

March 31, 2006

Ms. Nancy M. Morris  
Federal Advisory Committee Management Officer  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Dear Members of the S.E.C. Advisory Committee on Smaller Public Companies:

The Board of Directors and the Management of Phase Forward Incorporated applaud the U.S. Securities and Exchange Commission for chartering the Advisory Committee on Smaller Public Companies.

*On the whole, the Sarbanes-Oxley legislation was necessary and important legislation. Through its passage, the Congress took important strides toward protecting investors and restoring confidence in the U.S. financial system. The Board of Directors' and audit firm independence have been strengthened and accountability to shareholders has received renewed focus.*

We believe, as you do, that Section 404, as written, was designed for large well-established companies. Applying the same standard to small companies results in an overly burdensome compliance process and causes a disproportionate amount of resources and costs to be allocated away from investment in other activities that may drive growth, competitiveness, and sustainable profitability, thereby maximizing shareholder value.

As a recent IPO company, with Board of Directors representation by two venture capital companies, we believe that Section 404 imposes real and opportunity costs on small companies that will result in small companies choosing to remain private, remaining private longer than they otherwise would, merging with larger companies or incorporating offshore and accessing international capital markets in order to avoid the onerous costs and regulations imposed by Section 404.

We especially support the "exemptive relief from external auditor involvement in the Section 404 process". There is a tremendous amount of redundancy, drain on resources and added cost when a company and its auditors independently test the same internal controls. Despite 16 months of effort and a favorable attestation, our review and testing discovered neither material weakness nor significant deficiencies. Within our first full year as a public company and with revenue for the year ended December 31, 2005 of \$87 million, we estimate that we incurred in excess of \$1 million of SOX 404 related expense with approximately \$800,000 paid to third parties. We had many proposed activities and investments that were postponed or eliminated in order for us to afford the costs required by Section 404. Unless the cost of compliance with Section 404 is reduced, such as through the "exemptive relief from external auditor involvement", we will be required to continue to curb investments and activities that would enhance shareholder value.

Please continue your excellent work. We must make it less difficult, and not more difficult, for small businesses to grow through access to public capital markets while at the same time spending their core energies on innovation, improving competitiveness and achieving value for shareholders and less on compliance activities which have escalated far beyond what the S.E.C. and the Congress had it mind.

Respectfully,

A handwritten signature in blue ink, appearing to read "Rodger Weismann". The signature is fluid and cursive, with a long horizontal stroke at the end.

Rodger Weismann  
Senior Vice President and Chief Financial Officer