect of delaying, deferring or discouraging another person from acquiring control of us.

We will be subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. This section prevents certain Delaware corporations from engaging, under limited circumstances, in a "business combination," which includes a merger or sale of more than 10% of the corporation's assets, with any "interested stockholder," or a stockholder who owns 15% or more of the corporation's outstanding voting stock, as well as affiliates and associates of stockholders, for three years following the date that the stockholder became an "interested stockholder" unless:

- the transaction is approved by the board prior to the date the "interested stockholder" attained that status;

- upon the closing of the transaction that resulted in the stockholder's becoming an "interested stockholder," the "interested stockholder" owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or - on or subsequent to that date the "business combination" is approved by the board and authorized at an annual or special meeting of stockholders by at least two-thirds of the outstanding voting stock that is not owned by the "interested stockholder."

A Delaware corporation may "opt out" of this provision with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or bylaws resulting from a stockholders' amendment approved by at least a majority of the outstanding voting shares. However, we have not "opted out" of this provision. This provision of the Delaware General Corporation Law could prohibit or delay mergers or other takeover or change-in-control attempts and, accordingly, may discourage attempts to acquire us.

Charter and Bylaws

Effective upon the closing of this offering, our certificate of incorporation will provide that any action permitted to be taken by our stockholders must be effected at a duly-called annual or special meeting of stockholders and will not be able to be effected by a consent in writing. Our certificate of incorporation will also require the approval of our board of directors in order to adopt, amend or repeal our bylaws. In addition, our certificate of incorporation will similarly permit the stockholders to adopt, amend or repeal our bylaws only upon the affirmative vote of the holders of at least two-thirds of the voting power of all then outstanding shares of stock entitled to vote. Also, a director will be removable for cause only by stockholders holding a majority of the then outstanding shares of stock entitled to vote. Vacancies on the board of directors resulting from death, resignation, removal or other reason may be filled by a majority of the directors then in office, even if less than a quorum. Vacancies from newly created directorships are also to be filled by a majority of the directors then in office. Lastly, the provisions in the certificate of incorporation described above and other provisions pertaining to the limitation of liability and indemnification of directors will be able to be amended or repealed only with the affirmative vote of the holders of at least two-thirds of the voting power of all then outstanding shares of stock entitled to vote. These provisions may have the effect of deterring hostile takeovers or delaying changes in the control or management of iManage, which could have an adverse effect on the market price of our common stock.

Upon the closing of this offering, our bylaws will also contain many of the provisions in our certificate of incorporation described above. Our bylaws will not permit stockholders to call a special meeting. In addition, our bylaws will establish an advance notice procedure with regard to matters to be brought before an annual or special meeting of our stockholders, including the election of directors. Business permitted to be conducted at any annual meeting or special meeting of stockholders will be limited to business properly brought before the meeting.

Our bylaws will provide that we will indemnify officers and directors against losses that they may incur in investigations and legal proceedings resulting from their services to us, which may include services in connection with takeover defense measures. These provisions may have the effect of preventing changes in our management.

Indemnification of Directors and Executive Officers and Limitation of Liability

Our certificate of incorporation limits the liability of directors to the fullest extent permitted by the Delaware General Corporation Law. In addition, our certificate of incorporation and bylaws provide that we will indemnify our directors and officers to the fullest extent permitted by the Delaware General Corporation Law. We intend to enter into separate indemnification agreements with our directors and executive officers that provide them indemnification protection in the event our certificate of incorporation is subsequently amended. For more information on limitations of liability and indemnification, please see "-- Limitations of Liability and Indemnification Matters" on page 57.

Transfer Agent and Registrar

The transfer agent and registrar for the common stock is . The address of our transfer agent and registrar is , and its telephone number at this location is .

Listing

We have applied for our common stock to be quoted on the Nasdaq National Market under the trading name "IMAN."

Shares Eligible for Future Sale

Prior to this offering, there has been no public market for our common stock. Future sales of substantial amounts of our common stock, including shares issued upon exercise of outstanding options, in the public market after this offering could adversely affect market prices prevailing from time to time. Furthermore, as described below, no shares currently outstanding will be available for sale immediately after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of substantial amounts of our common stock in the public market after the restrictions lapse could adversely affect the prevailing market price at such time and our ability to raise equity capital in the future.

- Upon the closing of this offering, we will have outstanding an aggregate of approximately shares of common stock, assuming conversion of all outstanding preferred stock and based on common stock outstanding as of June 30, 1999, and assuming no exercise of the underwriters' over-allotment option or exercise of outstanding options.

- Of these shares, the shares of common stock to be sold in this offering will be freely tradable without restriction or further registration under the Securities Act, unless such shares are held by "affiliates" of iManage as such term is defined in Rule 144 of the Securities Act.

All remaining shares held by our existing stockholders were issued and sold by iManage in private transactions and are eligible for public sale as follows:

APPROXIMATE NUMBER OF SHARES	DATE THAT MAY BE SOLD	COMMENT
Date of this prospectus.....	0	Freely tradable shares
181 days after the date of this prospectus.....		Restricted securities held for at least one year may be sold under Rule 144

Lock-up Agreements

All of our officers and directors and substantially all of our security holders have signed lock-up agreements under which they agreed not to sell, dispose of, loan, pledge or grant any rights with respect to any shares of common stock or any securities convertible into or exercisable or exchangeable for

shares of common stock without the prior written consent of BancBoston Robertson Stephens for a period of 180 days after the date of this prospectus.

BancBoston Robertson Stephens may choose to release some of these shares from these restrictions prior to the expiration of this 180-day period, although it has no current intention to do so.

Rule 144

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, a person who has beneficially owned shares of our common stock for at least one year would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of shares of common stock then outstanding, which will equal approximately shares immediately after this offering; or - the average weekly trading volume of the common stock on the Nasdaq National Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales under Rule 144 are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us.

RULE 144(k)

Under Rule 144(k), a person who has not been one of our affiliates at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years, is entitled to sell those shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144. Therefore, unless otherwise restricted, shares that have been held by non-affiliate for at least two years may be sold in the open market immediately after the lock-up agreements expire.

Rule 701

Any employee, officer or director of, or consultant to, us who purchased his or her shares under a written compensatory plan or contract may be entitled to sell his or her shares in reliance on Rule 701. Rule 701 permits affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. Rule 701 further provides that non-affiliates may sell these shares in reliance on Rule 144 without having to comply with the holding period, public information, volume limitation or notice provisions of Rule 144. All holders of Rule 701 shares are required to wait until 90 days after the date of this prospectus before selling those shares. However, all shares issued under Rule 701 are subject to lock-up agreements and will only become eligible for sale when the 180-day lock-up agreements expire.

Registration Rights

Upon completion of this offering, the holders of 8,033,117 shares of common stock, or their transferees, will be entitled to certain rights with respect to the registration of those shares under the Securities Act. For a discussion of these rights please see "Description of Capital Stock -- Registration Rights" on page 66. After these shares are registered, they will be freely tradable without restriction under the Securities Act.

Stock Options

We intend to file one or more registration statements on Form S-8 under the Securities Act to register approximately shares of common stock issued under our stock option and employee stock purchase plans. Such registration statements are expected to be filed soon after the date of this prospectus and will automatically become effective upon filing. Accordingly, shares registered under such registration statement will be available for sale in the open market, unless such shares are subject to vesting restrictions with iManage or the lock-up restrictions described above.

Underwriting

The underwriters named below have entered into an underwriting agreement with us to purchase the number of shares of common stock set forth opposite their names below. The underwriters are obligated to purchase and pay for all the shares listed below if any are purchased.

Number of Underwriters Shares

BancBoston Robertson Stephens Inc. ..... U.S. Bancorp Piper Jaffray Inc..... C.E. Unterberg, Towbin..... Total.....

The underwriters initially propose to offer the shares of common stock directly to the public at the initial public offering price set forth on the cover page of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to per share from the initial public offering price. The underwriters may allow, and such dealers may re-allow, to certain other dealers a discount of up to $ per share from the initial public offering price. After the initial offering of the common stock, the public offering price and other selling terms may be changed by the representatives of the underwriters at any time without notice. The underwriters do not intend to confirm sales to any accounts over which they exercise discretionary authority.

Over-Allotment Option. We have granted to the underwriters an option, exercisable during the 30-day period after the date of this prospectus, to purchase up to additional shares of common stock at the same price per share as we will receive for the shares that the underwriters have agreed to purchase. To the extent that the underwriters exercise this option, each of the underwriters will have a firm commitment to purchase approximately the same percentage of these additional shares that the

number of shares of common stock to be purchased by it shown in the above table represents as a percentage of the shares in this offering. If purchased, these additional shares will be sold by the underwriters on the same terms as those on which the shares are being sold.

Qualified Independent Underwriter. The offering is being conducted in accordance with Rule 2720 of the National Association of Securities Dealers, Inc. which provides that, among other things, when an NASD member firm participates in the offering of equity securities of a company with whom such member has a "conflict of interest," the initial public offering price can be no higher than that recommended by a "qualified independent underwriter." C.E. Unterberg, Towbin is deemed to have a conflict of interest due to the fact that certain entities affiliated with C.E. Unterberg, Towbin own more than 10% of our capital stock. BancBoston Robertson Stephens is serving as the qualified independent underwriter in the offering and will recommend a price in compliance with the requirements of Rule 2720. BancBoston Robertson Stephens has performed due diligence investigations and reviewed and participated in the preparation of the prospectus and the registration statement of which this prospectus forms a part. BancBoston Robertson Stephens will receive no additional compensation in its capacity as the qualified independent underwriter.

Indemnification. The underwriting agreement contains covenants of indemnity among the underwriters and us against specified civil liabilities, including liabilities under the Securities Act and liabilities arising from breaches of representations and warranties contained in the underwriting agreement.

Lock-Up Agreement. Each of our officers, directors and substantially all security holders have agreed with the representatives and us, for a period of 180 days after the effective date of this prospectus, not to dispose of or hedge any shares of common stock, or securities convertible into or exchangeable for shares of common stock, now owned or later acquired by them without the prior written consent of BancBoston Robertson Stephens. BancBoston Robertson Stephens may, in its sole discretion and at any time without notice, release all or any portion of the securities subject to lock-up agreements. All of the shares of common stock subject to the lock-up agreements will be eligible for sale in the public market upon the expiration of the lock-up agreements, subject to holding period, volume limitations and other conditions of Rule 144.

Future Sales. In addition, we have agreed that during the period of 180 days following the effective date of this prospectus, we will not, without the prior written consent of BancBoston Robertson Stephens, subject to limited exceptions, including in connection with acquisitions, dispose of or hedge any shares of common stock, or any securities convertible into, exercisable for or exchangeable for shares of common stock, other than our sales of shares in this offering, the issuance of common stock upon the exercise of outstanding options or our issuance of options or shares under existing stock option or stock purchase plans. For a complete description of our shares that will be eligible for resale upon completion of this offering, please see "Shares Eligible for Future Sales" on page 69.

The underwriters do not intend to confirm sales to any accounts over which they exercise discretionary authority.

No Prior Public Market. Prior to this offering, there has been no public market for our common stock. Consequently, the initial public offering price for the common stock in this offering has been determined through negotiations among us and the representatives of the underwriters. The factors considered in these negotiations included prevailing market conditions, our financial information, the market valuation of other companies that we and the representatives believe to be comparable to us, estimates of our business potential and the business potential of the industry in which we compete, an assessment of our management, our past and present operation, the prospects for our future revenues and other factors deemed relevant.

Stabilization. The representatives have advised us that, pursuant to Regulation M under the Securities Act, some persons participating in the offering may engage in transactions including stabilizing bids, syndicate covering transactions or the imposition of penalty bids that may have the effect of stabilizing or maintaining the market price of the common stock at a level above that which might otherwise prevail in the open market. A "stabilizing bid" is a bid for or the purchase of the common stock on behalf of the underwriters for the purpose of fixing or maintaining the price of the common stock. A "syndicate covering transaction" is the bid for the purchase of the common stock on behalf of the underwriters to reduce a short position incurred by the underwriters in connection with the offering. A "penalty bid" is an arrangement permitting the representatives to reclaim the selling concession otherwise accruing to an underwriter or syndicate member in connection with the offering if the common stock originally sold by this underwriter or syndicate member is purchased by the representatives in a syndicate covering transaction and has therefore not been effectively placed by this underwriter or syndicate member. These transactions may be effected on the Nasdaq National Market or otherwise and, if commenced, may be discontinued at any time.

Directed Shares. The underwriters have reserved for sale at the initial public offering price up to 5% of the common stock in this offering for individuals designated by us who have expressed an interest in purchasing shares of common stock in this offering. The number of shares available for sale to the general public will be reduced to the extent these persons purchase the reserved shares. The underwriters will offer any reserved shares not so purchased to the general public on the same basis as other shares in this offering described above.

Legal Matters

The validity of the common stock offered by this prospectus will be passed upon for us by Gray Cary Ware & Freidenrich LLP, Palo Alto, California. Certain legal matters in connection with this offering will be passed upon for the underwriters by Brobeck, Phleger & Harrison LLP, Palo Alto, California. As of June 30, 1999, an investment partnership and an associate attorney at Gray Cary Ware & Freidenrich LLP beneficially owned an aggregate of 61,402 shares of our common stock. Gary Cary is one of our customers.

Experts

The financial statements as of December 31, 1997 and 1998 and June 30, 1999 and for each of the three years in the period ended December 31, 1998 and the six month period ended June 30, 1999 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

Where You Can Find Additional Information

We have filed with the Securities and Exchange Commission a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock offered by this prospectus. This prospectus does not contain all of the information set forth in the registration statement and related exhibits and schedules. For further information with respect to us and our common stock being offered, see the registration statement and the related exhibits and schedules. Statements contained in this prospectus concerning the contents of any contract of any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The registration statement and the related exhibits and schedules may be inspected without charge at the principal office of the Securities and Exchange Commission located at Room 1024, 450 Fifth Street, Washington, D.C., 20549. Copies of all or any part of the registration statement may be obtained from that office after payment of fees prescribed by the Securities and Exchange Commission. The Securities and Exchange Commission maintains a web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Securities and Exchange Commission at http://www.sec.gov.

We intend to provide our stockholders with annual reports containing financial statements audited by an independent public accounting firm and quarterly reports containing unaudited financial data for the first three quarters of each year.

[Logo]

Imanage, Inc.

Index to Financial Statements

Page

Report of Independent Accountants..... F-2 Balance Sheets..... F-3
Statements of Operations..... F-4 Statements of Stockholders' Equity..... F-5
Statements of Cash Flows..... F-6 Notes to Financial Statements..... F-7

Report of Independent Accountants

To the Board of Directors and Stockholders of iManage, Inc. (formerly NetRight Technologies, Inc.)

In our opinion, the accompanying balance sheets and the related statements of operations, of stockholders' equity and of cash flows present fairly, in all material respects, the financial position of iManage, Inc. (formerly NetRight Technologies, Inc.) at December 31, 1997 and 1998 and June 30, 1999, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1998 and the six month period ended June 30, 1999, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Pricewaterhousecoopers Llp

San Jose, California August 20, 1999, except as to Note 10, which is as of August 30, 1999

Imanage, Inc.

Balance Sheets (In Thousands, Except Per Share Data)

	DECEMBER 31,		JUNE 30,	PRO-FORMA JUNE 30,
	1997	1998	1999	1999 (UNAUDITED)
ASSETS				
Current assets:				
Cash and cash equivalents	$ 1,789	$ 7,617	$ 8,622	
Short-term investments	--	--	3,495	
Trade accounts receivable, net of allowance for doubtful accounts of $75 in 1997, $175 in 1998 and $115 in 1999	1,124	4,194	4,120	
Other current assets	101	443	250	
Total current assets	3,014	12,254	16,487	
Property and equipment, net	237	483	1,478	
Other assets	9	758	595	
Total assets	$ 3,260	$13,495	$18,560	
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$ 188	$ 595	$ 763	
Accrued liabilities	347	2,190	1,343	
Advances from stockholders	69	--	--	
Equipment line of credit, current portion	--	--	111	
Deferred revenue	670	3,350	8,009	
Total current liabilities	1,274	6,135	10,226	
Equipment line of credit, less current portion	--	--	889	
Total liabilities	1,274	6,135	11,115	
Commitments (Note 4)				
Stockholders' Equity:				
Preferred stock; $0.001 par value; authorized: 8,154 shares; issued and outstanding: 4,128 shares in 1997, 8,033 shares in 1998, 8,033 shares in 1999 and zero shares pro forma (Liquidation value: $11,207)	4	8	8	$ --
Common stock, $0.001 par value; authorized: 20,000,000 shares; issued and outstanding: 6,516 shares in 1997, 8,198 shares in 1998, 8,745 shares in 1999 and 16,778 shares pro forma	6	7	8	16
Additional paid-in capital	6,810	15,679	20,100	20,100
Deferred stock-based compensation	(482)	(770)	(3,047)	(3,047)
Notes receivable for common stock	--	(372)	(498)	(498)
Accumulated deficit	(4,352)	(7,192)	(9,126)	(9,126)
Total stockholders' equity	1,986	7,360	7,445	$ 7,445
Total liabilities and stockholders' equity	$ 3,260	$13,495	$18,560	

The accompanying notes are an integral part of these financial statements.

Imanage, Inc.

Statements of Operations (In Thousands, Except Per Share Data)

	YEAR ENDED DECEMBER 31,			SIX MONTH PERIOD ENDED JUNE 30,	
	1996	1997	1998	1998 (UNAUDITED)	1999
Revenues:					
Licenses	$ 70	$ 1,172	$ 6,509	$ 1,849	$ 6,159
Support and services	4	358	1,232	384	1,715
Total revenues	74	1,530	7,741	2,233	7,874
Cost of revenues:					
Licenses	4	136	414	150	327
Support and services	38	163	1,213	499	1,173
Total cost of revenues	42	299	1,627	649	1,500
Gross profit	32	1,231	6,114	1,584	6,374
Operating expenses:					
Sales and marketing	335	1,120	4,393	1,798	3,677
Research and development	113	935	2,351	1,058	1,884
General and administrative	272	706	1,295	577	938
Stock-based compensation	--	2,079	1,054	422	1,991
Total operating expenses	720	4,840	9,093	3,855	8,490
Loss from operations	(688)	(3,609)	(2,979)	(2,271)	(2,116)
Interest income	--	22	153	39	204
Interest expense	(4)	(9)	(14)	(5)	(18)
Loss before provision for income taxes	(692)	(3,596)	(2,840)	(2,237)	(1,930)
Provision for income taxes	--	--	--	--	4
Net loss	$ (692)	$(3,596)	$(2,840)	$(2,237)	$(1,934)
Net loss per share -- basic and diluted	$(0.12)	$ (0.57)	$ (0.38)	$ (0.31)	$ (0.24)
Shares used in net loss per share -- basic and diluted	6,004	6,292	7,455	7,227	8,102
Pro forma net loss per share -- basic and diluted (unaudited)			$ (0.21)		$ (0.12)
Shares used in pro forma net loss per share -- basic and diluted (unaudited)			13,489		16,135

The accompanying notes are an integral part of these financial statements.

iMANAGE, INC.

Statements of Stockholders' Equity (In Thousands)

	PREFERRED STOCK		COMMON STOCK		ADDITIONAL	DEFERRED	NOTES RECEIVABLE FOR		
	SHARES	AMOUNT	SHARES	AMOUNT	PAID-IN CAPITAL	STOCK-BASED COMPENSATION	COMMON STOCK	ACCUMULATED DEFICIT	TOTAL
Balances, January 1, 1996	--	$ --	6,000	$ 6	$ 75	$ --	$ --	$ (64)	$ 17

Issuance of Series A preferred stock, net of issuance costs of $5.....	886	1	--	--	624	--	--	--	625
Issuance of common stock.....	--	--	291	--	20	--	--	--	20
Capital contributed from stockholders.....	--	--	--	--	120	--	--	--	120
Net loss.....	--	--	--	--	--	--	--	(692)	(692)
Balances, December 31, 1996.....	886	1	6,291	6	839	--	--	(756)	90
Issuance of Series A preferred stock, net of issuance costs of $17.....	1,968	2	--	--	1,377	--	--	--	1,379
Issuance of Series B preferred stock, net of issuance costs of $11.....	1,274	1	--	--	1,988	--	--	--	1,989
Exercise of common stock options.....	--	--	225	--	45	--	--	--	45
Options issued in exchange for services.....	--	--	--	--	47	--	--	--	47
Deferred stock-based compensation.....	--	--	--	--	2,514	(2,514)	--	--	--
Amortization of deferred stock-based compensation...	--	--	--	--	--	1,951	--	--	1,951
Amortization of non-employee stock-based compensation...	--	--	--	--	--	81	--	--	81
Net loss.....	--	--	--	--	--	--	--	(3,596)	(3,596)
Balances, December 31, 1997.....	4,128	4	6,516	6	6,810	(482)	--	(4,352)	1,986
Issuance of Series B Preferred Stock, net of issuance costs of $17.....	1,926	2	--	--	3,005	--	--	--	3,007
Issuance of Series C preferred stock, net of issuance costs of $4.....	1,879	2	--	--	3,941	--	--	--	3,943
Issuance of Series C preferred stock to prepay rent.....	100	--	--	--	210	--	--	--	210
Exercise of common stock options.....	--	--	1,682	1	371	--	(372)	--	--
Options issued in exchange for services.....	--	--	--	--	89	--	--	--	89
Deferred stock-based compensation.....	--	--	--	--	1,253	(1,253)	--	--	--
Amortization of deferred									

stock-based compensation...	--	--	--	--	--	866	--	--	866
Amortization of non-employee stock-based compensation...	--	--	--	--	--	99	--	--	99
Net loss.....	--	--	--	--	--	--	--	--	(2,840)	(2,840)
Balances, December 31, 1998.....	8,033	8	8,198	7	15,679	(770)	(372)	(7,192)	7,360
Exercise of common stock options.....	--	--	547	1	153	--	(126)	--	28
Options issued in exchange for services.....	--	--	--	--	208	--	--	--	208
Deferred stock-based compensation.....	--	--	--	--	4,060	(4,060)	--	--	--
Amortization of deferred stock-based compensation...	--	--	--	--	--	1,760	--	--	1,760
Amortization of non-employee stock-based compensation...	--	--	--	--	--	23	--	--	23
Net loss.....	--	--	--	--	--	--	--	(1,934)	(1,934)
Balances, June 30, 1999.....	8,033	$ 8	8,745	$ 8	$20,100	$(3,047)	$(498)	$(9,126)	$ 7,445

The accompanying notes are an integral part of these financial statements.

Imanage, Inc.

Statements of Cash Flows (In Thousands)

	YEAR ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1996	1997	1998	1998	1999
				(UNAUDITED)	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net loss.....	$(692)	$(3,596)	$(2,840)	$(2,237)	$(1,934)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:					
Depreciation and amortization.....	19	61	313	71	300
Amortization of prepaid rent.....	--	--	12	--	180
Amortization of deferred stock-based compensation.....	--	2,032	965	422	1,783
Stock issued for services.....	--	47	89	--	208
Provision for doubtful accounts.....	10	65	100	50	--
Changes in operating assets and liabilities:					
Trade accounts receivable.....	(79)	(1,170)	(3,195)	(2,113)	74
Accounts payable.....	178	6	407	229	168
Accrued liabilities.....	80	284	1,868	647	(847)
Deferred revenue.....	81	589	2,680	1,787	4,659
Other assets.....	(9)	(99)	(1,021)	(12)	105
Net cash (used in) provided by					

operating activities.....	(412)	(1,781)	(622)	(1,156)	4,696
CASH FLOWS FROM INVESTING ACTIVITY:					
Purchase of property and equipment.....	(59)	(192)	(431)	(248)	(1,224)
Purchase of short-term investments.....	--	--	--	--	(3,495)
Net cash used in investing activity.....	(59)	(192)	(431)	(248)	(4,719)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from (repayment of) advances and loans from stockholders.....	55	(10)	(69)	--	--
Proceeds from equipment line of credit....	--	--	--	--	1,000
Contributed capital.....	120	--	--	--	--
Issuance of common stock, net.....	20	45	--	--	28
Issuance of preferred stock, net.....	625	3,368	6,950	1,399	--
Net cash provided by financing activities.....	820	3,403	6,881	1,399	1,028
Net increase (decrease) in cash and cash equivalents.....	349	1,430	5,828	(5)	1,005
Cash and cash equivalents at beginning of period.....	10	359	1,789	1,789	7,617
Cash and cash equivalents at end of period.....	$ 359	$ 1,789	$ 7,617	$ 1,784	$ 8,622
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:					
Cash paid for interest.....	$ --	$ 2	$ 17	$ 4	$ 17
Cash paid for income taxes.....	$	$ 3	$ 2	$ 1	$ 42
SUPPLEMENTAL DISCLOSURES OF NONCASH FINANCING ACTIVITIES:					
Issuance of common stock in exchange for notes receivable.....	$ --	$ --	$ 372	$ 300	$ 126
Issuance of Series C preferred stock to prepay rent.....	$ --	$ --	$ 210	$ --	$ --
Deferred stock based compensation.....	$ --	$ 2,514	$ 1,253	$ 394	$ 4,060

The accompanying notes are an integral part of these financial statements. F-6

Imanage, Inc.

Notes to Financial Statements

Note 1 -- Organization and Nature of Operations:

Nature of Operations

iManage (formerly NetRight Technologies, Inc.) (the "Company") supplies e-business content and collaboration management software that provides organizations with an web-based unified content platform that enables them to manage, organize and deliver information in a centralized manner throughout the extended enterprise. The Company markets and sells its software and services primarily through its direct sales organization, resellers and system integrators in the United States and Canada and through distributors in the United Kingdom and Australia. In 1996, 1997, 1998 and the six month period ended June 30, 1999, 87%, 58%, 55% and 81% of revenues, respectively, were

through resellers. The Company's license and support and services revenues to date have substantially been derived from the sale of iManage's suite of products, including iManage e-business Server, iManage iForm and iManage iSync, to customers primarily located in the United States.

Note 2 -- Summary of Significant Accounting Policies:

Unaudited Interim Results

The accompanying interim financial statements for the six month period ended June 30, 1998, together with the related notes, are unaudited. The unaudited interim financial statements have been prepared on the same basis as the financial statements for 1996, 1997 and 1998 and the six month period ended June 30, 1999 and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's results of operations and its cash flows for the six month period ended June 30, 1998.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Instruments

Cash equivalents represent commercial paper, money market funds, cash and time deposits with original or remaining maturities at the date of purchase of three months or less. The carrying amounts reported for cash and cash equivalents are considered to approximate fair values based upon the short maturities of those financial instruments.

Short-term investments are classified as available for sale and have maturities of one year or less as of the date of the balance sheet. The carrying amount of the Company's short term investments, which comprise commercial paper and corporate debt obligations, approximates fair value. Realized gains and losses on short-term investments are calculated using the specific identification method.

Realized gains and losses in the six month period ended June 30, 1999 and unrealized holding gains and losses at June 30, 1999 were not significant.

The carrying amounts of certain of the Company's other financial instruments including accounts receivable, accounts payable and accrued expenses approximate fair value due to their short maturities. The carrying amounts of notes payable under the equipment line of credit approximates fair value based on the terms of similar borrowing arrangements available to the Company.

Certain Risks and Concentrations

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, short-term investments and accounts receivable. The Company maintains substantially all of its cash and cash equivalent balances and short-term investments with two major financial institutions domiciled in the United States. The Company performs ongoing credit evaluations of its customers, generally does not require collateral of its customers and maintains allowances for potential credit losses.

Three customers accounted for 40% of trade accounts receivable at December 31, 1997. Two different customers accounted for 33% of trade accounts receivable at December 31, 1998. A sixth customer accounted for 12% of trade accounts receivable at June 30, 1999. Four customers accounted for 67% of the Company's total revenues for 1996. There were no customers that accounted for more than 10% of revenues for 1997 and 1998 or for the six month period ended June 30, 1999, respectively. Additionally, 58%, 84%, 89% and 95% of the Company's revenues for the years ended December 31, 1996, 1997 and 1998 and the six month period ended June 30, 1999 were derived from law firms.

The Company relies on software licensed from third parties, including software that is integrated with internally developed software and used in the Company's products to perform key functions. The functionality of the Company's products, therefore, depends on its ability to integrate these third party technologies into its products.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over estimated useful lives of three years. Depreciation for leasehold improvements is recorded using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term, generally three years. Upon sale or retirement of assets, cost and related accumulated depreciation are removed from the balance sheet and the resulting gain or loss is reflected in operations.

Long-lived Assets

The Company reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of its carrying amount to future net cash flows the assets are expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the projected discounted future cash flows arising from the asset.

Software Development Costs

Costs related to research and development of new software products are charged to research and development expenses as incurred. Software development costs are capitalized beginning when a product's technological feasibility has been established and ending, when a product is available for general release to customers. To date, substantially all development costs are incurred prior to establishing technological feasibility. As a result, the Company has not capitalized any software development costs since such costs have not been significant.

Revenue Recognition

The Company's revenues are derived from two sources as follows: (i) software license revenue, derived primarily from product sales to end users, resellers, systems integrators and distributors and (ii) support and services revenue, derived primarily from providing customer support and software updates and training and consulting services to end users. The Company adopted the provisions of Statement of Position 97-2, or SOP 97-2, "Software Revenue Recognition," as amended by Statement of Position 98-4, "Deferral of the Effective Date of Certain Provisions of SOP 97-2," effective January 1, 1998. SOP 97-2 supersedes Statement of Position 91-1, "Software Revenue Recognition," and delineates the accounting for software license and support and services revenues. Under SOP 97-2, the Company recognizes license revenues upon shipment if a signed contract exists, the fee is fixed and determinable, collection of resulting receivables is probable and product returns are reasonably estimable and if applicable, acceptance criteria have been met. Provisions for estimated warranty costs and sales returns are recorded at the time of shipment.

For contracts with multiple obligations (e.g. deliverable and undeliverable products, support and other services), the Company allocates revenues to each element of the contract based on objective evidence of its fair value, which is specific to the Company, or for products not being sold separately, the price

established by management. The Company recognizes revenues allocated to undelivered products when the criteria for license revenues set forth above are met. The Company recognizes support and services revenues, including amounts allocated from contracts with multiple obligations and for ongoing customer support, ratably over the period of the support contract. Payments for support and services are generally made in advance and are non-refundable. For revenues allocated to training and consulting services or derived from the separate sales of these services, the Company recognizes revenues as the related services are performed.

Through 1997, the Company recognized license revenues upon shipment if remaining obligations were insignificant, collection of the resulting receivable was probable and if applicable, acceptance criteria were met. Provisions for estimated warranty costs, estimated sales returns and insignificant vendor obligations were recorded at the time products were shipped.

As of June 30, 1999, deferred revenue included advance payments received for support and services and license revenues received or due under the terms of the contracts for which customer acceptance had not been received or vendor specific objective evidence was not available for elements of the contracts.

Imanage, Inc.

Notes to Financial Statements (Continued)

Income Taxes

Income taxes are accounted for using the liability method under which deferred tax assets and liabilities are determined based on differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the period in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

From October 10, 1995 to December 26, 1996, the Company was organized as a S corporation, which is a conduit entity for income tax purposes. Subsequent to December 26, 1996, the Company was organized as a C corporation and was therefore liable for income taxes.

Stock-based Compensation

The Company accounts for stock-based compensation using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25 or APB 25, "Accounting for Stock Issued to Employees" and has elected to adopt the disclosure-only provisions of Statement of Financial Accounting Standards No. 123, or SFAS 123, "Accounting for Stock-Based Compensation."

Advertising

The Company expenses advertising costs as incurred. During 1996, 1997 and 1998 and the six month period ended June 30, 1999, the Company incurred $83,000, $88,000, $286,000 and $301,000 of advertising cost.

Segments

Effective January 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 131, or SFAS 131, "Disclosures about Segments of an Enterprise and Related Information." The Company operates in one disclosable segment, using one measurement of profitability for its business. Although the Company has sales outside the United States, such sales are not significant. All long-lived assets are maintained in the United States.

Comprehensive Income

Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. There were no differences between net loss for 1996, 1997 and 1998 and the six month period ended June 30, 1998 and 1999 and comprehensive loss for each of these periods.

Internal Use Software Costs

Effective January 1, 1999, the Company adopted Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." Through June 30, 1999, the Company has not incurred any costs which would be required to be capitalized under the provisions of this standard.

Imanage, Inc.

Notes to Financial Statements (Continued)

Start-up Costs

Effective January 1, 1999, the Company adopted the provisions of Statement of Position 98-5, or SOP 98-5, "Reporting on the Costs of Start-Up Activities." The adoption of SOP 98-5 had no impact on the Company's financial statements as the Company has expensed all costs of start-up activities and organizational costs as incurred.

Net Loss Per Share

Basic net loss per share is computed based on the weighted average number of shares outstanding during the period. Diluted net loss per share is also computed based on the weighted average number of shares outstanding during the period. Diluted net loss per share does not include the weighted average effect of dilutive potential common shares including convertible preferred stock, options to purchase common stock and common stock subject to repurchase in any period presented because the effect is antidilutive.

The following table presents information necessary to reconcile basic and diluted net loss per common and common equivalent share (in thousands):

SIX MONTH PERIOD ENDED JUNE 30, 1996 1997 1998 1998 1999 (UNAUDITED)

Net loss	$ (692)	$(3,596)	$(2,840)	$(2,237)	$(1,934)
Shares used in net loss per share -- basic and diluted	6,004	6,292	7,455	7,227	8,102
Net loss per share -- basic and diluted	$ (0.12)	$ (0.57)	$ (0.38)	$ (0.31)	$ (0.24)
Anti-Dilutive Securities:					
Convertible preferred stock	12	2,074	6,034	5,009	8,033
Options to purchase common stock	--	261	1,154	1,036	1,720
Common stock subject to repurchase	--	2	458	532	360
	12	2,337	7,646	6,577	10,113

Pro Forma Net Loss Per Share and Pro Forma Stockholders' Equity (Unaudited)

Pro forma basic and diluted net loss per common share has been computed as described above and also gives effect to weighted average common equivalent shares from preferred stock that will automatically convert upon the closing of the Company's initial public offering using the as-if-converted method for 1998 and the six month period ended June 30, 1999.

Imanage, Inc.

Notes to Financial Statements (Continued)

A reconciliation of the numerator and denominator used in the calculation of pro forma basic and diluted net loss per common share follows (in thousands except per share data):

SIX MONTH PERIOD ENDED JUNE 30, 1998 1999

Net loss	$(2,840)	$(1,934)
Shares used in net loss per common share, basic and diluted	7,455	8,102
Adjustments to reflect the effect of the assumed conversion of the preferred stock	6,034	8,033
Shares used in pro forma net loss per common share, basic		

```
  and diluted.....................................   13,489       16,135
Pro forma net loss per common share, basic and diluted.....  $ (0.21)     $ (0.12)
```

If the offering contemplated by this prospectus is consummated, all of the convertible preferred stock outstanding as of the closing date will automatically be converted into an aggregate of approximately 8,033,000 shares of common stock, based on the shares of convertible preferred stock outstanding at June 30, 1999. Unaudited pro forma stockholders' equity at June 30, 1999, as adjusted for the conversion of convertible preferred stock, is disclosed on the balance sheet.

Recent Accounting Pronouncements

In December 1998, AcSEC released Statement of Position 98-9 or SOP 98-9, Modification of SOP 97-2, "Software Revenue Recognition." SOP 98-9 amends SOP 97-2 to require that an entity recognize revenue for multiple element arrangements by means of the "residual method" when (1) there is no vendor-specific objective evidence ("VSOE") of the fair values of all the undelivered elements that are not accounted for by means of long-term contract accounting, (2) VSOE of fair value does not exist for one or more of the delivered elements, and (3) all revenue recognition criteria of SOP 97-2 (other than the requirement for VSOE of the fair value of each delivered element) are satisfied. The provisions of SOP No. 98-9 that extend the deferral of certain paragraphs of SOP 97-2 became effective December 15, 1998. These paragraphs of SOP 97-2 and SOP 98-9 will be effective for transactions that are entered into in fiscal years beginning after March 15, 1999. Retroactive application is prohibited. The Company is currently evaluating the impact of the requirements of SOP 98-9 and the effects, if any, on its current revenue recognition policies.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, or SFAS 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS 133 establishes new standards of accounting and reporting for derivative instruments and hedging activities. SFAS 133 requires that all derivatives be recognized at fair value in the statement of financial position, and that the corresponding gains or losses be reported either in the statement of operations or as a component of comprehensive income, depending on the type of hedging relationship that exists. In July, 1999, the Financial Accounting Standard Boards issued SFAS No. 137, or "SFAS 137," "Accounting for Derivative Instruments and Hedging Activities -- Deferral of the Effective Date of SFAS No. 133." SFAS 137 deferred the effective date of SFAS 133 until the first fiscal quarter beginning after June 15, 2000. The Company does not currently hold derivative instruments or engage in hedging activities. The Company is continuing to

evaluate the impact of the requirements of SFAS No. 133 and SFAS No. 137 will have on its financial statements and related disclosures.

Note 3 -- Balance Sheet Accounts:

Property and Equipment, Net:

	DECEMBER 31,		
	1997	1998	JUNE 30, 1999
	(IN THOUSANDS)		
Furniture and fixtures	$ 64	$198	$1,268
Computer software and equipment	253	550	101
Leasehold improvements	--	--	603
	317	748	1,972
Less accumulated depreciation	80	265	494
	$237	$483	$1,478

Depreciation expense was $19,000, $60,000, $185,000 and $229,000 for 1996, 1997, 1998 and the six month period ended June 30, 1999, respectively.

Other Assets:

	DECEMBER 31,		
	1997	1998	JUNE 30, 1999
	(IN THOUSANDS)		
Technology licenses	$--	$725	$725
Less accumulated amortization	--	(128)	(199)
	--	597	526
Other assets	9	161	69
	$9	$758	$595

In 1998, the Company entered into technology license agreements including non-cancelable minimum payments. The present value of payments under these agreements is recorded as an asset and amortized over the terms of the agreements (generally three years) as the technological feasibility had been established for the product, which included the technology.

Accrued Liabilities:

	DECEMBER 31,		
	1997	1998	JUNE 30, 1999
	(IN THOUSANDS)		
Technology licenses	$ 50	$ 425	$ --
Payroll and related	198	1,276	1,102
Other	99	489	241
	$347	$2,190	$1,343

Note 4 -- Commitments:

The Company leases its office facilities in San Mateo, California and Chicago, Illinois under non-cancelable operating leases which expire on December 31, 2001 and April 30, 2004, respectively.

Under the terms of the San Mateo lease, the Company issued 100,000 shares of series C preferred stock in lieu of future rental payments (see Note 6). In addition, the lease has two one year options to extend upon six months written notice to the landlord.

Under the terms of the Chicago lease, there is an option to extend the term of the lease for 5 years.

Future minimum payments under the non-cancelable operating leases as of June 30, 1999 are as follows (in thousands):

Operating	
Six Month Period Ending December 31, 1999	$ 278
YEAR	
2000	546
2001	567
2002	145
2003	153
and thereafter	425
	$2,114

Rent expense was $30,000, $111,000, $216,000 and $326,000 for 1996, 1997 and 1998 and the six month period ended June 30, 1999, respectively. See Note 8 for sublease income received.

Note 5 -- Line of Credit Agreement:

In March 1999, the Company entered into a line of credit agreement with a bank, comprised of a revolving line of credit and an equipment line of credit. The line of credit agreement, which is collateralized by substantially all of the Company's assets, intangible assets and intellectual property, includes covenant restrictions requiring the Company to maintain certain minimum financial ratios and profitability levels and limits the Company's ability to declare and pay dividends. The Company was in violation of the profitability covenant at June 30, 1999 and received a waiver from its bank.

The revolving line of credit provides for borrowings of up to $5,000,000, which can be used at the discretion of the Company through March 31, 2000. Borrowings are limited to the lesser of 80% of eligible accounts receivable or $5,000,000 ($2,500,000 at June 30, 1999), bear interest at prime plus

0.25% (8.00% at June 30, 1999) and are due at March 31, 2000. At June 30, 1999, no amounts have been drawn against this facility.

The equipment line of credit, which bears interest at prime plus 0.50% (8.25% at June 30, 1999), provides for borrowings of up to $2,000,000 to finance the Company's purchases of property and equipment. At June 30, 1999, $1,000,000 has been drawn against this facility, of which $111,000 is currently payable. Principal repayment begins in February 2000 and continues through February 2002 in equal monthly installments of principal and interest. In July 1999, the Company borrowed an additional $396,000 for equipment purchases.

Imanage, Inc.

Notes to Financial Statements (Continued)

Principal payments due under the facility as of June 30, 1999 are as follows (in thousands):

Six Month Period Ending December 31, 1999..... $ --

YEAR ENDING DECEMBER 31,	
2000	306
2001	333
2002	333
2003	28
	$1,000

Note 6 -- Stockholders' Equity:

Convertible Preferred Stock

At June 30, 1999, the amounts, terms and value of series A convertible ("series A"), series B convertible ("series B") and series C convertible ("series C") preferred stock are as follows (in thousands):

SERIES	AUTHORIZED	ISSUED AND OUTSTANDING	NET PROCEEDS	COMMON STOCK RESERVED FOR CONVERSION
A	2,853	2,854	$ 2,004	2,854
B	3,200	3,200	4,996	3,200
C	2,100	1,979	4,153	1,979
	8,154	8,033	$11,153	8,033

Other rights, privileges and preferences of series A, series B and series C preferred stock are as follows:

Voting Rights

Holders of series A, series B and series C preferred stock are entitled to one vote for each share of common stock into which each share of preferred stock could be converted. The holders of the outstanding shares of series A, series B and series C preferred stock shall vote with the holders of the common stock upon the election of directors. The consent of the holders of a majority of the preferred stock, voting together as a single class, shall be required for any action that (i) amends or repeals any provision of the Company's Certificate of Incorporation if such action would materially and adversely change the rights, preferences or privileges of a class of preferred stock; (ii) authorizes or issues shares of any class of stock having any preference or priority as to dividends or assets superior to or on a parity with a class of the preferred stock; (iii) pays or declares any dividends on any junior securities; (iv) authorizes a merger, sale of substantially all the assets of the Company, recapitalization or reorganization of the Company.

Imanage, Inc.

Notes to Financial Statements (Continued)

Dividends

The holders of series A, series B and series C preferred stock are entitled to receive noncumulative dividends as and when declared by the Board of Directors, prior and in preference to any declaration or payment of any dividend on the common stock of the Company. The dividends shall be at the rate of 10% of the series A, series B and series C preferred stock per share liquidation preference per annum. No dividends have been declared as of June 30, 1999.

Conversion Rights

Shares of series A, series B and series C preferred stock are convertible into common stock at the option of the holder, or automatically upon a public offering with proceeds of at least $12,000,000 and at an offering price of at least $5.00 per share, or upon the election of the holders of a majority of the then outstanding shares of series A, series B and series C preferred stock voting together or separately as a class. Each share of preferred stock shall be convertible into the number of fully paid and non-assessable shares of common stock, which results from dividing the conversion price per share for each series of preferred stock at the time of conversion into the per share conversion value applicable to each series. The conversion price per share is subject to adjustments for the issuance of additional shares to other than employees, contractors or members of the Board of Directors at a price less than

the conversion price. The initial conversion price per share of series A, series B and series C preferred stock is $0.71, $1.57 and $2.10, respectively. As of June 30, 1999, each outstanding share of preferred stock is convertible into one share of common stock.

Liquidation

In the event of liquidation or sale of the Company, holders of shares of series A, series B and series C preferred stock are entitled to receive in preference over common stockholders, an amount of $0.71, $1.57 and $2.10, per share, respectively, including any declared but unpaid dividends. After the payment of the applicable liquidation preference to the holders of the series A, series B and series C preferred stock, the remaining assets are to be distributed to the holders of series A and series C preferred and common stock, until the series A preferred stockholders have received an additional amount equal to $1.42 per share and the series C preferred stockholders have received an additional amount equal to $1.05 per share. Thereafter, any remaining assets shall be distributed ratably to the holders of common stock.

Other Rights

The holders of series A, series B and series C preferred stock have certain piggy-back and demand registration rights which terminate six years after an initial public offering by the Company. The holders of preferred stock have the right in the event the Company proposes to offer equity securities to any person to purchase a portion of the shares so as to maintain their percentage ownership of preferred stock. The holders of preferred stock also have the right of first refusal on a pro rata basis with respect to sales by the founders of shares of the Company's common stock. These rights terminate upon an initial public offering by the Company.

Imanage, Inc.

Notes to Financial Statements (Continued)

Issuance of Preferred Stock in Exchange for Rent

In November 1998, the Company issued 100,000 shares of series C preferred stock in conjunction with an office lease agreement. The Company determined the fair value of the stock was $210,000, which was the price paid per share by the third party investors for the series C preferred stock in November 1998 multiplied by the number of shares issued. This amount has been recorded as prepaid rent and is being amortized on a straight-line basis over the term of the lease. As of June 30, 1999, approximately $32,000 representing the unamortized portion of prepaid rent, is included in other current assets.

Common Stock

Each share of common stock has the right to one vote. The holders of common stock are also entitled to receive dividends whenever funds are legally available and when declared by the Board of Directors, subject to prior rights of holders of all classes of stock outstanding having priority rights as to dividends. No dividends have been declared or paid on the Company's common stock as of June 30, 1999.

At December 31, 1997 and 1998 and June 30, 1999, 150,000, 428,000 and 368,000 outstanding shares of common stock were subject to the Company's right of repurchase at the shares original issuance price, respectively. Weighted average original issuance price of these shares was $0.20 per share and the Company's right to repurchase these shares lapses ratably over periods through September 2003.

Stock Option Plan

The Company has reserved 5,000,000 shares of common stock for issuance under the 1997 Stock Incentive Plan (the "Plan"). Under the Plan, the Board of Directors may issue incentive stock options to employees and nonqualified stock options to consultants or nonemployee directors of the Company, and stock purchase rights to employees or nonemployee directors of, or consultants to, the Company. The Board of Directors has the authority to determine to whom options will be granted, the number of shares, the term and exercise price, which cannot be less than fair market value at date of grant for incentive stock options or 85% of fair market value for nonqualified stock options. If an employee owns stock representing more than 10% of the outstanding shares, the price of each share shall be at least 110% of fair market value, as determined by the Board of Directors. The options vest and are exercisable at times and increments as specified by the Board of Directors, and expire ten years from date of grant. Options granted under the Plan generally vest and become exercisable 25% one year after the date of the optionholders' date of employment and thereafter ratably over three years.

Activity under the Plan does not include options to purchase 180,000 shares of common stock granted outside the plan in 1998 and is as follows (in thousands, except per share data):

		OUTSTANDING OPTIONS		
	SHARES AVAILABLE FOR GRANT	NUMBER OF SHARES	EXERCISE PRICE	WEIGHTED AVERAGE EXERCISE PRICE
Shares reserved at plan inception.....	3,600			
Options granted.....	(2,401)	2,401	$ 0.20	$0.20

Options exercised		(225)	0.20	0.20
Options canceled	2	(2)	0.20	0.20
Balances, December 31, 1997	1,201	2,174	0.20	$0.20
Additional shares reserved	400	--	--	--
Options granted	(967)	967	0.30 - 0.40	0.32
Options exercised	--	(1,502)	0.20	0.20
Options canceled	19	(19)	0.20 - 0.30	0.28
Balances, December 31, 1998	653	1,620	0.20 - 0.40	$0.27
Additional shares reserved	1,000	--	--	--
Options granted	(828)	828	0.60 - 1.65	0.99
Options exercised	--	(547)	0.20 - 0.60	0.28
Options canceled	6	(6)	0.40 - 0.60	0.47
Balances, June 30, 1999	831	1,895	$0.20 - $1.65	$0.58

The options outstanding and currently exercisable by exercise price at June 30, 1999 are as follows:

OPTIONS OUTSTANDING				OPTIONS CURRENTLY EXERCISABLE	
EXERCISE PRICE	NUMBER OF SHARES OUTSTANDING	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE IN YEARS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
$0.20 - $0.30	938,000	8.5	$0.25	525,000	$0.24
$0.40	155,000	9.3	$0.40	20,000	$0.40
$0.60	274,000	9.6	$0.60	37,000	$0.60
$0.90	302,000	9.8	$0.90	--	$0.90
$1.50 - $1.65	226,000	9.9	$1.62	96,000	$1.63
	1,895,000	9.1	$0.58	678,000	$0.46

At December 31, 1997 and 1998, options to purchase 1,152,000 and 775,000 shares of the Company's common stock, respectively, were exercisable at weighted average exercise prices of $0.20 and $0.24 per share, respectively.

During 1998, the Company granted options to purchase 180,000 shares of the Company's common stock at an exercise price of $0.40 per share to an officer of the Company, which were issued outside the terms of the Plan and were immediately exercisable. The weighted average fair

value of these options was $1.80 per common stock option. Shares issued upon exercise of these options, however, are subject to the Company's right of repurchase, which lapse as to 25% of the shares one and two years from the date of grant for 150,000 and 30,000 shares, respectively and thereafter, ratably over three years. The options expire ten years from the date of grant. During 1998 and as permitted by the option agreement, these options were exercised in exchange for a full recourse note receivable from the officer totaling $72,000. In addition, two other officers exercised options issued under the Plan to purchase 1,500,000 shares of the Company's common stock at $0.20 per share in exchange for full recourse notes receivable totaling $300,000. These notes receivable are repayable in equal installments over the next three years and bear interest at 4.5% to 4.83% per annum.

Stock-based Compensation

The Company has adopted the disclosure only provision of SFAS 123. Had compensation cost been determined for options issued under the Plan and outside the Plan based on the fair value of the options at the grant date for awards in 1997 and 1998 and the six month period ended June 30, 1999 consistent with the provisions of SFAS 123, the Company's net loss would have been increased to the pro forma amounts indicated below (in thousands, except per share amounts):

SIX MONTH PERIOD ENDED JUNE 30, 1997 1998 1999

Net loss:			
As reported	$(3,596)	$(2,840)	$(1,934)
Pro forma	$(3,686)	$(2,882)	$(2,037)
Net loss per share -- basic and diluted as reported	$ (0.57)	$ (0.38)	$ (0.24)
Net loss per share -- basic and diluted pro-forma	$ (0.59)	$ (0.39)	$ (0.25)

As the provisions of SFAS 123 have only been applied to stock options granted since the Plan's inception in 1997, the impact of the pro forma stock compensation cost will likely continue to increase as the vesting period for the Company's options and the period over which the stock compensation is charged to expense is generally four to five years.

The estimated weighted average minimum value of options granted during 1997, 1998 and the six month period ended June 30, 1999 was $0.05, $0.06 and $0.25 per share. The minimum value of each option grant is estimated on the date of grant using the minimum value method with the following weighted-average assumptions:

SIX MONTH PERIOD ENDED JUNE 30, 1997 1998 1999

Expected life of option	5 years	5 years	5 years
Risk-free interest rate	5.66%	4.96%	5.65%
Dividend yield	0%	0%	0%

Deferred Stock Compensation

During 1997 and 1998 and the six month period ended June 30, 1999, the Company issued options to purchase its common stock to certain employees totaling 2,401,000, 967,000 and 828,000 , respectively under the Plan and outside the Plan with weighted average exercise prices of $0.20, $0.32 and $0.99 per share, respectively, below the deemed fair value of the Company's common stock at the date of grant. The weighted average fair value of the underlying common stock was $1.26, $1.47 and $6.09 in 1997 and 1998, and the six month period ended June 30, 1999, respectively. In accordance with the requirements of APB 25, the Company has recorded deferred stock based compensation for the difference between the exercise price of the stock options and the deemed fair value of the

Company's stock at the date of grant. This deferred compensation is amortized to expense over the period during which the Company's right to repurchase the stock lapses or options become exercisable, generally four or five years consistent with the method described in FASB Interpretation No. 28. At June 30, 1999, the Company had recorded deferred compensation related to these options in an amount of $7,619,000, of which $1,951,000, $866,000 and $1,760,000 had been amortized to expense during 1997 and 1998 and the six month period ended June 30, 1999, respectively.

Future compensation expense from options granted through June 30, 1999 is estimated to be $1,121,000, $1,242,000, $505,000 and $167,000 for the remainder of 1999, 2000, 2001 and 2002, respectively.

Note 7 -- Income Taxes:

The tax effects of temporary differences that give rise to significant portions of deferred tax assets are as followed (in thousands):

	DECEMBER 31,		JUNE 30,
	1997	1998	1999
Net operating loss carryforwards	$ 521	$ 991	$ 670
Deferred compensation	53	140	259
Depreciation	5	64	68
Allowance for doubtful accounts	47	87	97
Accrued liabilities	23	265	535
Research and development credit	62	195	307
Total deferred tax assets	711	1,742	1,936
Less valuation allowance	(711)	(1,742)	(1,936)
Net deferred tax asset	$ --	$ --	$ --

The valuation allowance increased by $683,000, $1,031,000 and $194,000 for 1997 and 1998 and the six month period ended June 30, 1999.

Due to uncertainty surrounding the realization of the favorable tax attributes in future tax returns, the Company has placed a valuation allowance against its deferred tax assets. At such time as it is determined that it is more likely than not that the deferred tax assets are realizable, the valuation allowance will be reduced.

The principal items accounting for the difference between income tax benefit at the U.S. statutory rate and the provision for income taxes reflected in the statement of operations are as follows:

SIX MONTH PERIOD ENDED JUNE 30, 1996 1997 1998 1999

Federal statutory rate	34%	34%	34%	34%
State taxes	6	6	5	5

Tax credits	--	2	5	6
Other	--	--	4	--
Deferred compensation	--	(22)	(12)	(35)
Net operating losses and tax credits, not benefited	(40)	(20)	(36)	(10)
	--%	--%	--%	--%

The Company's provision for income taxes for the six month period ended June 30, 1999 consists of $4,000 of currently payable state income taxes. The tax provision is net of the benefit for the utilization of state and federal net operating loss carryforwards of $344,000.

At June 30 1999, the Company has federal and state net operating loss carryforwards of approximately $1,755,000 and $1,448,000 available to reduce future taxable income, which expire through 2002 and 2018, respectively. In addition, the Company has research and development tax credit carryforwards of approximately $220,000 for federal income tax purposes and $130,000 for Illinois purposes at June 30, 1999, which expire in 2012 to 2018.

Pursuant to the provisions of Section 382 of the Internal Revenue Code, utilization of the NOLs are subject to annual limitations due to a greater than 50% change in the ownership of the Company which occurred during 1997 and 1998.

Note 8 -- Related Party Transactions:

In 1995 and 1996, the Company borrowed a total of $29,000 from one of its stockholders for working capital purposes at a 10% interest rate and received advances from another stockholder totaling $50,000. Such notes and advances and the related accrued interest were repaid $10,000 in 1997 and $69,000 in 1998.

One of the founders and shareholders of the Company is the owner of a consulting company which subleased space to the Company and provided other services including accounting and payroll assistance and employee recruitment in 1997 and 1998. In addition, Company reimbursed the consulting company for certain travel expenses and janitorial services incurred on its behalf and for the use of certain assets in 1997 and 1998.

In 1999, the Company subleased office space to this consulting company. Additionally, the Company hired certain of the consulting company's consultants to provide software development services in 1999.

Amounts included in net loss which were paid, received or due to or from this related party are as follows (in thousands):

SIX MONTH PERIOD ENDED JUNE 30, 1997 1998 1999

Sublease rent expense	$ 45	$ 54	$ --
Sublease rent income	--	--	42
Consulting and other service expense	284	467	402

The total amounts of related party receivable and payables in other assets and accounts payable at period end are as follows (in thousands):

	DECEMBER 31,		JUNE 30,
	1997	1998	1999
Receivables	$--	$--	$ 46
Payables	27	--	159

NOTE 9 -- 401(k) PLAN The Company sponsors an employee savings and retirement plan intended to qualify under section 401(k) of the Internal Revenue Code. Eligible employees, at least 21 years old and having completed 1 hour of service, may contribute up to 20% of eligible compensation, subject to annual limitations, and are fully vested in their own contributions. The Company is not permitted to make matching contributions, but can make discretionary contributions. To date, no such discretionary contributions have been made by the Company.

Note 10 -- Subsequent Events

On August 30, 1999 the Board of Directors approved the initial public offering of the Company's Common Stock resulting in gross proceeds of up to $40,000,000. Additionally, the Board approved a change in the authorized shares of common stock and preferred stock to 100,000,000 and 2,000,000, respectively. This change is to be effective immediately prior to the effective date of the contemplated public offering and after the anticipated conversion to common stock of the outstanding preferred shares.

The Board also approved, subject to stockholder approval, an increase in the number of authorized shares under the 1997 Stock Option Plan to 6,000,000, with automatic annual increases beginning in 2001 of the lesser of (i) 1,200,000 shares, (ii) 5% of the outstanding common stock of the Company at the last day of the preceding year, or (iii) a lesser amount as determined by the Board. Additionally, automatic grants for non-employee directors were approved as follows: (i) initial grants of options to purchase common shares to vest over three years for any newly elected directors following the initial public offering, and (ii) annual grants of options to purchase common stock to be granted at the Company's annual meeting which will vest over one year.

Finally, the Board approved, subject to stockholder approval, the 1999 Employee Stock Purchase Plan ("Purchase Plan"). A total of 500,000 shares of common stock has been reserved for issuance under the Purchase Plan, which is subject to annual increases. The Purchase Plan allows for eligible employees to purchase a limited number of shares of the Company's common stock at 85% of the fair market value during certain plan-defined periods.

Inside Front Cover:

There is a box centered in the middle of the page which reads:

iManage e-business Content & Collaboration Management From the centered box five arrows pointing to five surrounding boxes read:

Box #1 in the top left hand corner: 1 Integration of Email & Web - - Support for the two most popular interfaces in business use today - - Allows rapid deployment for new users Box #2 below the centered in the bottom left hand corner: 2 Support for corp. databases Oracle, SQL, Informix, DB2 - - Supports for the most widely used databases in business today - - Supports multiple databases on a single e-business network Box #3 directly below the main centered box on the bottom of the page: 3 Scalability & Reliability - - Ensures server up-time and content availability - - Tested and certified by NSTL Box #4 in the bottom right hand corner: 4 Biz Rules, Auto-notification & Auto-publishing - - Automates user subscription to projects and related correspondence - - Automates publishing of content to extranet folders for web-based use Box #5 in the top right hand corner of the page: 5 Unified Content - - Integrates 'unified messaging' with 'content management' - - Supports new media data types including fax, voicemail, email, images

Inside Back Cover:

Picture 1 - iManage iSync - Web Portal Application Module Included in this screen shot is a list of 'project folders' which the user is subscribing to. There are also search options and links to other intranet sites and internet services. Additionally, there are voicemail and fax messages highlighted and listed inside of the folder.

Picture 2 - iManage iLink - Outlook Application Module Included in this screen shot is an iManage folder inside of Microsoft Outlook with its content highlighted with the name of users who are currently reviewing the content through another interface such as the iSync portal. Additionally, there is the security dialog box open on a folder showing how users can be granted access rights.

Picture 3 - iManage iForm - Content Authoring Application Module Included in this screen shot is the iManage search screen where users can search for content across multiple repositories from one screen. Additionally, there is an online research service highlighted in the right hand window of the application.

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL SECURITIES, AND WE ARE NOT SOLICITING OFFERS TO BUY THESE SECURITIES, IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

Subject to Completion, Dated September 1, 1999.

[Logo]

Shares

Common Stock

iManage is offering shares of our common stock. This is our initial public offering and no public market currently exists for our shares. We have applied for approval for quotation of our common stock on the Nasdaq National Market under the symbol "IMAN." We anticipate that the initial public offering price will be between $ and $ per share.

Investing in Our Common Stock Involves Risks. See "Risk Factors" Beginning on Page 6.

Per Share Total

Public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds to iManage	$	$

THE SECURITIES AND EXCHANGE COMMISSION AND STATE SECURITIES REGULATORS HAVE NOT APPROVED OR DISAPPROVED THESE SECURITIES, OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

iManage has granted the underwriters a 30-day option to purchase up to an additional shares of common stock to cover any over-allotments. BancBoston Robertson Stephens Inc. expects to deliver the shares of common stock to purchasers on , 1999.

BANCBOSTON ROBERTSON STEPHENS INTERNATIONAL LIMITED U.S. BANCORP PIPER JAFFRAY INTERNATIONAL C.E. UNTERBERG, TOWBIN

The Date of This Prospectus Is , 1999

Underwriting

The underwriters named below have entered into an underwriting agreement with us to purchase the number of shares of common stock set forth opposite their names below. The underwriters are obligated to purchase and pay for all the shares listed below if any are purchased.

Number of U.s. Underwriters Shares

BancBoston Robertson Stephens Inc. ..... U.S. Bancorp Piper Jaffray Inc..... C.E. Unterberg, Towbin..... Total.....

Number of International Underwriters Shares

BancBoston Robertson Stephens International Limited..... U.S. Bancorp Piper Jaffray International Inc. ..... C. E. Unterberg, Towbin..... Total.....

The underwriters initially propose to offer the shares of common stock directly to the public at the initial public offering price set forth on the cover page of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to per share from the initial public offering price. The underwriters may allow, and such dealers may re-allow, to certain other dealers a discount of up to $ per share from the initial public offering price. After the initial offering of the common stock, the public offering price and other selling terms may be changed by the representatives of the underwriters at any time without notice. The underwriters do not intend to confirm sales to any accounts over which they exercise discretionary authority.

Over-Allotment Option. We have granted to the underwriters an option, exercisable during the 30-day period after the date of this prospectus, to purchase up to additional shares of common stock at the same price per share as we will receive for the shares that the underwriters have agreed to purchase. To the extent that the underwriters exercise this option, each of the underwriters will have a firm commitment to purchase approximately the same percentage of these additional shares that the number of shares of common stock to be purchased by it shown in the above table represents as a percentage of the shares in this offering. If purchased, these additional shares will be sold by the underwriters on the same terms as those on which the shares are being sold.

Qualified Independent Underwriter. The offering is being conducted in accordance with Rule 2720 of the National Association of Securities Dealers, Inc. which provides that, among other things, when an NASD member firm participates in the offering of equity securities of a company with whom such member has a "conflict of interest," the initial public offering price can be no higher than that recommended by a "qualified independent underwriter." C.E. Unterberg, Towbin is deemed to have a conflict of interest due to the fact that certain entities affiliated with C.E. Unterberg, Towbin own more

than 10% of our capital stock. BancBoston Robertson Stephens is serving as the qualified independent underwriter in the offering and will recommend a price in compliance with the requirements of Rule 2720. BancBoston Robertson Stephens has performed due diligence investigations and reviewed and participated in the preparation of the prospectus and the registration statement of which this prospectus forms a part. BancBoston Robertson Stephens will receive no additional compensation in its capacity as the qualified independent underwriter.

Indemnification. The underwriting agreement contains covenants of indemnity among the underwriters and us against specified civil liabilities, including liabilities under the Securities Act and liabilities arising from breaches of representations and warranties contained in the underwriting agreement.

Lock-Up Agreement. Each of our officers, directors and substantially all security holders have agreed with the representatives and us, for a period of 180 days after the effective date of this prospectus, not to dispose of or hedge any shares of common stock, or securities convertible into or exchangeable for shares of common stock, now owned or later acquired by them without the prior written consent of BancBoston Robertson Stephens. BancBoston Robertson Stephens may, in its sole discretion and at any time without notice, release all or any portion of the securities subject to lock-up agreements. All of the shares of common stock subject to the lock-up agreements will be eligible for sale in the public market upon the expiration of the lock-up agreements, subject to holding period, volume limitations and other conditions of Rule 144.

Future Sales. In addition, we have agreed that during the period of 180 days following the effective date of this prospectus, we will not, without the prior written consent of BancBoston Robertson Stephens, subject to limited exceptions, including in connection with acquisitions, dispose of or hedge any shares of common stock, or any securities convertible into, exercisable for or exchangeable for shares of common stock, other than our sales of shares in this offering, the issuance of common stock upon the exercise of outstanding options or our issuance of options or shares under existing stock option or stock purchase plans. For a complete description of our shares that will be eligible for resale upon completion of this offering, please see "Shares Eligible for Future Sales" on page 69.

The underwriters do not intend to confirm sales to any accounts over which they exercise discretionary authority.

No Prior Public Market. Prior to this offering, there has been no public market for our common stock. Consequently, the initial public offering price for the common stock in this offering has been determined through negotiations among us and the representatives of the underwriters. The factors considered in these negotiations included prevailing market conditions, our financial information, the market valuation of other companies that we and the representatives believe to be comparable to us, estimates of our business potential and the business potential of the industry in which we compete, an assessment of our management, our past and present operation, the prospects for our future revenues and other factors deemed relevant.

Stabilization. The representatives have advised us that, pursuant to Regulation M under the Securities Act, some persons participating in the offering may engage in transactions including stabilizing bids, syndicate covering transactions or the imposition of penalty bids that may have the effect of stabilizing or maintaining the market price of the common stock at a level above that which might otherwise prevail in the open market. A "stabilizing bid" is a bid for or the purchase of the common stock on behalf of the underwriters for the purpose of fixing or maintaining the price of the common stock. A "syndicate covering transaction" is the bid for the purchase of the common stock on behalf of the underwriters to reduce a short position incurred by the underwriters in connection with the offering. A "penalty bid" is an arrangement permitting the representatives to reclaim the selling concession otherwise accruing to an underwriter or syndicate member in connection with the offering if the common stock originally sold by this underwriter or syndicate member is purchased by the representatives in a syndicate covering transaction and has therefore not been effectively placed by this underwriter or syndicate member. These transactions may be effected on the Nasdaq National Market or otherwise and, if commenced, may be discontinued at any time.

Directed Shares. The underwriters have reserved for sale at the initial public offering price up to 5% of the common stock in this offering for individuals designated by us who have expressed an interest in purchasing shares of common stock in this offering. The number of shares available for sale to the general public will be reduced to the extent these persons purchase the reserved shares.

The underwriters will offer any reserved shares not so purchased to the general public on the same basis as other shares in this offering described above.

Part Ii

Information Not Required in Prospectus

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth all expenses, other than the underwriting discounts and commissions, to be paid by the Registrant in connection with the sale of the Common Stock being registered. All amounts shown are estimates except for the registration fee, the NASD filing fee and the Nasdaq National Market fee.

Registration fee	$ 11,120
NASD filing fee	4,500
Nasdaq National Market fee	1,000
Blue sky qualification fees and expenses	5,000
Printing and engraving expenses	250,000
Legal fees and expenses	350,000
Accounting fees and expenses	350,000
Transfer agent and registrar fees	10,000
Miscellaneous	18,380
Total	1,000,000

Item 14. Indemnification of Officers and Directors.

Section 145 of the Delaware General Corporation Law permits indemnification of officers, directors and other corporate agents under certain circumstances and subject to certain limitations. The Registrant's certificate of incorporation and bylaws provide that the Registrant shall indemnify its directors, officers, employees and agents to the full extent permitted by the Delaware General Corporation Law, including circumstances in which indemnification is otherwise discretionary under the Delaware General Corporation Law. In addition, the Registrant has entered into separate indemnification agreements with its directors and executive officers which require the Registrant, among other things, to indemnify them against certain liabilities which may arise by reason of their status or service, other than liabilities arising from acts or omissions not in good faith or willful misconduct.

These indemnification provisions and the indemnification agreements entered into between the Registrant and its executive officers and directors may be sufficiently broad to permit indemnification of the Registrant's executive officers and directors for liabilities, including reimbursement of expenses incurred, arising under the Securities Act.

The Underwriting Agreement filed as Exhibit 1.1 to this Registration Statement provides for indemnification by the Underwriters of the Registrant and its officers and directors for certain liabilities arising under the Securities Act, or otherwise.

Item 15. Recent Sales of Unregistered Securities.

Since inception, we have issued and sold the following unregistered securities:

(a) Through June 30, 1999, we granted stock options to purchase 4,501,325 shares of our common stock at exercise prices ranging from $0.20 to $1.65 per share to our employees, consultants and directors under our amended 1997 stock option plan.

(b) On October 13, 1998, we granted Mark Culhane options to purchase 180,000 shares of our common stock outside of our amended 1997 stock option plan at an exercise price of $0.40 per share.

(c) Through June 30, 1999, we issued and sold an aggregate of 2,274,333 shares of our common stock to employees, consultants and directors at prices ranging from $0.20 to $1.50 per share under exercises of options granted under our amended 1997 stock option plan.

(d) On November 12, 1998, we issued and sold 180,000 shares of our common stock to Mark Culhane at a price of $0.40 per share under an exercise of options granted outside of our amended 1997 stock option plan.

(e) On October 10, 1995, we issued and sold an aggregate of 6,000,000 shares of our common stock to Mahmood Panjwani and Rafiq Mohammadi at a price of $0.000165 per share.

(f) Between December 27, 1996 and August 28, 1997, we issued and sold an aggregate of 2,853,708 shares of series A preferred stock at a price of $0.71 per share.

(g) On December 27, 1996, we issued and sold 291,080 shares of common stock at a price of $0.071 per share.

(h) Between December 15, 1997 and July 31, 1998, we issued and sold an aggregate of 3,200,000 shares of series B preferred stock at a price of $1.57 per share.

(i) On September 28, 1998, we issued and sold 1,879,409 shares of series C preferred stock at a price of $2.10 per share.

(j) On November 30, 1998, we issued 100,000 shares of series C preferred stock to Cornerstone Properties I, LLC in lieu of rent on office space in San Mateo, California.

There were no underwriters employed in connection with any of the transactions set forth in Item 15.

All sales of common stock made pursuant to the exercise of stock options were made in reliance on Rule 701 under the Securities Act or on Section 4(2) of the Securities Act.

All other sales were made in reliance on Section 4(2) of the Securities Act promulgated under the Securities Act. These sales were made without general solicitation or advertising. Each purchaser was a sophisticated investor with access to all relevant information necessary to evaluate the investment and represented to Registrant that the shares were being acquired for investment.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits.

Exhibit Number Description of Document

1.1*	Form of Underwriting Agreement.
3.1*	Restated Certificate of Incorporation of the Company.
3.2*	Amended and Restated Bylaws of the Company.
4.1	Rights Agreement dated December 27, 1996, as amended to date.
4.2	Right of First Refusal and Co-Sale Agreement dated December 27, 1996, as amended to date.
4.3*	Specimen Common Stock Certificate.
5.1*	Opinion of Gray Cary Ware & Freidenrich LLP.
10.1	Form of Indemnification Agreement for directors and executive officers.
10.2*	1997 Stock Option Plan and forms of Incentive Stock Option Agreement and Nonstatutory Stock Option Agreement thereunder.
10.3*	1999 Employee Stock Purchase Plan and form of subscription agreement thereunder.
10.4	Loan and Security Agreement dated March 31, 1999 between Silicon Valley Bank and the Company.
10.5	Office Lease for 2121 S. El Camino Real, San Mateo, California between Cornerstone Properties I, LLC and the Company dated November 30, 1998.
10.6	Office Building Lease for 55 East Monroe Street between TST 55 East Monroe, LLC and the Company dated January 1999.
10.7	Sublease between the Company and Q-Image Corporation dated December 5, 1998.

23.1	Consent of PricewaterhouseCoopers LLP, Independent Accountants.
23.2	Consent of Gray Cary Ware & Freidenrich LLP (included in Exhibit 5.1).
24.1	Power of Attorney (see page II-4).
27.1	Financial Data Schedule.

* To be filed by amendment.

(b) Financial Statement Schedules.

Report of Independent Accountants on Financial Statement Schedules

To the Board of Directors and Stockholders of iManage, Inc. (formerly NetRight Technologies, Inc.)

Our audits of the financial statements referred to in our report dated August 20, 1999, except as to Note 10, which is as of August 30, 1999 appearing in this prospectus of iManage, Inc. also included an audit of the financial statement schedule listed in Item 16(b) of this Form S-1. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related financial statements.

PricewaterhouseCoopers LLP San Jose, California August 20, 1999

Rule 12-09 Valuation and Qualifying Accounts and Reserves

	SALES RETURNS RESERVE	ALLOWANCE FOR DOUBTFUL ACCOUNTS	DEFERRED TAX ASSET VALUATION ACCOUNT
Balance, December 31, 1995	$ --	$ --	$ --
Increase to allowance	--	10,000	28,000
Decrease to allowance	--	--	--
Balance, December 31, 1996	--	10,000	28,000
Increase to allowance	40,000	65,000	683,000
Decrease to allowance	--	--	--
Balance, December 31, 1997	40,000	75,000	711,000
Increase to allowance	122,000	100,000	1,031,000
Decrease to allowance	(87,000)	--	--
Balance, December 31, 1998	75,000	175,000	1,742,000
Increase to allowance	15,000	--	194,000
Decrease to allowance	(5,000)	(60,000)	--
Balance, June 30, 1999	$ 85,000	$ 115,000	$1,936,000

Schedules not listed above have been omitted because the information required to be set forth in those schedules are not applicable or are not shown in the financial statements or notes related to the statements.

Item 17. Undertakings

The undersigned Registrant hereby undertakes to provide to the Underwriters at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification by the Registrant for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions referenced in Item 14 of this Registration Statement or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer, employee or agent of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer, employee or agent in connection with the securities being registered hereunder, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of Prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective; and (2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of Prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Signatures

Pursuant to the requirements of the Securities Act of 1933 the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Palo Alto, County of Santa Clara, State of California, on the 1st day of September, 1999.

iMANAGE, INC.

By: /s/ MAHMOOD PANJWANI Mahmood Panjwani President, Chief Executive Officer and Chairman of the Board

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS that each individual whose signature appears below constitutes and appoints Mahmood Panjwani and Mark Culhane, and each of them, his true and lawful attorneys-in-fact and agents with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to sign any registration statement for the same offering covered by the Registration Statement that is to be effective upon filing pursuant to Rule 462(b) promulgated under the Securities Act, and all post-effective amendments thereto, and to file the same, with all exhibits thereto and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his or their substitute or substitutes, may lawfully do or cause to be done or by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the date indicated.

Signature Title Date

/s/ MAHMOOD PANJWANI - ---------- Mahmood Panjwani	President, Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	September 1, 1999
/s/ MARK CULHANE - ---------- Mark Culhane	Chief Financial Officer and Secretary (Principal Financial and Accounting Officer)	September 1, 1999
/s/ RAFIQ MOHAMMADI - ---------- Rafiq Mohammadi	Chief Technology Officer, Vice President, Engineering and Director	September 1, 1999

Signature Title Date

/s/ MARK PERRY Director September 1, 1999 Mark Perry /s/ MOEZ VIRANI Director September 1, 1999 Moez Virani

Index to Exhibits

Exhibit Number Description of Document

1.1*	Form of Underwriting Agreement.
3.1*	Restated Certificate of Incorporation of the Company.
3.2*	Amended and Restated Bylaws of the Company.
4.1	Rights Agreement dated December 27, 1996, as amended to

	date.
4.2	Right of First Refusal and Co-Sale Agreement dated December 27, 1996, as amended to date.
4.3*	Specimen Common Stock Certificate.
5.1*	Opinion of Gray Cary Ware & Freidenrich LLP.
10.1	Form of Indemnification Agreement for directors and executive officers.
10.2*	1997 Stock Option Plan and forms of Incentive Stock Option Agreement and Nonstatutory Stock Option Agreement thereunder.
10.3*	1999 Employee Stock Purchase Plan and form of subscription agreement thereunder.
10.4	Loan and Security Agreement dated March 31, 1999 between Silicon Valley Bank and the Company.
10.5	Office Lease for 2121 S. El Camino Real, San Mateo, California between Cornerstone Properties I, LLC and the Company dated November 30, 1998.
10.6	Office Building Lease for 55 East Monroe Street between TST 55 East Monroe, LLC and the Company dated January 1999.
10.7	Sublease between the Company and Q-Image Corporation dated December 5, 1998.
23.1	Consent of PricewaterhouseCoopers LLP, Independent Accountants.
23.2	Consent of Gray Cary Ware & Freidenrich LLP (included in Exhibit 5.1).
24.1	Power of Attorney (see page II-4).
27.1	Financial Data Schedule.

* To be filed by amendment. </TEXT>