

# Document Imaging Report

Business Trends on Converting Paper Processes to Electronic Format

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April 22, 2011

## THIS JUST IN!

### NEW WALK-UP PHOTO SCANNER

**Kodak** has introduced a new photo-scanning system, designed to be deployed at retail outlets and utilized by consumers. The new Picture Saver Scanning System PS450 is a follow-up to last August's announcement of the PS410 and PS810 systems for behind-the-counter rapid digitization of photos by retailers. The PS450 is basically the same device as the PS410, except for a new output tray to catch the photos on their way out. Like the PS410, the 450 is rated at up to 30 4x6 pictures per minute at 300 dpi.

The biggest difference lies in the software, which is designed to be very easy to use. It takes consumers through a step-by-step process, from loading the photos, to processing them, to outputting them on the media of the user's choice. There are also pricing mechanisms built in that can be set by the system administrator. The PS450 includes a digital credit card processing piece.

The PS450 lists for \$2,995 and an optional flatbed is available for scanning items like books. Kodak is targeting retailers and libraries. The device will be available through Kodak's standard document imaging distribution channels as well as to specialty resellers focused on the targeted markets.

For more information:  
<http://tinyurl.com/450PSrelease>

### Docville event set for May

Harvey Spencer will be the featured speaker at the upcoming **Docville** networking event being held Tuesday, May 10 in Brussels. Focused on the information management/document imaging industry, Docville is designed to help organizations network on an international level.

<http://docvillenetworkingbrussels.eventbrite.com>

## Canon Takes Measured Approach to MPS

With the managed print services (MPS) market projected by most pundits to grow 20-30% annually for the next few years, and numbers like \$20 billion in worldwide revenue being thrown about, you might think an MFP vendor would be excited about the potential in this area. However, that's not necessarily the case at **Canon**, where Dennis Amorosano, senior director of Canon USA's solutions marketing division, seems skeptical about the hype surrounding the hottest current acronym in MFPs. *DIR* caught up with Amorosano at the recent AIIM On Demand Expo in Washington, DC, where Canon was one of the largest exhibitors.

"I think the biggest question surrounding MPS has to do with whether it represents a real growth opportunity vs. our traditional business model," said Amorosano. "Or, is it just another means of maintaining the same slice of the pie? MPS will certainly grow, but whether it's net new growth, or just replacing traditional business, that is the question."

Amorosano acknowledged there is certainly customer interest in MPS. "There is clearly a percentage of our customers who are shifting to an MPS type of engagement with us," he said. "So, we have to be in that market. There is enough of a shift that if we weren't, we'd run the risk of not being able to maintain our existing customers."

"To address these customers, we've implemented a global managed document services (MDS) strategy. In a lot of cases, an MDS contract ends up being a pay-per-click model, in which the customer is looking at the new contract as a way to lessen the number of devices in their environment, shift their volumes to more cost-effective technologies, and better manage ongoing costs."

"In addition to delivering MPS directly to our customers, we are working to build capabilities that our partners can leverage. One of those partners is **HP**, whose Enterprise Managed Services Group can source

Canon hardware and software for delivery in conjunction with their own managed services implementations. We are also working with our indirect dealer channel, where many of our larger partners have built their own MDS delivery capabilities. We enable them to leverage Canon tools and supplies, such as our uniFLOW output management software, as well as our expertise. If they don't have a lot of experience or resources for doing assessments or system design, they can leverage our professional services."

### **MDS Leads to Capture**

Amorosano added that Canon continues to see plenty of interest and potential in traditional MFP sales and leasing models. "Color continues to grow in the office, and high-end production is a new market for Canon," he said. "In addition, it's interesting to us, where MPS implementations are going to lead.

"In addition to saving money on print costs, MPS is getting some customers to look more closely at their workflows and business processes. These types of customers will not only get

### **CANON ENTERS HIGH-END PRINTER SPACE**

**Canon's** big announcement at the AIIM info360 event was geared more toward the On Demand print conference crowd. Its new DreamLabo 5000 production inkjet printer is designed to produce a wide breadth of photographic-centric materials, very rapidly. Similar in size to an **IBML** ImageTrac, the DreamLabo is rated at up to 40 4x 6 in. photographic prints per minute and supports a variety of output options. This includes single- and double-sided, glossy and semi-glossy papers in a variety of widths. It also supports printing of a wide range of photo merchandise, such as photo albums, photo calendars and photo collages, as well as "POD and other items that call for high-quality photos and crisp, detailed text."

What intrigued us most about the announcement were Canon's claims of being able to create crisp detailed text on the same prints as detailed photographic images. At one time, creating this type of high-quality dual output on document images was a major area of coverage in our newsletter. It has been solved somewhat in recent years through the development of mixed-raster content (MRC) technology. I couldn't determine the exact technical details of how Canon is achieving the DreamLabo's high-quality text-plus-image output, but Joe Adachi, president and CEO of Canon USA, did say the device represented, "a perfect combination of our input and output technology." So, my guess is that some sort of MRC is being used.

Two other cool features for production environments:

■ "The DreamLabo 5000's double ink tank system temporarily stores ink from the main tanks in buffer tanks, allowing users to replace ink tanks while the printer is in use.

■ "A double paper magazine system makes the replacement of paper rolls possible without interrupting printing jobs by automatically supplying paper from a separate magazine in the event that the paper roll in use should run out."

For more information: <http://tinyurl.com/Labo5000>

## **Document Imaging Report**

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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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more value out of an MDS engagement, they represent growth opportunities for vendors and dealers. One example is through sales of [Nuance's] eCopy ShareScan 5. If you look at its new capabilities like bar code recognition and OCR, it now enables customers to take action on documents at the time of capture. So, as capture continues to become more distributed and flows more often through MFPs, our devices can do things related to processes that they couldn't do in years past.

"More customers are beginning to recognize that these capabilities exist relative to their MFP investments and are trying to figure out how to take advantage of them. That's clearly a growth opportunity for us and our partners, because it involves software as well as professional services."

### **An eye on BPO**

We concluded our discussion by asking Amoroso if Canon has any plans to take its services offerings to the next level and jump into the BPO business, similar to the way Xerox and HP have through high-profile acquisitions of ACS and EDS, respectively. "Over time, I think a certain portion of our business is going to be intertwined with BPO—given the nature of how MFPs are now being used in the market," he said. "I think you'll continue to see us making investments in our delivery capabilities around services. Whether or not M&A will become a significant part of that remains to be seen."

"We already have some document outsourcing services we can supply. Also, our acquisition of Océ included Océ Business Services, which gives us an infrastructure for document outsourcing that we can tap into [for more on OBS, see *DIR* 3/5/10]. We are still fairly early on in our integration activity, but that will certainly be an asset for us down the road."

For more information:

[http://usa.canon.com/cusa/office/standard\\_display/solutions-office-main](http://usa.canon.com/cusa/office/standard_display/solutions-office-main);  
<http://www.obs-innovation.com/>

## **Touring the AIIM Show Floor**

WASHINGTON, DC—About a month ago, over a four-day period at AIIM info360, we met with representatives from close to 50 companies. It was a great time. A lot of good conversations were had and a lot of great ideas exchanged. Last issue, we shared with you some of the highlights, especially focusing on SharePoint news and trends. Here are some of the other notes we took:

### **I.R.I.S. upgrades invoice processing app**

Belgian recognition specialist I.R.I.S. is introducing a higher-powered invoice capture product in North America. I.R.I.S., which has its U.S. headquarters in

Delray Beach, FL, entered the U.S. invoice capture market in back in 2006 with Capture Pro for Invoices. This software product was primarily targeted at the SMB and has a list price starting at less than \$2,000.

In 2007, I.R.I.S. acquired German IDR specialist **Docutec**, whose technology it has incorporated in a higher-end classification and extraction product called IRISXtract, which, to date, had been available primarily in Europe. According to Pierre Deschamps, international partner sales manager for I.R.I.S., IRISXtract is now being marketed in North America, and I.R.I.S. is currently looking for reseller partners. Interested parties can contact Joe Siegel, OEM/VAR account manager, at [Joe.Siegel@irisincorporate.com](mailto:Joe.Siegel@irisincorporate.com).

For more information: <http://www.irislink.com/>;  
<http://www.ecm.irislink.com/c2-68-17/IRISXtract-for-Documents.aspx>

### **Iron Mountain doubles capture volumes**

**Iron Mountain** continues to increase its document capture capabilities. According to Chris Churchill, VP of document management solutions, the volume of documents being scanned by the document storage giant has at least doubled in the last year. "We continue to shore up our infrastructure," he said. "In the fall, we hired the former CTO of **ACS**, who has helped us improve our technology in areas like document capture and data extraction."

Churchill said Iron Mountain's medical records capture business, which we discussed last summer [see *DIR* 7/16/10], is just starting to ramp up. "We are also looking at developing practices around processes in human resources, mortgage documentation, and time and expense," Churchill added. "We've partnered with **Basware** to be able to offer hosted accounts payable automation." (From what we understand, Iron Mountain's A/P solution is primarily being marketed in Europe.)

For more information:

<http://www.ironmountain.com/documents/management/document-management-solutions.html>

### **Brainware spreading its wings**

VP of marketing Charles Kaplan explained how **Brainware** continues to expand into other markets, even while its success in invoice processing continues. "We really view invoice capture as a beachhead and are working on other areas of complex data capture," he told *DIR*. "We recently landed a very large remittance processing deal with **Old Dominion** Freight Line."

According to Ken Erdner, VP of IT at Old Dominion, as quoted in a press release, "As a result

of all the automation that we've deployed, we're using the same number of staff members in accounts receivable today as a \$1.5 billion company [approximate 2010 revenues], as we did as a \$200 million company."

Added Carl Mergele, Brainware's CEO, "A team previously clearing a respectable 400 remittances per hour now regularly achieves 2,000, allowing staff to focus their efforts on reconciling those requiring special attention, as well as contribute to other tasks within the organization."

Brainware has also won some large mailroom automation deals. Most recently, a U.S.-based energy company installed Brainware's Distiller software to process more than 35 million documents per year, paper and electronic, for release into **Oracle DMS**. "They are being sorted and indexed into 1,000 different classes using Brainware Distiller," said Kaplan. "The deal value is \$4.15 million, and it represents our most recent success in the mailroom space."

Brainware was also accepted into the **Microsoft Managed Partner Program**. According to a press release, Brainware was "elevated to this elite status based on its significant influence on Microsoft product revenue, as well as the companies' combined vision for strategic solutions development in the enterprise market space." "We influence quite a bit of SQL server revenue with our software," added Kaplan. "We also work with Microsoft's SharePoint, business intelligence, and Azure platforms."

Kaplan concluded by telling us that in 2010 Brainware doubled its revenue over 2009, with approximately half its sales being generated in Europe and half in North America. The Ashburn, VA-based ISV currently has around 140 employees, up from less than 90 a year ago. Its most recent addition is Chuck Kingston, formerly accounts payable solutions manager at **Perceptive Software**, who has joined Brainware as a product manager.

For more info:

<http://www.documentimagingreport.com/index.php?id=2111>;  
<http://www.documentimagingreport.com/index.php?id=2120>

### ***CVision enjoys data capture success***

CVision, the JBIG2 and document compression specialist, has been enjoying success over the last year in the automated data capture market. Its Trapeze software and the company's in-house recognition expertise combine to give it some unique advantages in more difficult applications. According to founder and CEO Ari Gross, CVision

has enjoyed success with Trapeze in four areas: 1) invoices 2) fixed forms (where CVision's font-learning technology gives it advantages in hand-print recognition) 3) mailroom automation and 4) custom implementations.

CVision is currently productizing a version of Trapeze specifically targeting the invoice capture space.

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

### ***Square 9 shows iPad client***

**Square 9 Softworks**, which exhibited at the ITEX show (co-located with AIIM), debuted a new iPad interface for its SmartSearch repository. According to a press release, "The Square 9 GlobalSearch App is a native iOS app which allows users to run remote searches for documents stored within SmartSearch,

### ***WATSON RECALLS PING-PONG PLAYING ROBOTS***

With the hoopla surrounding **IBM's** Watson computer winning on Jeopardy still fresh at the recent AIIM info360 event, IBM was eager to explain how Watson's technology could be used in ECM applications. Automated data capture industry pioneer Art Gingrande pointed out that this wasn't the first time an IBM robot and the ECM industry have crossed paths. In the late 1980s, a start-up that Gingrande was with challenged another IBM robot to a ping-pong match.

The start-up was called **Neurogen** and located in the Boston area. The way Gingrande tells it, Neurogen had done work creating a robot that could catch a ping-pong ball. Well, about the same time, IBM came out with a press release touting a ping-pong playing robot. Gingrande then issued his own press release challenging the IBM robot to play against a Neurogen robot.

The match never took place, but the press release apparently earned Neurogen front-page coverage in the **Wall Street Journal**. Gingrande said his phone didn't stop ringing for three weeks, which led to venture funding, which led to the formation of Symbus—one of our industry's early automated data capture technology vendors. Symbus was eventually sold to Reynolds Bish's TextWare, which became FormWare, and then **Captiva**.

Many of you probably know Arthur, who continues to do some consulting in our industry and last year passed the bar after attending a law school specifically set-up for accomplished professionals. His focus is technology patent law.

For more information:

<http://www.imergeconsult.com/img/GingrandeArthur.pdf>

filter the archives to be searched, print and e-mail records, and perform user-initiated workflow actions like document approvals. GlobalSearch users can use gestures such as swipe, pinch and reverse pinch to manipulate documents, and they can switch documents from portrait to landscape mode by rotating the iPad in three dimensions.”

The GlobalSearch app will be available as a free download to users of the SmartSearch Web XChange option. SmartSearch is typically sold through MFP dealers.

For more information:

<http://www.documentimagingreport.com/index.php?id=2106>

### **Visioneer demos scan-to-phone**

John Capurso of **Visioneer** had one of the more impressive demos of the event. Visioneer’s VP of marketing (who is currently filling in as VP of sales as the Pleasanton, CA-based vendor looks for a replacement for Bill Kouzi, who recently left the company) showed us the scan-to-smartphone capabilities in Visioneer’s new Mobility scanner. It worked as well as advertised [see *DIR* 1/21/11].

Basically, you hook up the scanner to any smartphone with a mini-SD card, like an Android or a Blackberry model, select the type of scan you want, and away you go. Images were captured fast and with high-quality. They can be easily located within the phone’s filing system.

Once the images are on the phone, they can be uploaded to other applications like ECM systems or cloud-based OCR. This is the closest thing we have seen to the “missing link,” we were seeking at last year’s AIIM show [see *DIR* 5/7/10], potentially creating a truly mobile document capture process.

For more info:

[http://www.documentimagingreport.com/fileadmin/DIR\\_Press\\_Releases/2011/Final\\_03222011\\_Mobility\\_NR.pdf](http://www.documentimagingreport.com/fileadmin/DIR_Press_Releases/2011/Final_03222011_Mobility_NR.pdf)

### **New scanners feature iGen compatibility**

Visioneer OEM partner **Xerox** recently announced two new DocuMate scanners, designed to help it compete more seriously in mid-volume production market. The new DocuMate 4799 is Visioneer’s highest-end device to date, rated at 100 ppm/200 ipm at 200 dpi in black-and-white. It has a recommended daily duty cycle of 40,000 pages per day and features three ultrasonic double-feed detection sensors, as well as stapled document detection. It also has an intelligent feed control feature and offers multi-color dropout.

Through its TWAIN driver, the 4799 is advertised as having color-space compatibility with Xerox’s iGen

digital printer. “All imaging devices (printers, scanners, computer screens) have their own color space,” explained Capurso. “This means that Red or PMS 186 looks different on multiple screens and printers, as the result of device dependent color.

“The ‘conversion table’ is for these devices to speak in ‘device-independent’ language. We worked with Xerox to be sure our scanner drivers were developed to ‘speak’ in the same common device-independent color space as the iGen digital press. The result is that a color document scanned by the 4799 has color descriptions communicated to the iGen in such a way that the color fidelity is preserved from the scanner to the digital press, despite the fact that devices might individually describe color differently.”

Capurso added that while the color space coordination fills an obvious gap, “we didn’t have a particular customer or service bureau request.”

The new DocuMate 4790 is a simplex model rated at 90 ppm at 200 dpi in black-and-white. It features stapled document detection, ultrasonic double-feed detection, and a pre-imprinter, as well as an ionizer to reduce dust. Its recommended daily duty cycle is 10,000 pages per day.

Both scanners include **Kofax** VRS Professional AIPE-EBC, TWAIN, ISIS, and WIA drivers, and OneTouch with VRS. The 4799 lists for \$12,999, while the 4790 lists for \$5,995.

For more : <http://www.xeroxscanners.com/en/us/>

### **AnyDoc reports strong 2010**

Sam Schrage, president of **AnyDoc Software**, said his company had its second best year ever in 2010. “2008 was our best year, but 2009 was rough for everyone,” he said. “Last year, we bounced back strong.”

AnyDoc, which like many other IDR vendors had its initial success in semi-structured documents with invoices, is now branching into new markets. AnyDocDEPOSIT is a new check processing application that can be used in conjunction with AnyDoc’s Infiniworx capture workflow platform. DEPOSIT features MICR, CAR/LAR, virtual endorsement, and Check 21 formatting capabilities. It can be used in tandem with AnyDoc’s remittance processing technology.

Schrage said that AnyDoc continues to have success in the insurance market, processing healthcare claims, as well as in the healthcare market itself, where providers are interested in both EOB processing and auto-classification of patient

records. "We now have eight hospitals in Europe using our technology to classify patient records," he said. "We only have one in the U.S., so far. U.S. records are more complicated. In Europe, records are more segregated to begin with, so you have more hints as to what you are dealing with."

AnyDoc is also applying its auto-classification to mortgage documents. "We go through a multi-step process and only apply full-text recognition when we have to," said Schrage. "This keeps it fast. We also partner with [Reston, VA-based ISV] **Content Analyst** so we can classify documents based on contextual analysis if it comes to that."

For more information:

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

### **ABBYY advances on mobile front**

**ABBYY** continues to move forward with its efforts to pollinate the mobile device market with OCR technology. There are two ways to take advantage of OCR technology when capturing documents with mobile devices. One is through technology embedded in apps and downloaded onto the device. The other is through connecting with cloud-based software.

"So far, we have seen the embedded route being taken primarily for reading smaller documents like business cards, receipts, and labels," said Dean Tang, president of ABBYY USA. "OCR for full-page documents is typically being done on a server, with validation on the mobile device."

**Intuit** is an example of an ISV utilizing cloud-based OCR in a mobile capture process. Its TurboTax SnapTax app is now available for both iPhones and Androids. Released on a limited basis last year to California residents, this year, SnapTax was made available nationwide. The latest version was targeted at anyone filing 1040EZ forms, with a few qualifications.

The user downloads the SnapTax app and uses their smartphone to take a picture of their W-2. The W-2 image is sent to a cloud-based OCR application, which extracts data from it. The user confirms the data, answers some questions, and can then file their return from their phone.

"That's an example of a B-to-C application," said Tang. "We expect to see a similar model applied in the B-2-B market for capturing data from documents like shipping forms, invoices, and purchase orders."

For more information:

<http://tinyurl.com/ABBYYSnapTax>;

<http://www.abbyy.com/mobile/>

### **Contex adds ISIS drivers to WF scanners**

As enterprise content management systems become more prevalent, wide-format scanner specialist **Contex** wants to enable users to on-ramp all their paper documents into a single repository. Phil Magenheim, president and COO of Contex, told *DIR* that the introduction of CIS technology into Contex scanners a few years back has made them more affordable for a wider market. "CIS broke a lot of the traditional pricing barriers you had with wide-format scanning," he said. "Now, you can buy one of our 24-inch scanners for less than \$4,000."

With the price barrier removed, Contex has addressed a second barrier, compatibility, by entering into a partnership with **EMC's Pixel Translations** to develop ISIS drivers for its devices. "We view ISIS drivers as a way to increase the integration of wide-format documents into traditional ECM systems, many of which communicate with ISIS," said Magenheim. "We see a demand for documents like architectural drawings, GIS maps, and facilities management documentation to be integrated into ECM systems.

"As hospitals, for example, ramp up their electronic patient records systems, why wouldn't they want to bring their facilities documents online as well? County governments are also adopting ECM for multiple applications and have a variety of larger real estate-related documents they're responsible for."

In a press release announcing the new ISIS drivers, Contex offers this compelling ROI pitch: "Using a large format scanning solution helps companies realize an impressive return on investment, typically within a year of deployment. For example, a document manager who outsources 10 large format documents a week at \$10 each per week, and one hour of labor at \$40, is spending \$140 per week. An ongoing project that might continue for 52 weeks would result in a cost of \$7,280 per year. The investment in a Contex EDM/ECM solution with an XD scanner (which retails for less than \$5,000), immediately translates to savings."

Armed with its new ISIS drivers, Contex is looking to expand its channel to include traditional imaging and ECM resellers and is exploring its distribution options.

For more information:

<http://www.documentimagingreport.com/index.php?id=2107>

### **Browser-based scanning a hot trend**

Browser-based scanning seems to be an increasingly hot topic in the market. Pixel Translation's Kai Wille said his organization is

developing some new technology for ISIS-driven browser-based scanning. And Kevin Neal of **Fujitsu** showed us some of the potential of the new SDK that FCPA made available with its recently released 1800N network scanner [see *DIR* 3/4/11].

“We are seeing a lot of interest in scan-enabling Web-based apps,” Neal told *DIR*. “One of the intriguing possibilities to me is the ability to mashup multiple Web-apps in a single scanning application. For example, you could leverage a Web-based CRM system to get index information for a document being scanned into an ECM app. The network scanner would provide the interface for the user, but all the data management would be taking place behind the scenes. The user would just be hitting a couple buttons to execute a scanning process.”

For more information:

<http://www.emc.com/collateral/software/data-sheet/h3914-pdi.pdf>  
<http://www.fujitsu.com/downloads/IMAGE/catalog/n1800.pdf>

### **nextScan offers 400 dpi newspaper output**

Microfilm scanner vendor **nextScan** was showing off its new Eclipse 1000 High Definition (HD) scanner. The scanner features a new camera that enables nextScan to capture 12-bit grayscale images. In conjunction with the new scanner, nextScan introduced software that can output 12-bit grayscale images, which nextScan touts as “a first in film and fiche scanning production environments.”

Said nextScan CEO Kurt Breish in a press release “The NextStar HD software is going to allow many entities the opportunity to output raw 12-bit data in a format that will help them meet the highest image quality standards. NextStar HD yields output images with 4,096 shades of gray, while 8-bit images can only produce 256 shades of gray. What we are offering is not just 12 bits from the camera and then eight bits into memory or files—we are offering 12 bits throughout the system, even 12-bit output images.”

At AIIM, Breish told us that the 12-bit grayscale technology will enable nextScan to produce 400 dpi images of newspaper pages, which is a demand in the market. “This will greatly improve the OCR results for entities working with newspaper images captured from microfilm,” he added.

For more information:

<http://www.documentimagingreport.com/index.php?id=2103>;  
[http://www.nextscan.com/news\\_detail.php?n\\_recid=25](http://www.nextscan.com/news_detail.php?n_recid=25)

**ABBYY** has released a new version of its FlexiCapture software for automated data capture. It includes improvements in its auto-learning and distributed capture capabilities. For the full press release:  
<http://www.documentimagingreport.com/index.php?id=2122>

## End of an Era: Kodak Sells Micrographics Business

**Kodak Document Imaging's** transition to the digital age is complete. The Rochester-based manufacturer, whose name has been synonymous with film for over 100 years, has sold most of the assets of its microfilm business. The buyer is the recently launched **Eastman Park Micrographics**, based in Dallas, TX. It's run by former Kodak executive and long-time document imaging entrepreneur William “Sonny” Oates.

“The sale is part of Kodak's strategy to divest itself of several businesses that we view as non-strategic and non-core to our future direction,” said Tony Barbeau, general manager of Kodak DI. “Another example would be the CMOS sensor business Kodak recently sold.”

Kodak had been in the micrographics business since the 1920s when it purchased an invention by a New York City banker who developed a system for microfilming bank records. Kodak representatives said the micrographics market reached its height in the early 1990s when it was worth an estimated \$1.2 to \$1.4 billion worldwide. By *DIR's* estimation, as late as 2000, micrographics represented a \$500 million business for Kodak [see *DIR* 3/2/01].

“The traditional microfilm and fiche business continues to decline as it is replaced by digital technology,” acknowledged Barbeau. “However, what we call the Archive Writer business, for document preservation of 100-plus years, continues to grow. You just can't get that kind of guarantee with digital technology. It is definitely attractive to true archivists.”

Oates certainly knows microfilm. He gained some notoriety, in fact, in the late 1990s when he tried to push through legislation in the state of Texas requiring county clerks to microfilm their records. At the time he owned a company called Government Records Services, which was a subsidiary of **Tyler Technologies**. In 1998, Tyler bought a document imaging and micrographics software business from Kodak, which was renamed **Kofile**.

Tyler now focuses on software for the local government market and in the early 2000s it sold Kofile to another one of the Oates' investments—eiStream, a document imaging software roll-up, which eventually became **Global 360**. In 2006, there was a management buyout of Global 360. A list of the Dallas-Fort Worth area's most powerful people published earlier this year had Oates as number 63 (just ahead of Dallas Mavericks' center

Dirk Nowitzki) and labeled him as “retired” from Global 360.

“Because we’ve had a longtime relationship with the principals of Eastman Park Micrographics, we know that it is a perfect acquirer of the microfilm business, and we are pleased to have in place agreements that ensure customers with ongoing availability of media products made by Kodak, as well as for the high levels of technical support and service to which they are accustomed,” said Barbeau in the Kodak-issued press release.

Kodak will actually continue manufacturing microfilm and sell it to Eastman Park, which will manage distribution. “Going forward, Eastman Park Micrographics will be running what we refer to as our Imagelink business,” said Barbeau. “They will set the strategies and decide on the investments. They will manage all the contracts and relationships with resellers. Outside the U.S., they will set up master distributors for the film, and in some countries, like areas in Latin America, it’s quite possible Kodak could be acting as a master distributor. They will also sub-contract service to Kodak.”

Barbeau said logistically it doesn’t make sense for Eastman Park to set up its own film manufacturing operation. “Kodak has made some large capital investments in the equipment used to manufacture microfilm, and a lot of it is used in the manufacture of other types of film as well,” he explained. “So, while the finishing equipment, for example, is pretty much dedicated to microfilm and we probably could have carved that out, all the coating of film rolls is done universally. It’s done on heavy duty equipment that is used across multiple businesses.”

From a marketing perspective, Barbeau added that it makes sense for Eastman Park to retain the Kodak brand on the film. “We’re down to three manufactures of film and users want to know they are getting it from a trusted source,” he said. “Long-term branding and film supply agreements had to be part of this deal.”

Barbeau estimated that initially about 10 Kodak employees will be affected by the sale, including a services business, based in Monroe, N.C., which converts data between analog and digital formats. “Details will be worked out over the next couple weeks,” he said. “There were additional people at Kodak who were touched by the micrographics business but did not focus solely on it; so it’s a larger business than is represented by 10 people.”

Barbeau compared the sale of the micrographics business to **Kofax’s** recent sale of its hardware distribution business. In Kofax’s case, back in 1999, profits from the distribution business were used to acquire the Kofax software business, while in the late 1980s Kodak used its successful micrographics business to launch its digital imaging practice [see *DIR 11/16/07*]. “While their distribution and our micrographics business continued to make money, they were older, legacy businesses that did not fit with the core focus of either selling entity going forward,” said Barbeau. “It makes sense to turn that type of business over to somebody that can put more focus on it and maybe take it in a different direction. And, for the selling company, it makes sense to take the cash from the sale and invest it in an area of core focus.”

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