Open Text

Corporation

Annual

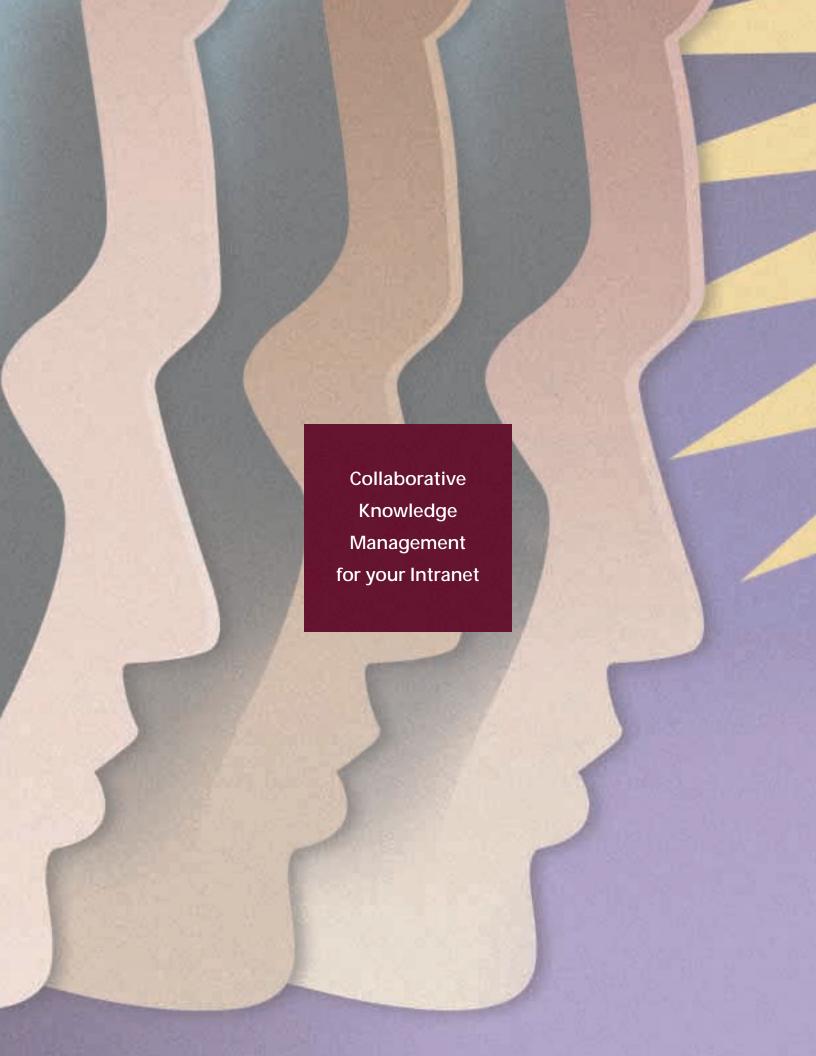
Report

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< Putting the Web to Work>

Livelink Intranet



Open Text Corporation is a leading provider of intranet-based knowledge management application software, tools and services that enable organizations to leverage the global reach and openness of Internet technologies within a powerful, collaborative environment for communicating, managing, and working together. Open Text is Putting the Web to Work.TM

ANOTHER LANDMARK YEAR

To our shareholders.

I'm pleased to announce that fiscal 1997 was another landmark year for Open Text Corporation. The Company clearly executed on our core business, achieved critical milestones in our long-term strategy, and took the steps required to establish a strong and profitable base for continued success.

We attribute this fiscal year's key achievements—market leadership and increased revenue—to the success with which we focused our resources, consolidated our technological capabilities for our core intranet business, and built channels to deliver our product to our target market.

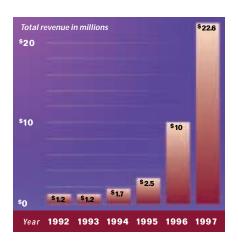
ACHIEVED MARKET LEADERSHIP

Open Text was among the first to understand the potential of intranets to facilitate people working together across large government and corporate environments. In 1997, we transformed that potential into real results for our customers by providing complete collaborative knowledge management, delivered on an enterprise scale through any standard Web browser.

As a result, we gained three times more installed seats than our closest competitor, according to
International Data Corporation's
(IDC) Web-Document Management
Report. The IDC report went on to
declare Open Text Corporation the
market leader for 'web-enabled
electronic document management'
with 64 percent market share. The
Delphi Consulting Group recognized
our Livelink product as the fastest
growing product in the industry.
Moreover, industry analysts are

recognizing that Livelink's combination of features embodies the requirements of knowledge management products.

All this is not surprising, given the overwhelming customer and market response to Livelink Intranet Suite. It



also validates our strategy of building an open, Web-based architecture for enterprise collaborative knowledge management.

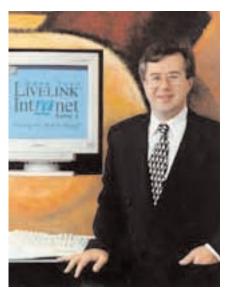
As corporations continue to deploy intranets at break-neck pace

and integrate them into their business-critical processes and information infrastructures, we believe the Livelink Suite is well positioned to enable the Company to gain further inroads in the intranet application market.

INCREASED REVENUE

Financial results for the fiscal year ending June 30, 1997, reported under U.S. General Accepted Accounting Principles (GAAP), included revenues of U.S. \$22.6 million USD, up 127 percent from \$10 million reported for the previous year.

Gross profit for fiscal year 1997
was \$15.2 million up from \$6.2
million in 1996. I am especially proud
of this 145 percent increase gross profit
because the Company accomplished
it while maintaining our workforce at



Tom Jenkins Chief Executive Officer

approximately 300 employees.

In fiscal year 1997, we consciously made significant investment in sales, marketing and engineering to solidify our lead in the marketplace. This deferred our profitability and contributed to a net loss of \$13.2 million or a loss of \$0.78 per share compared to a net loss of \$43.2 million or a loss of \$3.59 per share in fiscal 1996 which included one-time charges of \$31.6 million or \$2.63 per share relating to acquisitions and a restructuring of operations.

Open Text's balance sheet remained very healthy. Cash and short-term investments totaled \$31.8 million USD as of June 30, 1997. Also as of the end of fiscal year 1997, current assets equaled \$42.8 million and total shareholder's equity was \$42.5 million.



BROADENED MARKET OPPORTUNITIES

Investments we made in strengthening our product suite continue to pay dividends. We can say with confidence that Putting the Web to Work has moved far beyond vision. As a result of our product strategy and engineering effort for 1997—consolidating core capabilities, expanding the breadth and depth of functionality—our customers are not only able to use

Livelink Intranet to access information, but to also act upon corporate collective knowledge across the enterprise. This is a significant step toward capturing greater market opportunities.

It is very gratifying to see our solutions being deployed in a broad range of industries, from manufacturing to financial services.

The Company proudly counts among its recent customers AT&T,

Bell Canada, the British Broadcasting Company, Canon, Ford Motor Company, Mercer, Motorola, NationsBank, Newbridge Networks Corporations and Siemens.

I'd like to share with you a particularly exciting Livelink customer application—Motorola's global implementation called Compass—because it illustrates and underscores the growing importance and use of Livelink as an enterprise infrastructure.

With 60,000 seats, the Motorola installation constitutes "a HUGE document systems deployment—more seats at one time than any document system…," according to Bill Zoelick, a leading industry analyst and Director at CAPVentures.

What makes this story even more compelling beyond the size is

the way in which Motorola is using Livelink. Motorola is not deploying our product suite for any singular purpose—nor to solve any specific business problem.

Instead it is using Livelink as an enterprise infrastructure—a single solution to support diverse business processes, from document management and project management to virtual workgroup collaboration and workflow management.

Motorola anticipates numerous benefits: improved cooperation and communication, time savings from providing a standard set of tools, simplified MIS support, increased productivity, and cost savings from extending the life of existing resources such as databases, file systems and desktop hardware. "We are witnessing the evolution of document management from traditional client/server applications to powerful web-based solutions. Open Text has been at the forefront of this metamorphosis..."

Delphi Consulting Group

"The Livelink Intranet product is unique in [having] a collaborative 'project' approach to managing documents..."

International Data Corporation

The Motorola deployment represents the substantial potential Livelink has in the enterprise intranet market. With analysts such as CAP Ventures expecting deployment of this type and magnitude to increase significantly over the coming years, we're pleased to have a solid lead over our potential competitors.

We also took steps toward building key channel relationships to broaden our market share. Chief among these strategic alliances is with Netscape. Livelink Intranet now ships with every Netscape SuiteSpot server. While Netscape SuiteSpot accelerates the process of connecting everyone in an organization, Livelink accelerates the organization's ability to fully capitalize on enterprise-wide connectivity.

CONTINUING OUR STRATEGY FOR

LONG-TERM SUCCESS

Without a doubt, we've made substantial progress in 1997 toward continued long-term success. As we enter fiscal year 1998, we also recognize that there are many challenges ahead. Even with the comparative advantage of being an early entrant, our long-term success depends on our ability to execute an aggressive business plan guided by three strategies: improving market position, managing internal growth and growth by acquisition.

Improving Market Position

Our first strategy is to make the Company more visible and position Open Text as a leader in the emerging intranet software market. To this end, we stress our competitive difference—high-end



technology and products—and carefully target our sales and marketing efforts.

Managing Internal Growth

Expanding our capabilities requires paying close attention to organizational structure and management. In 1997, we supported the Company's growth and evolution by hiring a new president, Brett Newbold, an experienced software executive. We will continue to

recruit skills at all levels to support our growth.

Growth by Acquisition

To achieve our growth objectives, we intend to continue to develop strategic assets that include technologies, products, distribution and infrastructure. These enhancements will allow us to quickly install products that meet the unique needs of each customer. As we expand, our goal is to build the

"While almost every software company is trying to carve out an intranet niche, Open
Text Corporation is well ahead and lengthening its lead..."

Inter@ctive Week

critical mass necessary to maintain a leadership position in intranet technologies, products and services.

GOING FORWARD

Although we have received wide acceptance for our products, the market is still emerging and organizations are now just beginning to make significant commitments to our software products. As our customer base grows, resulting in major new "win" announcements, we will continue to add new features and functionality through continued investments in technology.

At Open Text, we aim to capitalize on opportunities in the expanding intranet software market to penetrate large accounts in key segments and, over time, to achieve solid profits. We believe that our powerful, exciting technology, our

talented pool of employees and our solid financial resources will enable Open Text to meet these objectives.

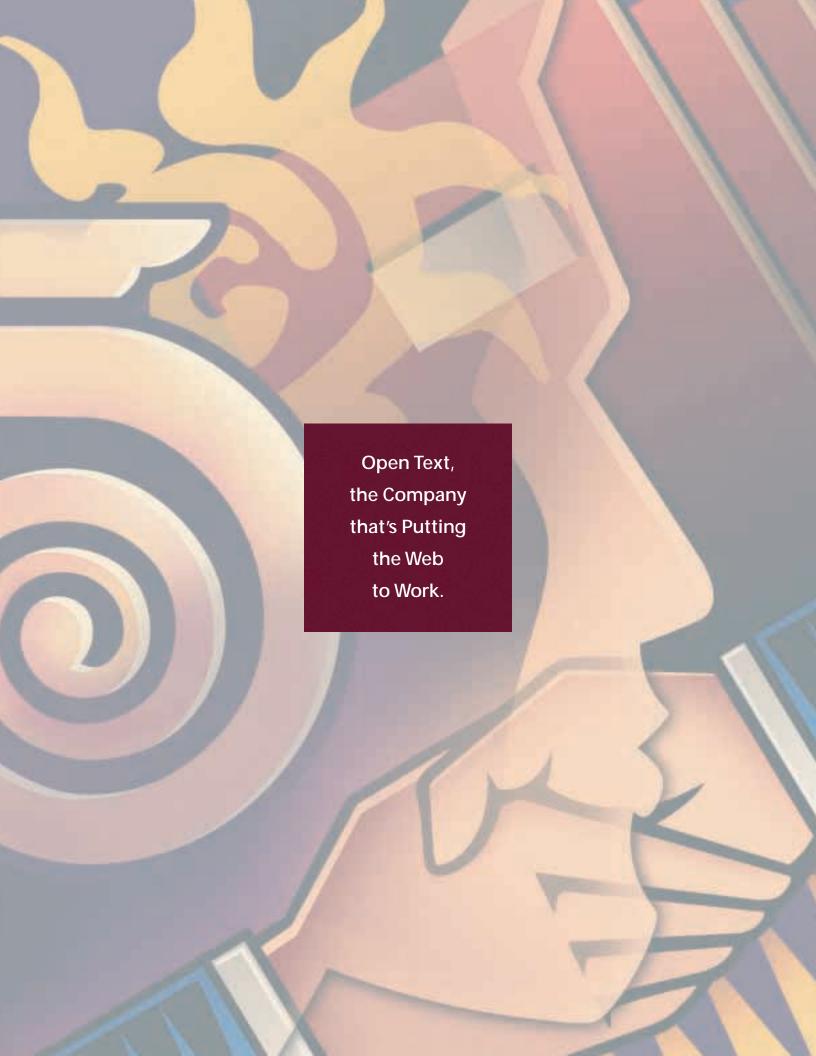
Throughout this evolutionary process, we thank you, our shareholders, for your continuing support. Moreover, we thank our employees, whose dedication and creativity have helped position Open Text as a market leader.

Sincerely,

Tom Jenkins

Chief Executive Officer

November 1997







THE OPEN TEXT VISION

Intranets are everywhere.

According to a recent Forrester Research Inc. survey of executives in Fortune 1000 companies, 96 percent of these organizations were either building or already using intranets. Industry experts estimate that by 1998, 65 to 90 percent of America's biggest corporations will deploy intranets. *Intranets are connective*.

Intranets connect people to one another and to information—be it policies and procedures or other internal communications.

But having information access and a means of communicating do not come close to what intranets can really do. Intranets are radical.

The way we at Open Text see it, intranets have the ability to transform the most fundamental of business processes: people working together.

THE LIVELINK INTRANET DIFFERENCE

While finding information and sending electronic mail are a good start, reaping the real business benefits of an intranet requires something

more—intranet applications that can help organizations accelerate business processes, and leverage collective knowledge and existing infrastructure to gain competitive advantage.

Open Text Livelink Intranet product suite transforms intranet potential into real business results.

Livelink Intranet goes beyond "knowledge management" enabling people in organizations to capture information, then act and collaborate on the knowledge at their fingertips—all in real time. This is the capability that distinguishes Livelink as a collaborative knowledge management system.

Livelink Intranet leverages the incredible connectivity of the Web by using it as the infrastructure for virtually any strategic enterprise process.

People work together across geographic locations and functional

lines, forming ad hoc, virtual teams to capture opportunities or to solve problems as they arise. Teams manage themselves and collaborate on the fly. People have instant access to dynamic information. Organizations can centrally manage globally distributed business processes.

Livelink integrates four powerful engines for document management, workflow applications, searching, and project collaboration that work on an enterprise scale, in the most complex environments to address complex business challenges. With Livelink Intranet, organizations have the ability to:

 Respond swiftly to emerging opportunities and problems with instant access to any information anywhere on your network or across the World Wide Web.

- Store, share and manage versions of every type of data and document that are critical to your business.
- Keep a pulse on rapidly changing information with Intelligent Change Agents that bring specified information directly to you through email.
- Form teams quickly across functional, geographical, hierarchical and organizational lines, then collaborate in real-time to meet business challenges, and capture and manage opportunities.
- Manage project-related work assignments, documents, milestones, reviews. And automate the steps required of your teams to achieve their objectives.
- Deploy Livelink right out of the box—no client software required.
 With just a Web server, some passwords and some URLs,

Integrated
Collaborative
Knowledge
Management

Rich Set of Functionality

Web-Based Ease

Open

Scalable

Out-of-Box Deployment

Customizable



Livelink Intranet is rapid deployment made easy.

- Minimize cost, training and support. With just a server and any standard Web browser, you're ready to access Livelink's full functionality. This is true platform independence and low-cost maintenance. This is the power of the intranet. This is the power of Livelink.
- Leverage your existing enterprise

- computing environment—no matter how complex.
- Scale Livelink to support tens of thousands of users across any size enterprise.
- Extend Livelink whenever and however to accommodate your evolving business requirements.
 Add new applications. Create or change features for unique business processes. All with ease.



SEARCH



LIBRARY



WORKFLOWS



PROJECTS



IN BOX



MY STUFF



STATUS

OPEN TEXT DELIVERS REAL RESULTS

With Livelink Intranet, Open Text is delivering on the promise of the intranet for corporations across a wide range of industries—from telecommunications to software development.

Motorola maintains marketleading position with Livelink for worldwide corporate intranet.

As the world's leading provider of wireless and electronic communications systems, Motorola, Incorporated understands the important role internal knowledge sharing and collaboration play in maintaining a leading market position. Deploying a worldwide corporate intranet to connect over 60,000 users requires the industrial-strength knowledge and workgroup management with platform independence that Livelink Intranet delivers.

"Motorola has embraced Web and groupware technology to improve business processes...Livelink will provide every Motorola employee with the tools needed to find information, work on it together and communicate, all through a standard Web browser, across a multitude of computing platforms, networks, and geographic sites."

TRW manages multiple projects and meets government requirements.

TRW realized early on that merely having an intranet provided only partial value and that leveraging the power of the intranet requires application software. TRW is using Livelink to manage crucial defense documents and associated review processes across multiple Department

of Defense organizations to meet critical delivery deadlines.

Contributors access workflows, documents and discussions on project home pages while team leaders use Livelink's visual workflow tools to control the review and feedback process.

"Documents are our business.

Meeting our delivery dates with the DOD is business-critical. Open Text is revolutionizing our processes so we're better able to manage reviews across locations, workgroups and diverse computing tools. Now we are really leveraging the global reach and power of the Web."

KATHIE ZISCHKE, Web Development Manager TRW

AT&T-Unisource's intranet connection starts with Livelink.

Moving to Web-based document management is enabling AT&T-

Unisource Communications
Services, a leading
telecommunications company
serving the European and global
markets, to gain control over and
centralize access to critical
documents across a multi-site



enterprise and with external partners. Virtually everyone—from internal contract specialists to distributor's representatives—can easily and quickly access documents from the company's Livelink Library,

directly from the Web.

"Documents are central and key to business processes, so it stands to reason that document management would be central to any enterprisewide information infrastructure.

We're building our infrastructure with Livelink. It's easy to use and easy to administer. For our nearly 800 users, it's a matter of click and find. And Livelink administration is carried out centrally on the Livelink server with virtually no client-side configuration."

JANE EDWARDS, MANAGER, Technical Documentation AT&T Unisource Communications Services

QUALCOMM's enterprisewide application of Livelink returns greater efficiencies and reduces costs.

Communications giant
QUALCOMM Incorporated is on
the cutting edge of intranet



technology. QUALCOMM uses
Livelink Intranet to centralize and
increase control over strategic
information and streamline business
processes across worldwide sites.
Livelink supports a range of processes
from the development, review and
release of critical engineering
specifications to order and change
requests to ISO compliance. As a
result, QUALCOMM is reducing
the cost of working across different
computing environments, improving

productivity and accelerating time to market.

"There are two reasons for choosing Open Text: The company's overall vision and willingness to partner with clients on solutions and technology. Livelink is the most open and easiest to use of all the products we looked at."

MITCH OLIVER, Director of Web Strategy QUALCOMM Incorporated

Booz. Allen & Hamilton leverages knowledge with Livelink Intranet.

A giant among consulting organizations, Booz. Allen & Hamilton's business is knowledge. The firm's Knowledge-on-Line (KOL) intranet is a massive knowledge repository, comprising best practices, business intelligence and competitive data that's critical to the firm's 7,000 globally dispersed

consultants. Livelink Intranet is the foundation for KOL.

"With Livelink Intranet, we can take our valuable information resources and expertise, apply them to projects whose complexity mandates using sophisticated management and collaboration tools...Livelink's total, out of the box integration...makes it an economic and operational imperative."

ED VACCARO, CIO Booz.Allen & Hamilton



"Open Text is a
recognized leader in
bringing to market
innovative, businessready intranet
applications software
that enables
corporations to put the
Web to work in ways
that bring immediate
competitive
advantage."

Microsoft Corporation

Tracor's Livelink solution increases productivity and improves document processes.

Tracor Systems Engineering, one of the largest defense electronics firms in the United States, knows all too well that engineering documents and projects have demanding processes associated with them. The company uses Livelink Intranet to store and manage access to their vast amounts of critical business documents—with significant results: Improved document and work management processes. Increased productivity and a significant reduction in the document approval cycle.

"Livelink brings everyone together electronically and makes it easy to move our complex workflow through the intranet."

BERT MCLEAN, Technical Director, Systems Definition and Control Department Tracor Systems Engineering

THE OPEN TEXT ADVANTAGE

Few companies have Open Text's credentials—extensive intranet experience and expertise, product excellence, market leadership and proven results in collaborative knowledge management for the enterprise.

No other intranet application software matches Livelink's comprehensive enterprise document management, searching, workflow and project collaboration capabilities. Open Text designed Livelink to handle even the most complex business processes over the Web, including: engineering change order systems, ISO 9000 compliance, and the maintenance of standard operating procedures in government-regulated industries. Its robustness is field-proven in some of the most demanding sites in the world.

For Open Text, collaboration is not just a product strength, it is a business philosophy.

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Mr. Tom Jenkins
OPEN TEXT

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Mr. Richard Black Helix Investment Ltd.

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Mr. Thomas Herne
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Mr. Mike Farrell
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Global Business Development

Mr. Daniel Cheifetz Executive Vice President, Research and Development

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ANNUAL MEETING

January ??, 1998

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COMMON STOCK

NASDAQ National Market System Ticker Symbol: OTEXF

Worldwide Sales Offices

Canada

Ottawa, Ontario

Vancouver, British Columbia

Toronto, Ontario

Europe

Amsterdam, The Netherlands

London, UK

St. Gallen, Switzerland

Japan

Tokyo

USA

Atlanta, GA

Bethesda, MD

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Chicago, IL

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