

# Mossberg's Investor Digest

## Best Idea Profile

## Broadvision, Inc. (NASDAQ:BVSN)

### DESCRIPTION:

Headquartered in Redwood City, California; Broadvision is an innovative e-business solutions company. Broadvision delivers a combination of technologies and services that enable customers of all sizes to power mission-critical web initiatives. These initiatives deliver superior usability along with cost effectiveness to a clients bottom line. Broadvision offerings consist of toolsets that create e-commerce, portal solutions, and Enterprise Social Networks. The company has licensed its products to more than 500 companies - including Audible.com, Baker Hughes, BioRad Laboratories and BNP Paribas. Broadvision has been managing a downsizing trend for a number of years and is currently moving its research and development as well as its sales efforts to support cloud based hosted solutions.

### KEY INVESTMENT CONSIDERATIONS:

**New Product for Strategic Repositioning** – The software industry is rapidly moving to the Software as a Service (SaaS) model in a Cloud hosted environment for many applications. This change has been detrimental to Broadvision and has helped to pressure the company's subscriber base, which is currently shrinking. In 2009, the company released its Clearvale Enterprise Social Network product. Though there is much more knowledge needed with regards to testing and implementation, the company finally has a new product with which to take advantage of a prevailing trend in its industry.

**Industry Niche Experience** – BroadVision has direct experience in delivering value added e-business solutions via its legacy products. This knowledge may translate into a new pipeline of cloud based hosted product offerings. Many of the company's applications are still deeply embedded in some of its client's infrastructures which may be helpful for new sales of Clearvale.

**Open Architecture/Object Oriented** – BroadVision solutions are built on object-oriented code written in J2EE programming environments. The open architecture allows quick deployment and easy integration with third-party or legacy applications. Object oriented computing is a specialized type of database that can meet the most rigorous requirements for scale and speed of operation.

**Diversified Client Base** – BVSN software is deployed in a variety of major industry groups, including financial services, government, healthcare, manufacturing, retail and telecommunications. The company has significant sales in North America, Europe and Asia/Pacific. Only one client accounted for over 10% of the company's business last year.

**Lease Obligations Shrinking** – The company dramatically downsized after FY2000, yet results continued to be negatively affected for years by large long-term lease obligations. Many of these have expired or been renegotiated. The company should now have less management distraction and lower losses related to this situation.

**Strong Cash Position** – Broadvision has \$62 million in cash, and had positive cash flow from operations in the most recent quarter.

### VALUATION:

Broadvision is a classic contrarian deep value story. Right now the company has \$62.8 million in cash with a market cap of \$54 million. Hence the company trades at a 14% discount to the cash on the balance sheet and is at a deep discount book value. Investors have the unusual opportunity to buy cash at a discount and pick up the business at no cost.

#### (NASDAQ: BVSN)

Investment Data (as of 6/28/10)

<b>Recent Price</b>	<b>\$11.95</b>
52-Week Range	11.61 - 18.00
Fiscal Year End	Dec
Dividend	NA
Yield	NA
Shares Outstanding	4.55MM
Average Trading Volume (3 mos)	5.3k
Market Capitalization	54MM
Cash	62MM
Long Term Debt	NA
Enterprise Value (EV)	(9.13)MM
LT Debt/ Equity	NA
BV/ Share	\$12.06
TTM Revenue	\$29MM
P/ Revenue	1.86x
TTM EPS	\$0.47
P/ EPS	25.48x
TTM EBITDA	868k
EV/ EBITDA	(9.8)

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