

Document Imaging Report

Business Trends on Converting Paper Processes to Electronic Format

4003 Wood Street ● Erie, PA 16509 ● PH (814) 866-2247 ● <http://www.documentimagingreport.com>

February 20, 2009

THIS JUST IN!

WESTBROOK INTRODUCES VIRTUAL DESKTOP SCANNER

Thanks in part to its long-time relationship with **IKON**, **Westbrook Technologies** has plenty of experience in MFP-related document capture. The Branford, CT-based ISV also has a long history working with VARs who are more focused on dedicated document scanning. Its efforts to develop a universal capture module for its document management application have led to the recent release of the *Fortis Virtual Scanner*.

“The problem with MFPs is that the capture application you can use often depends on the brand of MFP,” said Jonathan Langdon, director of professional services for Westbrook. “*Virtual Scanner* was the result of our trying to maximize the ease with which users could capture documents into *Fortis*—regardless of whether they were coming from scanners or MFPs. All devices have the ability to send documents to a network folder, so we took advantage of that.”

Virtual Scanner is a desktop application that connects to back-end applications through a TWAIN driver. “A user can launch *Virtual Scanner* from whatever back-end application they are working in,” said Langdon. “They hit the scan button, and *Virtual Scanner* will automatically take them to the targeted network folder where they’ll see thumbnails of images that have been stored there. The user selects the images they want to capture and the workflow they want to use.

“We offer features like image clean-up, OCR, and bar-code reading. Being able to perform these activities on the desktop, as opposed to at the MFP unit, increases the efficiency of the capture process. The bar code and OCR data can be fed with the images into any back-end

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Our Take On AIIM 2009

Exhibit area will be smaller; early attendee projections up

Despite some high-profile vendor pullouts, like **Kodak**, **Kofax**, and **Fujitsu Computer Products of America**, AIIM 2009 organizers are still promising a strong show. The conference and expo are scheduled to run March 30 through April 2 at the Pennsylvania Convention Center in Philadelphia. According to Beth Torrey and Tom Bliss of **Questex**, the organization which bought the show from AIIM (the trade organization) in 2001, approximately 175 vendors have signed up to exhibit, and attendee registration is 30% ahead of last year’s pace.

“Knock on wood, we are thrilled with the way attendee pre-registration is going,” said Torrey, the event director. “As far as exhibitors, we are seeing a lot more take advantage of our integrated marketing opportunities. These include promotional options like Web banners, branding on event e-mails, specific conference track sponsorships, on-site banners, etc. You’ll see Kodak’s name on the lanyards, for example.

“Most of these promotional opportunities are designed to drive traffic to the vendors’ on-site presence, whether that is a booth or meeting room. **IBM**, for example, is on-board with a marketing program designed to create appointments in its meeting room. IBM is interested in a very targeted audience.

“In light of the current economic conditions, we are really pleased with the number of vendors participating, including 45 new exhibitors. Some vendors have been making adjustments, like taking smaller booths, to minimize their expenses. We continue to work closely with the exhibitors and more are using our ‘ready-to-expo’ packages, through which we provide the standard booth equipment, such as carpet, table, chairs, etc. This makes exhibiting more turn-key.”

Reasons for pull-outs

Kodak chose not to exhibit even though it had already invested in the floor space. “We will likely have a

meeting room, but, the fact is, AIIM stopped being a lead-generation event for Kodak a couple years ago," commented Don McMahan, VP, sales and regional business GM, US&C, for Kodak Document Imaging. "We get a better return on our investment from more vertically focused and regional events. It's said that the most expensive lead you get is the one you get from AIIM."

Dolores Kruchten, VP, Eastman Kodak Co. and GM, Business Solutions and Services, said Kodak has thought about pulling out of the expo in the past but was afraid people would perceive the company as not being committed to the ECM industry. "With our continued investments in document imaging, including the recent announcement about our plans to acquire the scanner business of **Böwe Bell + Howell**, we think we have proven we are committed," she said. "And, we are still very committed to AIIM—the trade organization. We've actually increased our investment in AIIM's regionally focused road shows."

Kodak, which has a large printing/output business that, along with Document Imaging, falls under the company's Graphic Communications division, has also pulled out of the On Demand, print-oriented, event co-located annually with AIIM. While Kodak will likely keep a meeting room, there's a good possibility Kofax will have no presence at all. "It's just not an event we get a lot of value from," said Andrew Pery, Kofax's VP of marketing. [Ironically, current Kofax CEO Reynolds Bish played a major role in the sale of the show by AIIM to Questex, when he was serving on the AIIM board; see *DIR* 2/1/02].

It's probably also worth noting that for the first time in several years, capture ISV **Datacap** will not be sponsoring its CycleFaster fundraiser at AIIM. Over the past four years,

AIIM 2009 DETAILS

When: March 30 through April 2, 2009

Where: Pennsylvania Convention Center, in Philadelphia, PA, 1101 Arch Street (in the Center City East neighborhood)

Who's exhibiting: Approximately 175 vendors including (some of the larger booths) Microsoft, Oracle, EMC, HP, Hyland, ReadSoft, ABBYY, Canon, IBML, BancTec, Opex, and AnyDoc

Some notable non-exhibitors (as of Monday): Kodak, Kofax, Fujitsu, IBM/FileNet, Open Text, and Toshiba.

Conference agenda: 130 sessions divided into 19 tracks, with a series of AIIM-certified training programs scheduled for Monday, March 30 and a post-conference *SharePoint* conference scheduled for Thursday afternoon

Keynote speakers: John Stenbit; former CIO, United States Department of Defense; CIO Panel, moderated by Robert Shimp of Oracle; John Mancini, president of AIIM; Andrew Lippman, founding associate director, MIT Media Lab; Whitney Tidmarsh, VP, EMC; Kurt Delbene, VP, Microsoft

Attendee pre-registration: 30% ahead of last year's pace six weeks before the event; 2008 final attendance for AIIM was approximately 10,000 by our estimates

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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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Editor: Ralph Gammon
4003 Wood Street
Erie, PA 16509
PH (814) 866-2247
FX (412) 291-1352



ralphg@documentimagingreport.com

Managing Editor:

Rick Morgan
PH (814) 866-1146
rickm@scandcr.com

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CycleFaster raised approximately \$75,000 for various charities including the **Lance Armstrong Foundation** and the **Horace Mann School for the Deaf and Hard of Hearing**. In lieu of CycleFaster, Datacap (whose CEO Scott Blau is an avid cyclist) will be announcing a summertime bicycling event.

Questex optimistic about attendance

According to Tom Bliss, Questex's conference director for the AIIM event, exhibitors can expect a strong group of attendees. Last year's official attendance for AIIM and On Demand combined was 25,000, which included exhibitor personnel. "We believe this year's higher pre-registration numbers reflect a growing demand for the technologies being shown at AIIM," Bliss said. "If you look at applications like BPM [business process management], in an economic situation like you have now, the need for automating processes is certainly more urgent than it was even a year ago. We also are seeing the continued emergence of collaboration and social networking technology in the business world. We have dedicated significantly more of the event to those technologies than we have in the past.

"Also, moving to a new city opens up the event to a different set of regional attendees than we've had the past two years in Boston. Aside from a significant increase in attendees from the Philadelphia tri-state area [which includes Delaware and Southern New

Jersey], we are seeing somewhat of a shift in the level of people registering—especially for the conference program. Basically, it's a higher level person with more budget authority. The trend we're seeing across many trade shows is that organizations spending resources and making the effort to attend events have a very good reason for being there."

Bliss indicated that, after several consecutive years of attendance growth for the conference portion of AIIM, in 2009, Questex is just hoping to match last year's number of 1,500. "We are offering one-day and flex plans to help increase conference attendance," said Torrey. "We are also launching a telemarketing campaign to encourage expo attendees to sign up for the conference."

New this year to spice up the AIIM Expo will be a networking reception held on the show floor from 4:30-6 p.m., on Tuesday, March 31. Also, on Thursday, April 2, the event's final day, Questex partner **CMS Watch** will be putting on a *SharePoint* conference.

Make or break year

The bottom line is that this will be a watershed year from the AIIM Expo. From a height of more than 40,000 in the mid-1990s, AIIM-specific [not including people who sign up for the On Demand show and wander over to the AIIM side] attendance has dwindled to around the 10,000 mark, with things getting especially sparse in recent years

FCPA: END USERS ARE GONE

A couple years ago, **Fujitsu Computer Products of America (FCPA)** was one of the first vendors to significantly reduce the size of its booth at the **AIIM Expo**. This year the San Jose-based scanner vendor has scaled back to a meeting room. According to Scott Francis, senior director of product marketing for FCPA's Imaging Products Group, the show has evolved in such a way that it's no longer worth the investment for FCPA to exhibit.

"Back in the 1990s, AIIM attendance was dominated by end users," Francis told *DIR*. "Now, as [*DIR*] has called it, it's turned into our 'industry's annual get together.' End user attendance has really been on the decline, and based on the current dynamics of the economy, we think there will be even less people at this year's event. Users

will have a harder time justifying the travel expenses. Even last year, we didn't think the quality of potential new customers was very good.

"For us, AIIM is a great place to see some of our current customers and partners. But, we do a lot to see those people throughout the year, so we don't need a big presence at AIIM. I think I read on your blog that there will be a number of new software vendors exhibiting. It probably makes sense for some of these newer ISVs looking to meet partners."

Francis feels that AIIM's restricting itself to the East Coast for the better part of the decade has reduced its appeal. "AIIM used to rotate among East Coast, Central, and West Coast locations," he said. "Now, it's been on the East Coast so long, we barely see

any of our Western-based partners there."

FCPA will re-evaluate the AIIM show next year, but Francis didn't sound too optimistic unless some changes are made. "We'll take a fresh look, and if there appear to be some positive trends, like a geography change or an upswing in end-user attendance, we'll consider exhibiting again," he said. "This year, while we've cut back somewhat, we'll continue to exhibit at shows like ARMA, HIMMS, and FOSE, which aren't huge, but have good end-user attendance. It's my opinion that for a national event like the AIIM show to succeed, it helps to have strong support from the trade association, especially at the chapter-level, where many of the end users participate."

during the final day—and even the afternoon of the second day. We've been hearing complaints from vendors about the event for years, but those complaints reached a crescendo last year. We even considered doing a story soliciting vendors' opinions of AIIM 2008 and getting their suggestions for improving the event.

Ultimately, because we figured that, as paying customers, vendors already had a direct line to Questex, we decided against the story. Unfortunately, one of the complaints we've heard has been that Questex has done little to act on suggestions from its customers. Having never run a trade show, we're not sure what sort of changes one can realistically expect, but we will say that, overall, the format has changed little since we began covering the event in the late 1990s. At least until now, that seemed to mainly be working from Questex's standpoint, as last year's event featured more than 200 exhibitors—a very strong number when compared to a lot of events. In fact, as we've written in this article, even the outlook for the 2009 event, despite the downturn in the economy and the high-profile pull-outs, doesn't sound all that bleak.

It will be interesting to see if Questex delivers what it has promised and, if indeed, this brings back some exhibitors that have dropped out. This is not the first time that we've seen high-profile vendors drop out and scuttlebutt start that the AIIM show could be entering its death knells. Vendors like FileNet, Documentum, IBM, and **Microsoft** have all gone and come back over the years.

This year, however, marks the biggest single dropout/drop-off in the 10 years we've covered the event. If the downward trend continues at the same rate, or increases due to a follow-the-leader effect, next year, it could spell real trouble.

What's to be done?

While we're on board with Questex's efforts at "integrated marketing programs," we wonder if it is the classic too little, too late. For several years (now, once again, I stress I am no trade show guru), we've encouraged increased use of multi-media, Web-Ex-type presentations, and other forms of modern communication to supplement the standard trade show format, which was conceived who knows when? We just feel trade shows in general haven't kept up with the changing times.

On the flip side, AIIM, the trade organization, has done a great job reinventing itself by offering training, market studies, and its Webinar and road show series. We've often said that before Reynolds Bish re-invented Captiva and went on to increase its market cap some 30 times prior to selling it, he got

warmed up by successfully re-structuring AIIM, the trade organization. Eight years later, we hear mostly positive reports about AIIM's progress, while Questex seems to be struggling somewhat with the trade show. By no means are we saying AIIM, the event, is dead, and we will continue to work with Questex in any way we can to promote what has been a great (and productive) event for us over the years. However, if our industry leaders are willing to work with the event organizers to improve the event, we suggest Questex reach out to these people for ideas, suggestions, comments, etc. We've found there are some really bright people, with a lot of valuable industry-specific experience, in the ECM/document imaging market.

AIIM basically enabled its volunteer board to gut its business and then, with the leadership of trade association president John Mancini, re-constructed itself as a leaner, more agile organization ready to thrive in the new millennium. We realize Questex is a privately held, for-profit organization, which is a completely different model than a non-profit trade association. And we realize, it has to be careful about companies using its properties as a vehicle to push forward their own agendas, but ultimately, what's good for the majority of companies in the ECM industry will also be good for Questex's AIIM show.

One theme we're trying to espouse in the newsletter during this year of "tough times," is that it is not a time to be scared, but a time to move forward without unwarranted fear. If your vision for the future is clear, now is the time to take market share with sound execution on that vision, as the price of acquisition is probably as low as it's going to get. In other words, the AIIM show can be saved but, some bold moves, designed to expand and improve the venue, are clearly in order.

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

WESTBROOK, FROM PAGE 1

system with a TWAIN interface."

According to Langdon, pricing for the *Virtual Scanner* will vary, depending on the details of an implementation. "We see it as especially applicable for users scanning smaller volumes at a device—volumes that really don't justify a traditional batch capture implementation," he said. "We think distributed environments are a good fit, including organizations that might be doing their scanning in the evenings, but want to perform capture processes the next day."

http://www.westbrooktech.com/software_solutions/options/fortis_virtual_scanner.html

Application Revenue Highlights Kofax Report

Kofax's bets on IDR (intelligent document recognition) appear to be paying off—at least that's what we read into the much anticipated half-year results recently released by the document capture market leader. For the six months ended Dec. 31 (the first half of Kofax's fiscal 2009), the Irvine, CA-based ISV reported revenue of 89.7 million British pounds (approximately \$128 million). This represented net growth of 9% over the first half of 2008. However, this figure is somewhat misleading because the British pound, which Kofax reports in due to its listing on the London Stock Exchange, lost approximately 15% against both the U.S. Dollar and the Euro—the currencies in which Kofax does most of its business. So, in terms of "constant currency," Kofax actually reported a revenue decline of 6%. This led to a 19% decrease in operating profit, which was reported as 6.6 million pounds (\$9.4 million).

So, where was the weakness? The primary problems seem to have been in Kofax's hardware distribution and image processing software businesses. While the hardware distribution business grew 7% to 39.4 million pounds (\$56.3 million), in constant currency it shrunk 7%. Still, the distribution business, which operates primarily in the EMEA region, produced precisely one-half of Kofax's six-month operating profit.

Kofax executives felt compelled to respond to a published report that it was "evaluating the disposal of its hardware division." "We just want to dispel any inference that the reporter might have drawn," said Kofax VP of marketing Andrew Pery. "We are always evaluating all of our businesses, but nothing has changed since [DIR] spoke with Kofax last year about the hardware business [see DIR 4/4/08]. We have no short term plans to divest ourselves of the hardware business."

VRS struggles

The company's real disaster for the first half of its fiscal 2009 was in its VRS image processing business. In this area Kofax goes to market largely through OEM agreements with scanner vendors. The VRS business saw revenue decline by 20% in hard dollars and 33% in constant currency terms—to 7 million pounds (\$10 million).

In the press release accompanying the financial results, Kofax CEO Reynolds Bish was quoted, "We were negatively impacted by inventory management issues at one of our major OEM customers resulting in overstocked digital scanner levels in EMEA. We were surprised by this event, which only became

apparent after the period end as OEM customers submitted their quarterly royalty reports.... In addition, but to a lesser extent, both our OEM/POS software and hardware distribution businesses have been negatively impacted by sales execution issues and by generally deteriorating economic conditions in which fewer digital scanners were purchased."

Pery added, "The prices we negotiate for VRS are based on projected scanner sales, and payments are made based on a draw against inventory. If the projected volume numbers are not met, this creates an imbalance. We believe this is a temporary condition that has been corrected for the second-half of the year.

"That said, we also need to do a better job of selling upgrades to the VRS packages that are bundled with the scanners. In the second half of the year, in addition to balancing out the OEM revenue due to better inventory management, we expect a rebound in our follow-on, or POS, sales of VRS."

Application sales gaining momentum

That's most of the bad news. The good news is that the applications software business, where Kofax has trained its focus under Bish's leadership, did reasonably well in the six-month period. Applications software licenses and related services revenue grew 17% in hard dollars and 1% in constant currency terms to 43.3 million pounds (\$61.8 million). The press release cited especially

READSOFT FINISHES STRONG YEAR

Swedish-based ISV **ReadSoft**, one of Kofax's major competitors in the capture market, recently reported its year-end 2008 results, which showed an 11% growth in revenue to 584.2 million Swedish Kronas, or approximately \$66.2 million. Buoyed by strong U.S. sales, ReadSoft reported 12% growth in the economically turbulent fourth quarter.

The fourth quarter included a \$1 million sale to a U.S.-based Fortune 500 company, as well as a \$400,000 sale of ReadSoft's auto-classification technology in North America. Recently, ReadSoft has enjoyed a good deal of success selling its automated invoice capture and workflow software into SAP environments in the U.S. For 2008, ReadSoft's non-European sales increased 45% to 165.6 Swedish Kronas (\$18.8 million.)

ReadSoft was also very profitable in 2008, especially in the fourth quarter, as the company reported an operating profit of 45.6 Kronas (\$5.2 million), with more than 80% of that coming in the fourth quarter.

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

strong sales from October through December in the Americas, which showed 23% growth (4% in constant currencies).

“Historically, the first two months of our fiscal year [July and August] have always been challenging because they fall during the summer,” Pery told *DIR*. “In addition to that, there were a few other reasons we only started to fire on all cylinders in September. One was that, due to economic conditions, we saw companies refocus their buying from speculative investments designed to produce new business, to investing in technology that takes out costs. For example, in the second quarter, we signed a seven-figure deal with a large insurance company designed to reduce the manual costs associated with processing claims.

“We also started to see better execution on our hybrid sales model [i.e., more direct sales revenue]. This was helped by the implementation of a new global ERP system that gives us a better view into our global operations. We saw an increase in both the average transactional volume of our deals and the price that was paid for them. A number of larger deals we worked on in the first quarter closed in the second.”

Pery expects this momentum to carry over into the second half of the year. “We have a number of solid deals in the pipeline and our sales force is better positioned than in the past to sell large enterprise deals. Customers and prospects are being more cautious in their commitments, and deals are taking longer to consummate. But, our sales team is now better disciplined for managing a longer business cycles. And the new ERP system helps us better manage our pipeline.”

Kofax is not breaking out the percentage of sales that is now coming through its direct team vs. its traditional reseller channel. The company did cite two geographic areas of weakness. One is the APAC region (which, for the six months reported, accounted for less than 6% of Kofax’s application software revenue) where a sales restructuring has been completed, but has not yet delivered the anticipated results. The other is the U.K. “There’s nothing substantially wrong with the fundamentals of the U.K. market,” commented Pery. “The problem was with our execution. This has been addressed by improving our skill set in that region and increasing our resources.”

In fact, despite the worldwide economic situation and the downturn in scanner sales, Kofax does not apparently foresee weakness in its enterprise applications business. “Basically, we’re seeing people make better use of the scanners they already have,”

said Pery. “We are seeing a strong demand for intelligent document recognition and classification. People are applying more OCR to images they are already scanning.”

According to the outlook presented to investors, “Management and the Board expect the Company’s second-half results to continue to benefit from current exchange rates as well as improved sales execution. As a result, management and the Board are confident that the Company’s full-year results will be in line with their current expectations.”

To help improve margins, Kofax has also announced 50 layoffs, including approximately 20 positions for which replacements will be hired.

A transitional grace period

When Bish was hired, his stated mission was to improve shareholder value, which he accomplished at his former company, Captiva, by consistently growing revenue, turning a profit, and producing cash. It’s questionable as to whether he succeeded on any of these fronts during the first half of Kofax’s fiscal 2009. In terms of constant currency, the company’s revenue actually declined and its cash position (minus an acquisition expense) was eroded just over 6%. That said, a lot of the cash expenditure was reported as one-time investments that should help make the company more profitable in the future.

And, as we said in our lead, we’ll take the growth in the applications software business as a positive sign—and figure that Bish is fiscally savvy enough to run profitable hardware distribution and OEM software businesses going forward. As a result, despite the worldwide economic conditions, and because of some of the statements Kofax has made regarding its sales pipeline, we really expect to see Bish’s turnaround efforts start to show some cash results when the current six months is reported on this summer. And, then maybe we’ll see Kofax’s stock value start heading in the direction the board intended it to when it hired Bish.

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

INOTEC’S ATZBACH PASSES

DIR was saddened to hear of the recent death of Klaus Atzbach, who had been the international marketing director for the German scanner manufacturer **Inotec** (<http://www.scamax.com/>). Last time we saw Klaus was at AIIM 2007, where he was very excited to show us the mechanics of Inotec’s high-speed capture devices. He was responsible for setting up Inotec’s North American distribution agreement with Louisiana-based **The Windward Group** (<http://www.thewindwardgroup.net/>). Atzbach had been ill for at least the past year.

ABBYY Embraces More Smartphone OSs

It's no secret that smartphones represent one of the fastest growing segments in the technology sector. According to **ABI Research**, more than 171 million Smartphones were shipped last year, with 39 million of those sold in North America. Forecasts are calling for those numbers to triple in the next five years, with North American Smartphone sales reaching 117 million by 2013.

When you compare those numbers to the number of document scanners shipped annually, currently somewhere under one million units in North America, and consider that improving camera technology is one of the key elements in smartphones... well, you can begin to see the potential that automated recognition specialist **ABBYY** sees. ABBYY, an ISV that is based in Moscow and has North American offices in Fremont, CA, recently released version 3.0 of its *Mobile OCR Engine*. The SDK features support of **Google's** Android—an open source operating system (OS) for Smartphones that was released last year.

"Google released Android last October and was predicting it would be installed on a million phones before the end of year," said Dean Tang, CEO of ABBYY USA. "The fact that it's free is pretty unique. As a result, we think it will have rapid adoption, especially on the lower-end of the market. We also think that cell phone manufacturers will take some of the savings on the OS and invest them in bundled applications—like business card and receipt reading—that utilize OCR."

Currently, the leading smartphone OSs are **RIM's** BlackBerry OS, the iPhone OS, and Windows Mobile. In addition to Android, ABBYY currently supports Windows Mobile and **Nokia's** Symbian OS. "Our next release will include support for the iPhone, and, in the future, we plan to support BlackBerry as well," said Tang. "By mid-2009, we will be supporting the majority of mobile platforms."

Market ready to break

ABBYY has offered its *Mobile OCR Engine* since 2006. "We'd like the market to be moving a little faster, but I think we're finally reaching a breakthrough point," said Tang. "We're now having a lot of discussions with vendors of desktop capture software—about what their mobile options are.



Dean Tang, CEO,
ABBYY USA

"In addition to moving traditional capture applications to mobile devices, there are new possibilities that we have never thought of before. There has never before been a scenario in which everyone has access to a document scanner."

The initial killer app for smartphone capture may be business card reading (BCR). ABBYY has included a BCR algorithm in *Mobile OCR Engine 3.0*. "We have no plans to develop a BCR solution to compete with our partners in North America," said Tang. "But, we have made BCR applications available in other regions, particularly for Nokia customers. We are using these applications to showcase our technology.

"**NewSoft** has also licensed our technology to create a BCR solution that it is marketing on an OEM basis to smartphone vendors."

Tang thinks that the emergence of the iPhone App Store as a viable marketplace for software will prove to be a valuable distribution channel. "There are something like 10,000 applications already available for download at the iPhone App Store [it launched in July]," he said. "However, currently very few are business-oriented. We think the next wave of iPhone application development will be centered on the document capture space."

ABBYY does have at least one customer with software available through the App Store—**Snaptell**. Snaptell runs ABBYY's OCR on a server-based application, which uses pictures of books, CDs, and game covers to link users to online marketplaces that carry the photographed items.

Tang added that before the iPhone can be a viable piece of document capture hardware, **Apple** will need to introduce auto-focus capabilities. "To use the iPhone to capture a business card or a document with a lot of text, you'll probably have to wait for the next generation," he said. "Currently, about 60% of the smartphones being shipped have auto-focus, which is very helpful when working with smaller text. Apple hasn't officially announced that it is introducing auto-focus, but we've placed our bets, in terms of our development dollars, that it will."

Tang expects opportunities for applications that utilize full-page OCR to begin opening up in 2010. "Smartphone cameras that capture images at six million pixels are perfect for full-page OCR," he said. "Basically we're seeing camera resolution doubling every year. Last year, we saw it reach [an average of around] two million pixels, and this year it will hit 4 million. In 2010, we expect many cameras to offer eight million. Because our partners want to have their applications ready when the six megapixel

phones hit the streets, we've already made full-page OCR capabilities available in our toolkit."

Performance comparison

According to Tang, in some instances, the performance of OCR on a mobile device is close to the performance on a desktop PC. "If you compare results on an image taken with an auto-focus camera vs. the results from a scanned image, the accuracy rates will be very close—maybe a .5 to one percent difference," he said. "However, the scanner will always come out ahead when dealing with a poor quality image. Scanners include a lot of image enhancement technology that is hard to fit in the electronics of a cell phone. That's one of the reasons we also promote server-based applications for images captured with cell phones."

As far as speed goes, Tang estimates that a mobile application can capture data from a business card in approximately 3-4 seconds. "This is similar to the speed you could achieve on a desktop," he said. "There's currently a wider difference when dealing with full-page capture. Assuming you have a quality image, you could probably do full-page OCR on a mobile device in about 20 seconds, while a desktop application might take 4-6 seconds. We expect more powerful CPUs on smartphones to bring it down to 12 seconds by the end of this year, which could be fine, depending on the volume of documents being captured."

For more information:
<http://www.abbyy.com/mobileocr/>

Daybreak Acquired

Documentum systems integrator and distributed capture ISV Daybreak ICS has been acquired by Nashua, NH-based **Universal Software** (<http://www.universal-sw.com/>). Universal offers IT outsourcing and offshore development services. Both Daybreak and Universal were part of the portfolio of companies invested in by Wakefield, MA-based **Brook Venture Partners** (<http://www.brookventure.com/>).

Daybreak founder Kara Cleaver left the company a few months ago. Rusty James, VP of sales and marketing has also left to found **Immediate Channel Group** (www.immediatecg.com). "We provide solutions around helping technology companies [with a focus on ECM/document management vendors] establish, manage, and grow their reseller channels and partner ecosystems," James told *DIR* in an e-mail. "We also provide channel engagement products and services that involve Web 2.0 technologies and social media."

Renamed Daybreak Software, former **eCopy**, **Ricoh**, and **Cranel** sales exec Jerry Creteau has been appointed as Daybreak's director of channel sales. Daybreak will be exhibiting at AIIM 2009 and showcasing its *eCapture* suite—a distributed application noted for its tight integration with back-end ECM systems.

For more information: http://www.daybreak-sw.com/software_e4x.htm

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