

Document Imaging Report

Business Trends on Converting Paper Processes to Electronic Format

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January 5, 2007

THIS JUST IN!

PANASONIC CONTINUES TO BUILD PRODUCT LINE

Panasonic has released a new departmental scanner, and despite some executive personnel changes, the Secaucus, NJ-based Panasonic Digital Document Company (PDDC) remains as committed as ever to the document scanning market. "Factory representatives from Japan recently visited, and they confirmed that they will continue to do whatever they need to, to help us grow our business," said Alexandra Dilly, product marketing manager for scanners at PDDC. "Our parent [**Matsushita**] will continue to sell scanners as an OEM manufacturer, like they always have, but PDDC also has a full product roadmap planned through the next couple years."

Panasonic's biggest strength has always been in the low-volume production market segment (scanners priced approximately \$5,000-\$10,000). However, this spring, Panasonic launched a serious entrant into the workgroup space, with its KV-S1025C. The 1025C, which features advanced card capture capabilities, is targeted specifically at the healthcare industry. It won a Best of AIIM award and also received a strong review in *Government Computer News*.

"We've always been in the top two or three players in the LVP space," said Dilly. "In the workgroup segment, we've traditionally had less than a 5% market share. However, we're seeing great traction from the 1025C in the government and healthcare verticals and are interested to see our 2006 numbers. In fact, our success in these verticals has motivated us to look at other verticals we can address with future models."

"We've also been working closely with our copier dealers, who view the workgroup model as an attractive on-ramp into dedicated document scanning. In 2006, our sales through the BTA channel doubled from the previous year. At our

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The Facts Are That Fax Is Far From Dead

Emerging FoIP technology will drive future sales of software for large install base of potential distributed capture devices.

Over the past few years, we've witnessed an explosion in sales of workgroup (sub-\$2,000) scanners. We've also seen rapidly increasing adoption of scanning on digital copiers. However, even when you put these two types of devices together in a market called "distributed capture hardware," the install base pales in comparison to that of fax machines—estimated to be over 50 million worldwide.

"The need for distributed scanning solutions is on the rise, and fax remains the easiest, most cost effective, and most ubiquitous technology for scanning a document and sending it to someone else," attests Dan Lucarini, senior director of marketing for fax server software vendor **Captaris**. "Everyone has access to a fax machine or multi-function all-in-one device, and everyone knows how to use a keypad and press 'send.'"

But aren't faxes part of the paper problem that document imaging is designed to eliminate? Well, not necessarily. Captaris, for instance, offers direct connection from its *RightFax* software to ECM solutions from leading vendors like **Hyland**, **FileNet**, and **EMC Documentum**. Captaris also has its own workflow and document management software, picked up through acquisitions a couple years back [see *DIR* 11/5/04]. These solutions enable incoming faxes to be saved, managed, and archived as digital images—without ever being printed.

"With our fax server software, users can also capture a very basic, yet important piece of metadata—the sender's fax number," said Lucarini. "This information can be exported in an XML format and easily referenced against a customer database to identify the sender. It doesn't require any OCR, ICR, or complex capture techniques."

Not requiring character recognition can be an important ingredient to a successful fax application, as the image quality of faxes is often sub-par when compared to those produced by quality document scanners. However, in recent years, we've seen increasing use of advanced image processing and data matching to improve recognition rates from faxed documents. For example, at **Top Image Systems'** recent conference in Berlin, we saw a presentation from the German operations of **Office Depot**, which discussed how it improved recognition rates from faxed order forms from 45% to 90%.

The flipside of fax

So, why isn't everybody using fax machines for capture, instead of investing thousands of dollars in new scanners? Well, the aforementioned image quality problems are one reason. Office Depot, for example, cites the following issues with faxes:

- poor image quality (200x100 dpi)
- unreadable orders, even by the human eye
- substantial noise problems
- some images skewed more than 6%

Office Depot, which uses *RightFax*, overcame these challenges by utilizing several recognition engines, along with TIS' Virtual engine algorithm. It also applied approximate search technology for database matching. While this worked out, if Office Depot was in a situation in which it had control over the hardware devices used to capture orders, it probably would have been cheaper just to install document scanners.

Related to quality, there is also the issue of color, which common fax protocols do not support. As color printing continues to gain traction (with a big push from MFP hardware vendors who love color consumables), there will no doubt be an increase in a demand for color document images. Today, black-and-white remains good enough in most North American business applications. However, a telling sign for the future may be the fact that in developing markets like China, color scanners represent the overwhelming majority of the install base. In our view, the reason for this is there are no legacy business processes that rely on black-and-white images. Because color images are a more accurate representation and contain more information, it doesn't make sense to start with black-and-white anymore.

The final element working against fax machines is that in most cases, they rely on analog phone lines, which, when you start dealing with any real volume, are more expensive to use than the Internet networks that e-mails travel across. We have seen many case studies in which reducing costs related to analog faxes was the cost justification for a distributed scanning application.

Security, accessibility keep fax in play

Okay, now that we've ripped apart fax solutions, you might be leaning the other way, and saying, "why would anyone want to use fax?" Well, let's address the quality and color

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DIR is the leading executive report on managing documents for e-business.

Areas we cover include:

1. Document Capture
2. Image Processing
3. Forms Processing/OCR/ICR
4. Enterprise Content Management
5. Records Management
6. Document Output
7. Storage

DIR brings you the inside story behind the deals and decisions that affect your business.

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Special Pull-Out Section:

Document Imaging Report

Annual Article Index For 2006

The next four pages contain an index of the articles that *DIR* published in 2006. A searchable electronic version of this index is available from Editor Ralph Gammon, who can be reached at ralphg@documentimagingreport.com.

Key to index abbreviations: ECM - enterprise content management; RM - records management; M&A - mergers and acquisitions; SOA- service oriented architecture, WCM - Web content management; BPM - business process management; IP - image processing; IDR - intelligent document recognition ; BPO - business process outsourcing; DRM - digital rights management

Issue Date	Pg.	Title of Article	Main Topics	Featured
Jan 6, 06	1	IKON Levels Playing Field For Partners	Copiers, Channel	IKON, eCopy, Westbrook, EFI
Jan 6, 06	1	Batch Capture For Copiers	Copiers, Capture	Kyocera Mita
Jan 6, 06	3	DIR Annual Article Index For 2005		
Jan 6, 06	7	NSi Looking To Fill Void In Capture Market	Copiers, Capture	NSi, IBM
Jan 20, 06	1	Alfresco Unleashes Open Source ECM	ECM, Standards	Alfresco
Jan 20, 06	1	Retailer Rolls Out Big Invoices App	Capture, IDR	Carrefour, Kofax
Jan 20, 06	3	OnBase 5.0 Retains Mid-Market Focus	ECM, Channel	Hyland
Jan 20, 06	5	SaaS Proving Successful For Hyland	ECM, SaaS	Hyland
Jan 20, 06	6	Mailroom Proves Battleground For Scanner Vendors	Scanners, Capture	IBML, OPEX
Jan 20, 06	7	Federal Courts Address E-Discovery	Compliance, ECM	Kahn Consulting
Feb 3, 06	1	This Isn't Your Father's Visioneer	Scanners, Channel	Visioneer
Feb 3, 06	1	ERM Certification Program Kicks Off	RM, Compliance	AIIM
Feb 3, 06	3	SMB Very Attractive To ECM Vendors	ECM, Imaging, Workflow, Security	DocuWare, ZyLAB, IBM
Feb 3, 06	6	Open Scan Moves Beyond Exceptional Roots	Payments	Open Scan
Feb 3, 06	7	Canon Improves Capture Options	Digital Copiers	Canon, Captaris
Feb 17, 06	1	Kodak Tipping Toward Distributed Capture	Scanners, Capture	Kodak
Feb 17, 06	1	FileNet Introduces High-End WCM	ECM, WCM, M&A	FileNet
Feb 17, 06	4	Banking ISVs Assimilate Document Imaging	M&A, Verticals	Harland, Financialware
Feb 17, 06	5	OMR Specialist Acquires Peladon	Capture, IDR, M&A	Peladon, DRS
Feb 17, 06	6	Automated Redaction Becomes VAR's Calling Card	IDR, Verticals	CSI, Océ ODT, Kofax
Feb 17, 06	7	Game Just Beginning For Kirtas	Scanners, OCR/ICR	Kirtas, ABBYY
Feb 17, 06	8	Upgraded Scanner Expedites Classification	Scanners, Capture	OPEX
Mar 3, 06	1	Cardiff Gets New Lease On Life	Capture, M&A, E-Forms	Cardiff, Autonomy, Verity
Mar 3, 06	1	Ricoh Embedded App Finalists	Digital Copiers, Capture	Ricoh, eCopy, NSi, Omtool
Mar 3, 06	3	Weighing RM Priorities	E-Discovery	Kahn Consulting, FileNet, ARMA
Mar 3, 06	5	SIRE Sires IDR For Clerks	Verticals, IDR	SIRE
Mar 3, 06	6	Kofax, Interwoven Strengthen Ties	ECM, Capture, Channel	Kofax, Interwoven
Mar 3, 06	7	Tech Data Moves Toward Solutions	Channel, Scanners, ECM	Doculex, Questys, iDatix
Mar 3, 06	7	TAWPI Launches RFP Portal	BPO	TAWPI

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Mar 17, 06	1	New Scanning Solutions Target SMB	Scanners, Copiers, Capture	Kodak, HP, Pixel, FileVision
Mar 17, 06	1	AIIM On Demand Event Taking Shape	Trade Shows	Questex
Mar 17, 06	5	Dicom Acquires More IDR Technology	Capture, M&A, IDR	Dicom, LCI
Mar 17, 06	6	Samsung Forces Dicom's Hand	Capture, Financials	Dicom, Samsung
Mar 17, 06	7	Toshiba Merges Solutions & Products Groups	Digital Copiers	TABS
Apr 7, 06	1	scanR Launches Capture Service For Mobile Pros	Capture, Mobile	scanR, ABBYY
Apr 7, 06	1	Paper Connection '06 Bigger & Better	Capture, Copiers	eCopy, Canon
Apr 7, 06	3	Captovation Promotes Network TWAIN	Capture, Copiers, Check Scanning	Captovation, Ricoh, Visioneer
Apr 7, 06	4	BBH Scanners Expands Line, Extends Service Agreement	Scanners, Service, IP, Channel	Böwe Bell & Howell, Kodak
Apr 7, 06	6	Stellent Not Sitting On Profits	ECM, Financials, RM	Stellent
Apr 7, 06	7	New ScanSnap Addresses Desktop Demands	Scanners, Capture	FCPA, ABBYY
Apr 21, 06	1	Kofax Transforming Into Enterprise Player	Capture, Channel	Kofax, Dicom
Apr 21, 06	1	Datacap Gearing Up For Big Show	Capture, IDR	Datacap, AIIM
Apr 21, 06	4	A Look At Kofax's Technical Direction	Capture, M&A, IDR	Dicom, Topcall
Apr 21, 06	5	Scanner Vendors Show Their Wares	Scanners, IP, IDR	FCPA, Visioneer
Apr 21, 06	6	Paper Connection II: Twice As Large	Capture, Copiers, Channel, Verticals	eCopy, Konica Minolta, Hyland
Apr 21, 06	8	Plasmon Introduces UDO Appliance For ECM	Storage, Compliance	Plasmon, Raidtec
May 5, 06	1	EFI, Nuance Launch Alliance	Capture, Copiers	Nuance, EFI
May 5, 06	1	NSi Releases MEAP App In Europe	Capture, Copiers	NSi, Canon
May 5, 06	3	Nuance To Step Up Patent Enforcement	Capture, Scanners, Intellectual Property	Nuance, Visioneer
May 5, 06	4	Panasonic Targets Healthcare Market	Scanners, Verticals	Panasonic
May 5, 06	5	Pixel Adds Network Feature To ISIS	Scanners, Capture	Pixel, Captiva
May 5, 06	6	ABBYY Introduces Recognition Server App	OCR/ICR, Capture	ABBYY USA
May 5, 06	7	Kyocera Introduces Imaging-In-A-Box	Copiers, Capture	Kyocera Mita, NSi
May 5, 06	7	Ricoh Awards Capture Vendors	Capture	Ricoh, Omtool
May 19, 06	1	Kofax Introduces SOA-Based Scanning	Scanners, SOA	Kofax, DTI
May 19, 06	1	Imaging, Search, Speed Upgrades In <i>PaperPort 11</i>	Capture, Search	Nuance, Intellect
May 19, 06	3	Improving Distributed Capture	Capture, Copiers	Kofax, ABBYY
May 19, 06	4	Kodak Introduces Own-Manufactured Workgroup	Scanners, Patents	Kodak, Nuance
May 19, 06	6	RemoteScan Dominating Emerging Market	Scanners, Verticals	RemoteScan, Inc
May 19, 06	7	Federal Business Ramping Up For SourceCorp	BPO, Verticals	SourceCorp
Jun 2, 06	1	SOA, Microsoft Hot Topics At AIIM On Demand	SOA, ECM, Capture	Microsoft, Google
Jun 2, 06	1	New Chair Shares Vision	ECM, Events, M&A	AIIM, Visioneer
Jun 2, 06	2	SharePoint 2007: The Partner Perspective	ECM, Channel, Verticals	Hyland, Captaris,, KnowledgeLake, Westbrook, DocuWare
Jun 2, 06	5	SOA Splashdown	SOA, Capture, Scanners, OCR/ICR, Channel, Digital Copiers, ECM	Microsoft, Kofax, Westbrook, Datacap, Sharp, Captovation
Jun 16, 06	1	EMC, Captiva Marriage Off To Solid Start	M&A, Capture	Captiva, EMC
Jun 16, 06	1	New Digs Required For Growing Event	Trade Shows	Questex, AIIM
Jun 16, 06	3	Bish Soon To Be Gone, But Certainly Not Forgotten	Capture, M&A	Captiva, EMC
Jun 16, 06	4	Adobe Chooses I.R.I.S. As OCR Partner	OCR/ICR, Capture	Adobe, I.R.I.S.
Jun 16, 06	5	Scan-Optics Poised For Turnaround	Scanners, Channel, BPO, Service	Scan-Optics, Access Services
Jun 16, 06	6	IBML Enhances SoftTrac	Scanners, Capture	IBML

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Jun 16, 06	6	sillex Optimistic About Network Scanning	Scanners, Channel	sillex, Visioneer, Muratec
Jun 16, 06	6	Former Service Bureau At Center of Investigation	BPO, Verticals	Audre, Inc.
Jun 16, 06	7	Scan Server Bypasses Desktop	Scanners, SOA, IP	Kofax
Jul 7, 06	1	Jumping On The Classification Bandwagon	Capture, IDR, M&A, OCR/ICR, Channel	AnyDoc, Cardiff, Peladon
Jul 7, 06	1	eCopy Announces Major Upgrades	Capture, Copiers	eCopy, Adobe
Jul 7, 06	4	Capture Vendors Move Into DPA	Capture, BPM	Kofax, Cardiff, AnyDoc
Jul 7, 06	6	Océ-ODT Continues To Innovate	Channel, OCR/ICR	Océ-ODT
Jul 7, 06	7	Top Image Building Revenue	Capture, Financials	TIS, SAP, Nagase
Jul 21, 06	1	Oracle Introduces ECM For Database Customers	ECM, Capture, Channel	Oracle, Kofax, Open Text
Jul 21, 06	1	Recognition Specialists Merge	OCR/ICR, M&A	Parascript, Mitek
Jul 21, 06	3	Orbograph Refines Post-Recognition Keying Solution	Capture, OCR/ICR, Channel	Orbograph, Captiva, IBM
Jul 21, 06	4	Plenty Of Room For Growth In Invoice Capture Market	IDR, Verticals	AberdeenGroup
Jul 21, 06	6	Changes In Remittance Driving Interest In EOBs	IDR, Check Capture	AIIM, TAWPI
Jul 21, 06	7	SunGard Integrates RRI	Capture, Verticals	SunGard, RRI
Aug 4, 06	1	IBM Continues Pursuit of SMB	ECM, Channel	IBM, UIMA
Aug 4, 06	1	ECM Shakeout Continues	M&A, Financials	Open Text, Hummingbird
Aug 4, 06	3	PDF, .NET Trends Drive Snowbound Sales	PDF, Toolkits	Snowbound
Aug 4, 06	4	Quality Control for PDF/A	PDF, Standards	Apago, AIIM
Aug 4, 06	5	German Market Embraces Scan-To-PDF/A	MRC, Standards	LuraTech
Aug 4, 06	7	Standards Needed To Drive Digital Signatures	ECM, Compliance	DocuWare
Aug 4, 06	8	Captaris Workflow Making Its Mark	BPM, Fax, M&A	Captaris
Aug 18, 06	1	The Big Deal	M&A, ECM, Capture	IBM, FileNet, EMC, eVisorv
Aug 18, 06	1	More To Come...	Capture, ECM	Datacap, Stellent
Aug 18, 06	4	BancTec Righting Its Ship	BPO, IDR, Scanners	BancTec, EDS
Aug 18, 06	7	A2iA Encourages Adoption Of IWR For Forms	OCR/ICR, Capture	A2iA, IMERGE
Aug 18, 06	8	Scan Station Bundled With Legal Software	Scanners, Capture, Verticals, Channel	Kodak, Tech Data, DocuLex
Sep 8, 06	1	McMahan Out As Visioneer Shifts Gears	Scanners, Channel, Events, Capture	Visioneer, FCPA, Harvey Spencer
Sep 8, 06	1	HSA Capture 2006 Set For Oct. 3-4	ECM, RM, IRM, M&A, Security	Stellent, EMC, SealedMedia
Sep 8, 06	4	ECM Vendors Add Information Rights Management	Capture, IDR, ECM, SOA	Datacap, Content Analyst: SAIC
Sep 8, 06	6	Datacap Adds Intelligent Classification	ECM, M&A, Verticals, Channel	Interwoven, Scrittura
Sep 8, 06	8	Nuance Upgrades <i>Converter</i>	PDF, XPS, Capture	Nuance
Sep 22, 06	1	Removing The Mystery From Forms Processing	Capture, OCR/ICR	ADI, Lockheed
Sep 22, 06	1	Acquisition Gives Hyland A Degree In Higher Learning	BPM, Verticals	Hyland, Matrix
Sep 22, 06	4	AnyDoc Preps For Renewed Growth	Capture, Workflow	AnyDoc
Sep 22, 06	5	TIS: A Leader In IDR	Capture, IDR, ERP	TIS
Sep 22, 06	6	Historical Records Specialist Installs <i>Indicius</i>	Capture, Channel, IDR, OCR/ICR	AncestryDPS, Kofax, Doxtek
Sep 22, 06	7	Adobe Introduces New <i>Acrobat</i> Family	PDF, Collaboration, OCR/ICR	Adobe, I.R.I.S.
Oct 6, 06	1	IBML To Provide Scanners For 2010 Census	Capture, Scanners, Verticals, Color, OCR/ICR	Lockheed, Census Bureau, IBML
Oct 6, 06	1	Transitions Continue At Scan-Optics	Scanners, BPO	Scan-Optics
Oct 6, 06	3	Xerox Helps AOL Digitize Processes	BPO, Capture	XGS, AOL

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Oct 6, 06	5	Our Insights On The BancTec IMBL Dispute	Scanners, Patents	IBML, BancTec
Oct 6, 06	6	Kodak Capture Software Adds MICR	Check Scanning	Kodak, NSI
Oct 6, 06	7	HP Releases Desktop Sheet-Fed Model	Scanners, Capture	HP, I.R.I.S.
Oct 6, 06	8	More On Adobe and I.R.I.S.	OCR/ICR, Capture	I.R.I.S., Adobe
Oct 20, 06	1	HSA Hosts Capture Summit	Capture, Events, IDR, SOA, XML	Harvey Spencer, Microsoft, OASIS
Oct 20, 06	1	Questex Adds Information Services Through InfoTrends	Events, M&A	Questex, InfoTrends
Oct 20, 06	5	eCopy Maintains Strong Growth Rate	Capture, Copiers, Channel, Financials	eCopy, HP, Canon, Kofax, Omtool, NSI
Oct 20, 06	6	ReadSoft Buys SAP Partner	Capture, IDR, ERP M&A, Financials	ReadSoft, Ebydos, SAP
Oct 20, 06	7	BancTec Rapidly Growing BPO Business	BPO, M&A, IDR, Financials	BancTec, MediaService
Nov 3, 06	1	Dicom Strives To Improve Market Focus	Capture, IDR, M&A, ECM, SOA, Fax	Dicom, Kofax
Nov 3, 06	1	FCPA Upgrades Mid-Volume Line	Scanners, RM	FCPA, Kofax, PFU, Hyland
Nov 3, 06	5	EMC Input Evident In New Release Of IA	Capture, SOA	Captiva, EMC
Nov 3, 06	7	Xerox Introduces Embedded Development Platform	Copiers, Channel, Capture	Xerox, Captaris, Kofax, Nuance, NSI, Omtool
Nov 17, 06	1	Elections, Document Imaging, And What's Right in Kansas	ECM, Copiers, SOA, Channel	Perceptive, Westbrook, DocuWare
Nov 17, 06	4	ECM Consolidation: Who's Next?	ECM, M&A	Oracle, Stellent
Nov 17, 06	5	Ricoh Introduces New Scanning Feature	Capture, Copiers	Ricoh
Nov 17, 06	6	NCR Enters Capture Space	Capture, Scanners	NCR, IBML
Nov 17, 06	7	Simonis Celebrates 20 Years With BBH Scanners	Scanners	BBH Scanners
Dec 1, 06	1	Deadlines Approaching For Claims Foms Upgrades	Capture, Verticals	SunGard, Mitek
Dec 1, 06	1	ABBYY Releases First Mobile SDK App	OCR/ICR, Mobile	ABBYY, scanR
Dec 1, 06	3	Peladon, Wausau Sign OEM Deal	Capture, IDR	Peladon, Wausau
Dec 1, 06	4	Kofax Introduces IDR For Resellers	Capture, IDR, Channel, M&A	Kofax, Dicom, LCI, Ocè ODT
Dec 1, 06	5	Visioneer Increases Network Options	Scanners, Copiers, SOA	Visioneer, AXIS, Kofax, Silex
Dec 1, 06	6	Iron Mountain Shows Digital Growth	RM, E-Mail, M&A	Iron Mountain, Accutrac, EMC
Dec 15, 06	1	Invoices, Mailrooms, Oracle, And A Whole Lot More	Capture, IDR, Digital Mailroom, Channel, SOA	TIS, Hackett Group, XGS, 170 Systems, Oracle, SAP, Capture Experts, Power Decisions, Pentadoc, Mailconsult
Dec 15, 06	1	EMC Introduces OEM Version of Documentum	ECM, Channel	Documentum
Dec 15, 06	3	Exorbyte Show Fuzzy Matching For OCR	OCR/ICR, IDR	Exorbyte, TIS
Dec 15, 06	5	Kofax Breaks The ICE On SOA Strategy	Capture, IDR, SOA, Copiers, Channel	Kofax, Dicom, salesforce.com
Dec 15, 06	6	Saperion Puts Eggs In Software Basket	ECM, Channel, RM	Saperion, FileNet
Dec 15, 06	8	Scan-Optics Maintains Focus	Scanners, Capture, M&A, BPO	Scan-Optics, Viking Software

issues first. In situations like Office Depot's, in which a business is receiving documents from an at-large customer base, over which it has little control, the humongous install base of fax machines is going to have some sway—image quality be damned. So, if Office Depot wants orders, it had better learn to deal effectively with poor quality black-and-white images.

Another advantage that fax has over e-mail involves security. "The fact that e-mail is transmitted over the Internet can create potential interception problems," Peter Davidson, a fax industry analyst, told *DIR*. "Internet networks are susceptible to hackers. The only way to touch a traditional fax transmission is by tapping a phone line, which is not very common."

Davidson admitted that there are encryption techniques available to create more secure e-mail transmissions, but added, "who uses all that stuff?" Along these lines, most fax implementations also include automated receipt capabilities, letting a sender know their fax has gone through. While e-mail systems have these capabilities as well, they are typically less reliable than fax receipts and sometimes not used at all.

Related to security, we will also note that we now receive a lot fewer junk faxes than we do e-mails. This means there is less chance of an important fax being mistakenly deleted as "junk mail." "It's harder to track an e-mail spammer than a fax spammer," noted Lucarini. "In addition, a few years ago, laws were passed that include extremely onerous penalties for abuse of fax lines."

Lucarini added that fax is also still the most popular way for transmitting a signed document between parties. Similar to e-mail encryption, there are plenty of digital signature options available, but they have yet to achieve widespread adoption.

FoIP: Key to the future

Yes, a lot of these reasons for choosing faxing over scanning could become obsolete as technology like encryption and digital signature matures and gains mainstream adoption. However, the large install base of fax machines, and the inertia that typically holds back technological adoption until years after an invention is introduced, will keep faxing alive well into the future. In regards to the cost savings associated with scanning over faxing, a current transition toward fax-over-IP solutions could eliminate that difference.

FoIP is essentially a parallel technology to more popular voice over Internet protocol (VoIP), which leverages the Internet to eliminate analog phone services. "Buying network bandwidth tends to be

cheaper than paying for use of analog lines," said Eric Bean, senior director of product management for Captaris. "As a result, we're seeing a big movement toward VoIP. FoIP is the natural next step for users that want to consolidate all their telecommunication on the same network."



"If the business goal is to eliminate phone lines and the subsequent costs that go with them, then faxes must also be accommodated."

— Steve Adams, MyFax

Davidson, called 2006 a year for tire-kicking in the FoIP space. "Fax server software sales were essentially flat in 2006, but I don't think that is a long-term trend," he noted. "In fact, I've projected a CAGR of 8.2% over the next five years, driven mainly by adoption of FoIP. By 2009, I expect sales of FoIP software to gain primacy over traditional fax server software, which relies on analog transmissions."

Davidson noted that people are worried about the reliability of FoIP. "They're used to 98-99% reliability from their fax technology," he said. "They are afraid with FoIP that could go down."

Overcoming barriers to FoIP adoption

One of the potential problems with FoIP has to do with dropped information packets, which are fairly common in VoIP communication. "Unlike voice traffic, which has a fairly straightforward method of transmission and can afford a little latency or drop-off while the packets are being sent, a drop-off or other problem during a fax might mean the entire message is scrapped," said Steve Adams, VP of marketing for FoIP specialist **MyFax**.

Adams compares accounting for potential problems in FoIP exchanges to the children's game of Mousetrap. "IT managers are finding they have to create complex, time-consuming workarounds to do what they used to do by plugging a fax machine (or fax server) into a phone port," he said. "What's frustrating is that spending all that time working to send faxes over an IP network is really a case of the tail wagging the dog. While faxes are still very important to many industries – real estate, insurance, financial, legal, healthcare, and manufacturing come to mind – the ratio of faxes to voice traffic heavily favors voice. Yet, if the business goal is to eliminate phone lines and the subsequent costs that go with them, then faxes must also be accommodated."

To solve this dilemma, Adams recommends the use of a hosted FoIP service, which handles the infrastructure for the end user. "With an Internet fax service, all the real heavy lifting of establishing the call, negotiating the handshake between faxing devices, encoding the message for transmission, message correction and synchronization, terminating the call, etc. is handled off-site," he commented.

Bean argues that some users view utilizing hosted FoIP services as adding an extra layer of complexity to their document processes. "We see hosted fax services as essentially a SOHO play," Bean told *DIR*. "We've haven't seen much traction in mid-sized and enterprise accounts. As these organizations begin to view fax as part of their messaging and document transport infrastructure, it becomes more important for them to integrate fax solutions into their back-end processes. It's more difficult, but not impossible, to do this with an outsourced or hosted solution."

In November, Captaris announced that its *RightFax* software would support FoIP through integration with **Cantata Technology's Brooktrout SR140** platform. "FoIP is definitely the next step in the industry," said Bean. "I think its adoption is at the level where VoIP was a few years back."

Conclusion

Fax remains the proverbial ignored elephant in the room when people discuss document imaging. Yes, a lot of distributed scanning applications are replacing fax machines. But, there still remains an incredibly large number in use, and they must be accounted for. Ignoring faxes would be making the same mistake e-commerce experts made a few years back, when they touted the overnight

disappearance of paper. Now that people have realized the paperless office isn't on the way anytime soon, they've begun accounting for it with widespread document imaging adoption. Similarly, as people realize faxes are not going to go away, we agree with Davidson's projections that there will be an upsurge in fax-related software sales.

For more information:

<http://www.documentimagingreport.com/Fax.1543.0.html>
(for complete articles from Lucarini and Adams);
<http://www.davidsonconsulting.biz>.

PANASONIC, FROM PAGE 1

dealer meeting in Sept., I'd say 80-85% of the attendees had questions about scanners."

In December, Panasonic announced its new KV-S2048C departmental model. It is rated at 43 ppm/76 ipm at 200 dpi in a bi-tonal mode. Because the scanner relies on a CIS lens, which represents a different configuration than Panasonic's workgroup and LVP offerings, the 2048C slows down to 19/34 at 150 dpi in color. It does, however, feature Panasonic's advanced image processing technology, as well as the "double-feed prevention system" that is featured on the 1025C [see *DIR* 5/5/06]. In addition, the 2048C includes an ultrasonic sensor to improve double-feed detection.

The 2048C lists for \$3,795 and advertises a lifespan of 3 million scans. Its list price is slightly lower than those of competing sheet-fed only models from **FCPA** and **Kodak**.

http://www.panasonic.com/Business/office/pro_scn.asp

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