

Document Imaging Report

Business Trends on Converting Paper Processes to Electronic Format

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October 20, 2006

THIS JUST IN!

QUESTEX ADDS INFORMATION SERVICES THROUGH INFOTRENDS

The **Questex Media Group** has expanded its portfolio through the acquisition of **InfoTrends**. Questex is the **Advanstar** spin-off that owns the **AIIM On Demand** show. InfoTrends is a consulting and market research firm directed by On Demand co-founder Charlie Pesko, who also founded *ImagingWorld* (now *KM World*).

"We looked at our business and determined that our revenue generation was confined to three areas: trade shows, print publications, and digital media," said Kerry Gumas, president and CEO of Questex. "We thought we were in need of an information services arm, which is what InfoTrends represents. Historically, InfoTrends has focused on the digital printing and imaging spaces. While we plan to continue their services in those areas, we are looking forward to expanding their models to the other markets we serve."

Newton, MA-based Questex, which was founded in 2005 [see *DIR* 5/6/05], operates a total of 25 trade shows and has approximately 50 magazines and related Web sites combined. In addition to six technology trade shows, of which AIIM On Demand is the largest, the company has interests in the travel, beauty, entertainment, and industrial and specialty markets.

InfoTrends has approximately 65 employees, who will continue to be based out of Weymouth, MA, located just southeast of Newton. InfoTrends is probably best known to *DIR* readers for its document scanner market research,

Inaugural ECM West Next Month

In addition to acquiring InfoTrends, Questex is preparing for the launch of its **ECM West Conference and Expo**, being held Nov. 7-8 at the San Jose McEnery Convention Center. Gumas

Continued on page 8

HSA Hosts Capture Summit

GLEN COVE, NY – **Harvey Spencer Associates** presented its second annual Document Capture Conference earlier this month at the Glen Cove Mansion on Long Island. Like last year, the event proved a summit for luminaries in both the hardware and software industries. Approximately 50-60 capture enthusiasts attended the overnight conference. They included representatives from **A2iA, ABBYY, AnyDoc, Captovation, Canon, Cranel, eCopy, EMC/Captiva, FCPA, HP, ISIS Papyrus, Kodak, Kofax, Océ ODT, Peripheral Dynamics, Inc., ReadSoft, Ricoh, and Scan-Optics**. There was even a representative from bar code reader specialist **Hand Held Products**. Ground covered included everything from market size to market trends, from Windows Image Acquisition (WIA) to the adoption of Check 21, from image quality on digital copiers to the future of XML.

Microsoft was the big-name on the dais, and its representatives presented on *SharePoint Server 2007* and the new Vista operating system, both of which are due to be released for general availability early next year. HSA principal Harvey Spencer gave his "state of the capture industry" address and also drilled down specifically into some of the challenges and opportunities in the forms processing segment. Peter Roden, the director of technology for standards organization **OASIS**, presented on XML, and a pair of executives from business intelligence ISV **Sinecon** discussed the importance of integrating capture with their technology. There were also presentations on check scanning and a panel covering capture hardware trends.

WIA: ready for primetime?

The most interesting speaker of the day proved to be Adrian Lannin, a program manager for Microsoft's Windows Digital Documents team. As far as we could tell, this means Lannin is responsible for ensuring that printers and scanners work well with the new Vista OS. As part of this initiative, Microsoft has undertaken the task of rewriting its WIA driver so that it better supports document scanning.

"Performance with the original WIA was really bad," Lannin told the audience. "With WIA 2.0, we've totally re-architected the way bits are transferred to the computer. The new WIA should enable even high-volume [200 ppm] document scanners to run at rated speeds. We've also set out to fix a lot of the issues that document imaging customers had with WIA. This includes suppressing UIs, and making duplex capabilities more accessible."

Lannin stated that Microsoft's goal is to make WIA the scanning driver of choice, ahead of both of today's industry standards—ISIS and TWAIN. "Yes, I realize that in addition to getting hardware vendors to develop WIA drivers, we also need to convince ISVs to write their applications to work with WIA," he said. "The best way to do this is to explain that there are a lot of advantages to utilizing a driver embedded in the OS."

Some advantages listed in Lannin's presentation include tighter integration with Vista features like plug-n-play, Web Services for Devices, and XPS [Microsoft's new XML Paper Specification]. WIA also purports to offer network management capabilities not typically found in TWAIN and ISIS drivers. These include implementing security controls and doing discovery and diagnostics over the network. "Leveraging WIA enables systems administrators to do things like grant permission to non-admins to install just a single type scanner on a networked PC," said Lannin.

Lannin is no stranger to working with ISVs in the document capture world. In the mid-1990s, he was the ISV manager for

TWAIN Not Going Away

Microsoft's Adrian Lannin was clearly pitching WIA (Windows image acquisition) as a TWAIN replacement for driving document scanners. Interestingly enough, Microsoft is trying to move WIA upstream, from a desktop to a production scanner driver, the same way the **TWAIN Working Group** moved its driver upstream almost 10 years ago. *DIR* sent an e-mail to **FCPA's** Pam Doyle, Chairman of the TWAIN Working Group, and asked her opinion on the new version of WIA.

"I am confident Adrian's knowledge and experience have helped Microsoft further the development of WIA," Doyle responded. "My technical resources indicate it is not yet capable of being an alternative to TWAIN. The TWAIN Working Group is committed to furthering the adoption of image acquisition and is pleased with any steps to further that adoption and make the process easier. It sounds like Microsoft is taking steps to make image acquisition easier in the Windows environment."

"One thing to note regarding TWAIN is that we are platform independent and have ported to Mac and, in the very near future, will release our standard for the Unix/Linux environments."

For more information: <http://www.twain.org/>

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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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scanners at **Bell & Howell**. After leaving Bell & Howell, he migrated west and ended up at Microsoft writing white papers. Eventually the programmer in Lannin resurfaced, and he was drawn back into Microsoft's print, and now scanner, driver business. "I am the advocate for document scanning within Microsoft," he told attendees. "You can use me as your first point of contact."

Microsoft has already made a toolkit available for integrating both hardware and software with the new WIA spec. Earlier this month, capture software specialist **Kofax** announced its support for WIA.

Lannin added that another advantage to WIA over current popular document imaging drivers is quality control. "Microsoft offers certification for WIA drivers that should guarantee they all act the same," he said. "This means all certified WIA drivers should support the same set of features within a particular software application. With TWAIN, for example, you aren't guaranteed this type of consistency." [Editor's note: There had been some talk of a TWAIN certification movement, but it seems to have died down in the wake of TWAIN development specialist JFL Peripherals being acquired by **Visioneer**, see *DIR* 9/9/05.]

For more information:

Adrian@windows.microsoft.com;

<http://www.microsoft.com/whdc/device/StillImage/default.mspx>;

<http://www.microsoft.com/whdc/rally/default.mspx>

XPS: a no-cost PDF alternative

In addition to WIA, Lannin discussed Microsoft's new XPS format, which will be included in Vista. XPS is basically a no-cost alternative to PDF. It's being designed as an open specification that remains human readable as an XML file in a ZIP format. It also supports Microsoft's rights management technology, as well as digital signatures.

For imaging vendors, Lannin stressed there are opportunities for scan-to-XPS, as well as backfile conversion-to-XPS applications. XPS also supports full-text indexing of images through OCR.

Lannin did not encourage development of advanced XPS viewers. Even though the initial Microsoft XPS viewer is pretty lightweight, without any commenting or mark-up capabilities, Lannin said these features are definitely on the road map. "Unfortunately, we had to drop them in the initial version to ensure we would get the product out the door on time," he told *DIR*.

For more information: www.microsoft.com/xps

SharePoint leaves plenty of partner room

The presentation by Ron Sielinski, Microsoft's senior product manager, ISV solutions, *SharePoint* Products and Technology, was less revealing. Basically, Sielinski confirmed what we have been writing about *SharePoint 2007* for the past year: Despite increasing the ECM capabilities in *SharePoint*, Microsoft is still not well equipped to deal with documents and processes that fall outside the Microsoft realm.

In fact, Microsoft has introduced a new tier called *Office SharePoint*, which stresses the portal's increased integration with the popular Microsoft desktop suite. Yes, Microsoft has beefed up the e-forms, records management, workflow, Web content management, and the search capabilities within *SharePoint*, but the company is still counting on partners to implement *SharePoint* as a true solution. "*SharePoint* has some robust records management capabilities, but if someone wants to deploy it as a HIPAA or Sarbanes-Oxley solution, we don't have the first idea how to do that," Sielinski told *DIR*.

Coincidentally, while the HSA event was ongoing, Microsoft and **EMC** clarified their joint-strategy surrounding *SharePoint*. This includes tighter integration with EMC's Documentum product line. A few sentences from the press release do a good job summing up how *SharePoint 2007* lends itself nicely to ECM partnerships:

"Information workers will be able to access the Documentum platform natively from within *Microsoft Office SharePoint Server 2007* and the *Microsoft Office* system, enabling users to leverage the power of the Documentum platform in areas such as advanced records management, business process management, imaging, and rich media from their preferred Microsoft applications....These solutions from EMC will allow manual or automatic archival of content from *SharePoint* repositories to a Documentum repository while keeping content accessible and searchable from within *Microsoft Office SharePoint Server 2007*. By archiving content from *SharePoint* into *Documentum* for long-term retention and management, organizations can help their information workers meet compliance, content utilization, and storage optimization policies and procedures, all from within the familiar Microsoft applications they use every day."

This announcement reinforces our opinion that, just because Microsoft is beefing up its ECM capabilities, does not mean more established ECM vendors are going to suffer. In fact, much like workgroup scanner sales have continued to grow at astronomical rates, despite the continued emergence of digital copiers as capture devices, we expect the ECM market to continue to grow in conjunction with the increase in ECM capabilities in

SharePoint. Many scanner vendors consider digital copiers to be great introductory scanning devices. Similarly, we think *SharePoint* will do a great job seeding the ECM market and whetting users' appetites for more robust ECM solutions.

For more information:

<http://www.microsoft.com/office/preview/servers/sharepointserver/highlights.msp>

Market growth accelerating

As usual, Harvey Spencer provided some interesting insight into the growth and direction of the document capture software space. Spencer's numbers, which are based on a database of some 100 vendors, show that the capture software and services market was worth some \$1.07 billion in 2005, reflecting 18% growth over 2004. Based on a CAGR of 16.8%, Spencer has projected the market will approach \$2 billion by 2009.

Traditional forms processing, which is moving increasingly toward non-templated solutions, is still the largest of Spencer's four capture segments, with ad hoc and desktop the fastest growing of the segments. Interestingly enough, Spencer sees the data capture/forms processing segment accelerating its growth in the near future, as capture front-ends are more tightly integrated with back-end processes.

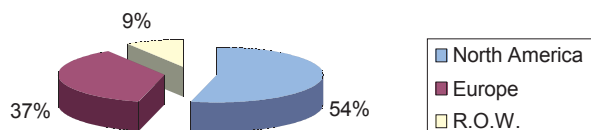
"Invoice processing is currently the fastest growing sub-segment within the forms processing/data capture segment," Spencer told the audience. "The majority of invoice processing solutions are being installed at manufacturing businesses. I don't think

DIGITAL COPIERS FINDING THEIR PLACE

At HSA Capture 2006, for the second consecutive year, *DIR* editor Ralph Gammon moderated a panel discussion on the topic of digital copiers vs. document scanners—when to use which capture device. We must admit that the conversation was a bit more staid this year, as vendors on both sides seem to have accepted that both types of devices have their place. Digital copiers seem to be an accepted on-ramp for ad hoc, scan-to-desktop, or scan-to-email capture, as well as some distributed capture applications in which site volumes are low. Dedicated document scanners, meanwhile, even on the sub-\$2,000, workgroup level, are best deployed when there is some sort of batch capture going on.

Specifically, we learned that digital copiers do not hold up well in forms processing applications, because they don't produce high-enough quality bi-tonal images for effective field-level OCR. They seem to work fine when OCR is applied for full-text indexing, but not in forms applications, where accuracy is vital. However, as **FCPA's** Scott Francis pointed out, "As we start to utilize color images for more processes, things are going to change."

Worldwide Capture Sales



*A lack of respect for the value of software and the low cost of labor for data entry have retarded the growth of capture in markets outside of North America and Europe. As international efforts to better enforce software copyrights continue, and automated data capture techniques improve, there still may be hope for some of these geographic regions. One positive sign is the fact that, in the past year, scanner vendors IBML, Böwe Bell & Howell, and Kodak have all discussed with *DIR* their success selling hardware into the potentially huge Chinese market. [Source for market data: Harvey Spencer Associates, 2006.]*

it's any coincidence that manufacturing has also been one of the markets that has most rapidly adopted e-commerce. Automated invoice processing solutions help manufacturers speed up their paper pay-to-procure processes, so they are being completed closer to the speed of e-commerce transactions."

It's no secret that one key to the success of automated invoice processing has been the integration of capture software with the ERP applications so popular in manufacturing organizations. Spencer believes that, as other markets move deeper into e-commerce, and capture vendors integrate further with the back-end

applications in these markets, we will see a renaissance of sorts in the automated data capture/forms processing segment. "IDR technology will continue to improve, enabling applications in areas like automated classification and data entry to react more like human operators," said Spencer. "But I don't think it will be until 2009-2010 that we will see enough back-end integration that the forms processing segment will reverse its trend of decreasing growth rates [caused mainly by a decreasing demand and valuation for template-based solutions]."

For more information:

<http://www.harveyspencer.com/>

Web services tsunami on the way

Spencer's discussion on the importance of back-end integration dovetailed nicely with XML-guru and OASIS director Peter Roden's presentation. OASIS' charter is to develop royalty free or RAND (reasonable and non-discriminatory licensing)-based standards to facilitate e-business and the electronic exchange of information. XML is being

leveraged as the basis for this exchange.

According to Roden, there are currently some 61 OASIS technical committees working on standards. A lot of these committees are focused on facilitating e-business within a particular vertical industry. Leveraging Web services, a standards-based e-business process might start with a services consumer who sends out a vertically-coded package that is able to connect with similarly coded services. Once this connection is made, secure exchange of XML-based information and documents can begin.

Now, there are a whole lot of protocols that have to be agreed upon to make this connection happen. These include standards in areas like security, management, discovery, and meta data description. But, you can imagine the potential for increasingly automated information exchange when these standards are finalized.

"There is a tsunami headed your way in the form of Web services," commented Roden. "IBM just announced a \$1.2 billion investment in SOA support; **Accenture** announced a \$500 million investment in a Web services center. All the big guys have recognized its importance. That's because SOA has a proven ROI. Working with 40 Web services can eliminate 100s of millions of lines of software code.

"Vertical markets like insurance, healthcare, and pharmaceuticals, are the fastest adopters. For capture vendors, it's important to start working with XML-meta data that can be applied within emerging e-business standards. It's important to look at protocols like the Open Document Format and the Darwin Information Typing Architecture (DITA) that every XML-based ECM system is based on. And remember, as vertical industries adopt their own vocabularies and protocols, it's going to be important to understand those."

For more information: Peter.Roden@oasis-open.org; PH (978) 667-5115, Ext. 210

Looking forward to next year

In summary, the HSA conference once again proved a great place to do some networking and shore up on knowledge of emerging trends. For the second year in a row, the event featured a good mix of industry-specific content and executives, as well as information from the IT world at large, and markets outside of ours, which are nonetheless affecting it. Hats off to Spencer and his team for a well-run event; we are looking forward to getting together again next year for an even bigger and better time.

<http://www.documentcapture2006.com/index.html>

eCopy Maintains Strong Growth Rate

eCopy recently reported another strong year of growth. For its fiscal 2006, ended June 30, the Nashua, NH-based capture specialist reported orders totaling \$62.4 million. This represents 37% growth over 2005. In 2005, eCopy reported a 39% growth in revenue over 2004.

Interestingly, we noted that eCopy has changed its reporting protocol from revenue to orders. "We feel it more accurately reflects the health of our business," said Ed Schmid, president and CEO of eCopy. "Plus, our sales team is compensated based on orders, so this gives us more consistency across the company."



Ed Schmid, president & CEO, eCopy

Based on the new accounting procedures, eCopy's total orders for fiscal 2005 were approximately \$45.5 million, compared to the \$41.8 million in revenue that was reported last year. The difference is, of course, based on the fact that there is a gap between when orders are placed and billed, and when payment is received.

eCopy also reported that, in 2006, it sold 26,000 licenses of its flagship *ShareScan* application, an increase of 82% over 2005. We asked Schmid why the growth in licenses being shipped was more than double the company's monetary growth. "In June 2005, we dropped our tiered pricing model and reduced *ShareScan* to a list price of \$3,995 across the board for the traditional version, and \$2,995 for the embedded version," Schmid told *DIR*. "This reflected a discount of more than 25% in some cases. The percentage of embedded applications we sell is also increasing, which reduces our average sales price. Currently, about half our sales are for embedded deployments [such as through **Canon's** MEAP—Multifunctional Embedded Application Platform]."

Schmid also noted that the number of large *ShareScan* deployments has increased significantly, with one 2006 deal involving more than 1,000 licenses. Volume discounts also contributed to lower average seat prices.

We asked Schmid how much of eCopy's business was still being generated by Canon, its first and long-time exclusive hardware partner. In 2005,

eCopy announced it would begin partnering with Canon competitors [see *DIR* 2/18/06]. It has since announced relationships with **Toshiba, Ricoh, Sharp, HP, and Konica Minolta**. "The majority of our business still comes from Canon," he said. "Last year [fiscal 2006], was the first year we shipped any substantial product through additional vendors, so I don't think it's fair to share specific percentages yet. Let's just say we are pleased with the success we've had through those [newer] channels."

In addition to expanding its number of vendor partners, eCopy has been aggressively expanding its geographical reach. For 2006, eCopy reported 102% growth in European orders to a total of more than \$14.2 million. "We expect our European business to continue to grow at a faster rate than our North American business," said Schmid. "In addition, we are continuing to expand into the Pacific Rim and recently added a sales rep in Hong Kong. We already have a subsidiary in Japan and have resources in Singapore and Australia."

Connectors are key differentiator

We concluded our conversation with Schmid by asking if eCopy was feeling any pressure from digital copier vendors who are continually bundling more scanning capabilities into their base offerings. "Our whole push is around connectivity to business solutions," said Schmid. "Our *Connector* sales [modules for integrating with third-party applications] in 2006 doubled from the previous year. Currently, there are 43 *Connectors* available from ISVs, and we offer more than 15 ourselves [including a dozen core *Connectors* that ship standard with *ShareScan*.]

"There are more than 100 partners in our alliance program [including 90 ISVs] and by next year's Paper Connection conference [being held in May], our goal is to have more than 200. If customers are interested in using their digital copier as part of an integrated business solution, than eCopy is the right choice. If all they want is basic scan-to-e-mail, than the vendor package may be all they need."

Standalone Desktop Available For HP

eCopy also recently announced that, for the first time, its *Desktop* software will be made available separately from *ShareScan*. This month, in what was billed as HP's largest announcement ever related to digital copiers, it was revealed that *Desktop* will be offered as a "scan-to" destination on HP's line of LaserJet digital copiers—even if the user doesn't have *ShareScan* installed.

eCopy has written a special software utility to enable this *ShareScan*-less integration. After the utility is loaded onto a LaserJet device, a scan-to-

Desktop button will be accessible through the device touchscreen.

The distribution model for the standalone version of *Desktop* has not been finalized. Currently, *ShareScan* and *Desktop* are available from HP dealers who buy the product directly from eCopy. eCopy's preferred method of distribution is going through the vendor to reach its dealers and resellers.

The list price for *Desktop* starts at \$795 for a five-seat license. This summer, eCopy introduced a new version of *Desktop* with beefed up PDF capabilities. *Desktop* 9.0 includes **Adobe's** Scan Library, **I.R.I.S.** OCR technology, and eCopy's own technology for creating highly compressed PDF image files, as well as PDFs from electronic documents [see *DIR* 7/7/06].

In addition to the new *Desktop* integration, HP announced its digital copiers have been integrated with **Kofax** Ascent and that **Omtool** is announcing a version of its capture software, *AccuRoute*, designed specifically for HP devices. Finally, HP's long-time capture platform, **NSI's** *AutoStore*, was officially elevated to a Premier Partner solution.

For more information:

http://www.documentimagingreport.com/eCopy_financial.1514.0.html
http://www.ecopy.com/Products_eCopy_Desktop.asp;
<http://www.hp.com/hpinfo/newsroom/press/2006/061003a.html>

ReadSoft Buys SAP Partner

ReadSoft has moved to further secure its success in the invoice processing space with the acquisition of partner and German ISV **Ebydos**. Ebydos has developed a suite of software that connects ReadSoft's *Documents for Invoices* capture product with the accounts payable (AP) processes within an **SAP** R/3 ERP application. Ebydos, which was founded in 2000, has some 250 installations of its software worldwide and annual revenue of approximately 4.4 million Euros (\$5.5 million).

"Ebydos was founded by former SAP developers, some of whom helped build the accounts payable modules within R/3," said Bob Fresneda, president of ReadSoft North America. "When the developers launched their own company, ReadSoft hired them to create software that could leverage our data capture technology in the SAP workflow environment for AP. ReadSoft then became their exclusive worldwide reseller. This gave us the opportunity to 'try it before we buy it.'"

To buy Ebydos, ReadSoft has agreed to pay 1.8 million Euros (\$2.25 million) in cash and 3.5 million Euros (\$4.4 million) in stock up front, with up to 2.7

million Euro (\$3.4 million) available in earnouts. In addition to its Frankfurt headquarters, Ebydos maintains offices in Poland, Switzerland, and San Francisco. ReadSoft is based in Sweden, with regional offices worldwide.

Big name, multi-national customers using Ebydos include **GlaxoSmithKline**, **DuPont**, and **Sony**. "Previous to working with Ebydos, we had done some work integrating third-party BPM solutions with SAP, but the market really wanted a solution that could leverage SAP's internal workflow," said Fresneda. "This does not mean we are going to stop working with our third-party BPM and repository partners like **Hyland** and the **Marex Group**. There are still lot of opportunities for their solutions outside the SAP world, but the fact is, most of our customers who use SAP already have some sort of **Open Text** [by way of IXOS] or **FileNet** repository. The Ebydos suite gives them an AP solution very tightly integrated with SAP."



Bob Fresneda,
president, **ReadSoft**
North America

Approximately 80% of ReadSoft's license sales are generated by sales of *Documents for Invoices*, with approximately 35% of the company's U.S. business directly related to SAP. In North America, Ebydos has approximately 50 installations. "Interestingly enough, the Ebydos component of a sale usually costs more than the ReadSoft component," said Fresneda. "Typically, an Ebydos sale ranges from \$50,000 to \$400,000."

What's on the horizon?

Ebydos represents the second acquisition ReadSoft has done to complement *Documents for Invoices*. In February 2005, ReadSoft acquired Denmark-based Consit Development, which has a product for integrating with **Oracle Financials** [see *DIR* 4/8/05].

"Based on number of customers, the **Oracle Financials** market is actually larger than the SAP R/3 market," said Fresneda. "However, our average deal

ReadSoft Reports 20% Growth

The **Ebydos** acquisition comes on the heels of another positive half-year report from **ReadSoft**, which stated that the Sweden-based ISV grew its revenue 20% over the first half of 2005. For the first six months of 2006, ReadSoft reported \$29 million in revenue, including \$10.8 million in software license sales. According to Harvey Spencer Associates, ReadSoft is the market leader in the forms processing space, with a 16% share worldwide.

size for an Oracle system is lower. In addition, the Oracle market is not as mature when it comes to imaging technology. That said, we will have a big presence at the upcoming Oracle Open World event [being held Oct. 22-26 at the Moscone Center in San Francisco].

"We view Oracle, SAP, and **Microsoft** as the dominant application platform players, going forward. We feel it's important to be tightly integrated with all three."

Fresneda concluded by saying ReadSoft has plans to expand the Ebydos line to encompass additional processes within R/3. "We are looking at workflow and approval in areas like sales orders, accounts receivable, and human resources," he told *DIR*. "You should see some of this additional functionality at next year's AIIM event."

For more information:

http://www.documentimagingreport.com/ReadSoft_Ebydos.1508.0.html
<http://www.readsoft.com>; <http://www.ebydos.com/en/sap.php>

BancTec Rapidly Growing BPO Business

BancTec recently beefed up its European business process outsourcing (BPO) operation with the acquisition of MediaService, a German scan-to-archive specialist. The acquisition covers an important geographical market and adds to the fastest growing segment of the document and payment processing specialist's business. It comes on the heels of a North American BPO acquisition and the recent addition to two new European BPO sites.

"For 2007, our run rate for BPO in Europe should be \$15-16 million, or 15% of our European revenue," said Mike Peplow, BancTec senior VP and president of EMEA. "In the past year, our European BPO revenue has grown at a rate of 40% [it's even higher than that in the U.S.]. We've basically grown from zero BPO in 2002, to our current levels."

As we've written about in the past, BancTec's legacy is as a hardware company—primarily in the payment processing world. With an increase in the adoption of electronic payments, and most recently the after-effects of Check 21 legislation, BancTec has been forced to evolve into more of a software, solutions, and services vendor. Its European BPO operations were originally launched at the bequest of its solutions customers.

"Primarily, in Europe, we have focused on document-centric BPO, like invoice and credit card application processing and scan-to-archive," said

Peplow. "In the U.S., most of our BPO is in remittance processing. We're trying to capitalize on each other's core expertise. We recently picked up a sizeable European remittance contract, while the U.S. recently won its first invoice BPO customer."

According to Peplow, BancTec was feeling pressure from its customers to expand into Germany. "We've found a lot more clients making decisions on a pan-European basis," he told *DIR*.

BancTec now has approximately a half-dozen BPO centers in Europe and covers additional geographic regions through partnerships. "We are going to be very pragmatic about our expansion," he said. "Basically, we will look for acquisitions in areas where our customers are driving us."

Peplow said one of BancTec's initial orders of business will be expanding the types of services offered out of Cologne-based MediaService. "Like many smaller BPO businesses, we feel they are underinvested in," he said. "We plan to bring in some of our technology and expand into more process-centric document services."

Peplow noted that being able to run BancTec's own technology in the company's BPO centers not only saves on operations costs, it is also a great proving ground for solutions. "When you start utilizing your own technology in a market like BPO, where margins are tight, you quickly realize how important it is for solutions to work correctly the first time," he said. "Our BPO centers provide fantastic feedback to our product group about what features and functions are important—especially from an operations and management standpoint."

We concluded by asking Peplow what he sees for the future of BPO. "It's an exciting and dynamic market where a lot of change is taking place," he said. "One important focus for us is moving further into electronic acquisition of information. An example of this is a U.K. deal we recently signed with **American Express** for processing credit card applications taken at remote sites. The orders are entered via a tablet computer and transmitted to our processing service electronically. This is the type of service we expect to do more of."

"Five years from now, if we are not strong on the electronic input side, we are going to really struggle. I look at the transition to electronic, and away from paper forms, as just as important as the transition we had to make five years ago, when we moved more toward document processing and away from payment processing."

For more information:

http://www.documentimagingreport.com/BancTec_acquisition.1507.0.html
<http://www.banctec.com>; <http://www.banctec.co.uk>

ECM WEST, FROM PAGE 1

expects in the neighborhood of 80-90 exhibitors and 800-1,000 attendees.

"We are looking at this as a regional event," Gumas told *DIR*. "It's being held in a region that is attractive because of the high-number Internet and technology companies, as well as the financial services base. We really haven't had anything of this sort in that area since AIIM 2002 in San Francisco."

For more information: <http://www.questex.com/>
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