

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>

April 6, 2012

THIS JUST IN!

IKON RE-BRANDED AS RICOH

IKON's U.S.-based business has been officially re-branded as **Ricoh**. The re-branding is the latest step in the consolidation of IKON into Ricoh, which started when the digital copier mega dealer was acquired by the Japanese MFP vendor in 2008. "We are now changing the signs out front after everything else has been done on the inside," said Mike Dane, VP of marketing for Ricoh Americas.

Ricoh paid approximately \$1.6 billion for IKON, which at the time was producing over \$4 billion in annual revenue and had 25,000 employees. Reports were that 60% of IKON's hardware sales were **Canon** devices and 30% Ricoh. By 2009, we read that 90% of IKON's hardware sales were Ricoh. Dane could not provide specific numbers but indicated that the IKON acquisition more than doubled the size of Ricoh's direct sales force in the U.S.

Throughout its history, IKON had varying levels of interest and investment in our version of the document imaging market. In the late 1990s, after changing its name from Alco Standard in 1995, IKON, which was headquartered in eastern Pennsylvania, actually bought up several document imaging services bureaus and VARs. Many of those were divested of prior to the Ricoh acquisition, but some of the imaging industry expertise remains.

IKON actually had a fairly impressive portfolio of imaging- and ECM-related products from vendors like eCopy, NSi, Kofax, and IBM FileNet. Of course, Ricoh Americas had its own set of document imaging products as well. "During this quarter, we plan to announce a complete unified portfolio of third-party products," said Dane. "We are at the tail end of integrating all those pieces and creating a new structure for our alliance and partner program, which supports our ISV relationships."

Lexmark Adds Technology and Vertical Expertise

Lexmark continued to fill out its ECM portfolio with a couple recent acquisitions. Just a couple weeks after announcing its acquisition of IDR ISV **Brainware** [see [DIR 3/23/12](#)], the Lexington, KY-based MFP manufacturer followed up with two more ECM-related acquisitions: **Nolij** and **ISYS**. Nolij, which is based just north of Boston, in Beverly, MA, develops software for the higher education market. ISYS, headquartered in Sydney, Australia, develops enterprise search software.

Both Nolij and ISYS will join **Perceptive Software**, which operates as a standalone business unit within Lexmark. "Each acquisition we've done [four, including BPM ISV **Pallas Athena** (see [DIR 11/18/11](#)), since Perceptive was acquired by Lexmark in 2010], has enabled us to fill out our content and process management capabilities," said Cary DeCamp, executive VP, strategic initiatives, at Perceptive. "Aside from that, these two acquisitions weren't necessarily tied to each other. It was sheer logistics that caused the two deals to be announced at the same time."



Cary DeCamp,
executive VP,
strategic initiatives,
Perceptive Software

A leading position in higher ed

Nolij takes Perceptive deeper into a vertical market where it has already established a leadership position for document imaging systems. "We are picking up some additional domain expertise in the higher education market," said DeCamp. "We've been working in that space a long time, but nobody knows everything. In addition, while Nolij is definitely somebody we would compete with, it's important to understand that they have an alternative way of solving some of the same problems that we solve."

DeCamp estimated that Nolij has at least a couple hundred colleges and universities as customers, while Perceptive has close to 500. Nolij's Web site lists three product lines:

- Document Imaging and Workflow
- Forms Processing and Character Recognition
- Data Integration and Automated Loading

"Nolij is very focused on a specific area of higher education—student information services and student administration," said DeCamp. "This includes processes like admissions, registration, and financial aid. They offer a variety of services in that area, and one key differentiator is their integration with student information systems."

"With ImageNow, Perceptive has a much broader focus. ImageNow can offer cross-department imaging and workflow. We think the two product lines will end up being complementary. Nolij will continue to develop a very focused collection of functionality for higher education customers. But, as those customers want to grow out their implementations and add records management and BPM in other areas, ImageNow will be able to provide that for them."

DeCamp noted that Nolij has some compelling Web-based capture technology. "It handles both structured and semi-structured forms and leverages Nolij's integration with back-end systems to do some data matching," said DeCamp. "When coupled with their Nolij Transfer technology for ingesting data from electronic sources, and their understanding of the workflow processes in higher education, Nolij has a very unique solution."

According to the Nolij Web site "The Nolij forms processing solution leverages a combination of OCR, ICR, and OMR technology from **EMC Captiva**." DeCamp did not indicate that Perceptive would consider replacing that with a Brainware front end.

Also, according to the Nolij Web site, Nolij Forms Processing can be used on paper applications, inquiry cards, transcripts, and government and other standardized forms. It is integrated with Nolij Transfer for integrating captured data with back-end systems.

"Overall the Nolij acquisition provides us with a combination of increased vertical market experience and a richer set of technologies for the higher education market," said DeCamp. "In addition to providing Nolij with a broader technology platform, Perceptive will be able to market Nolij to a much larger market worldwide. Finally, between the two organizations, we think we now have a commanding position in the imaging market for higher education."

Ramping up search

ISYS provides Perceptive with two elements that it didn't have previously: 1) a healthy OEM business 2) enterprise federated search technology. "ISYS is a very mature and strong search and document filter technology company," said DeCamp. "ISYS goes to market primarily as an OEM, and its technology is widely deployed by some well known companies like EMC, which includes it in its e-mail archiving

Document Imaging Report

Business Trends On Converting Paper Processes To Electronic Format

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.

Vol. 22, No. 7



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

DIR is published 23x per year, on the 1st & 3rd Fridays of the month, by:

RMG Enterprises, Inc.
4003 Wood Street
Erie, PA 16509
PH (814) 218-6017
<http://www.documentimagingreport.com>

Copyright © 2012 by RMG Enterprises, Inc. Federal copyright law prohibits unauthorized reproduction by any means including photocopying or facsimile distribution of this copyrighted newsletter. Such copyright infringement is subject to fines of up to \$25,000. Because subscriptions are our main source of income, newsletter publishers take copyright violations seriously. Some publishers have prosecuted and won enormous settlements for infringement. To encourage you to adhere to this law, we make multiple-copy subscriptions available at a substantially reduced price.

Subscriptions: \$597 (electronic) or \$670 (paper) per year.

software, and **Sybase**.”

DeCamp said Sybase licenses ISYS’ Filters technology for document extraction. “Basically, it provides the ability to crack open and render all the different object types that might reside in repositories,” he said. “Sure, you have your Office files, but there are also PDFs, e-mail objects, literally hundreds of file types kept in repositories. Filters gives users the ability to surface all this content. There are only a few vendors that offer this type of technology.”

ISYS also sells federated (cross-repository) search to enterprises. “This is important because Perceptive’s whole world is about bringing information to the desktop based on context,” said DeCamp. “We can currently do this effectively in our own repository. ISYS gives us the ability to extend search into other repositories and across the enterprise.”

DeCamp could not comment on whether Perceptive has any more acquisitions planned. All he said was, “Any acquisitions we do will continue to be selective and rational.”

For more information:

<http://www.perceptivesoftware.com/>;

<http://www.isys-search.com/>; <http://www.nolij.com/>;

<http://documentimagingreport.blogspot.com/2012/03/lexmark-acquires-two-more-software.html>

Trapeze for Invoices Builds on CVision’s Expertise

CVision Technologies continues to evolve. Historically known as a PDF compression specialist, the Queens, NY-based ISV recently released its first out-the-box IDR (intelligent document recognition) application. Trapeze for Invoices 2.0 represents the latest generation of the IDR technology CVision began deploying in customized implementations four years ago [see *DIR* 10/24/08].

“We have maybe 50 total installs of the Trapeze platform, including about 10 for invoice processing,” said Ari Gross, CVision CEO. “Our sales have ranged in size from the \$10,000-range to more than \$1 million. Our invoice capture installations include a very large accounting firm, which is using our technology in-house.”

Historically, CVision has primarily targeted Trapeze at environments that could not be readily addressed by out-of-the-box IDR applications. This includes applications with low-contrast documents, where CVision is able to take advantage of the image

processing technology it has developed for its flagship PDFCompressor software. CVision has also leveraged its “font learning and expertise in computer logic to increase accuracy rates” in challenging IDR environments [see *DIR* 7/17/09].

“We’ve taken what we’ve learned from our various projects with Trapeze and incorporated it in a productized version of the software,” said Gross. “We did a lot of work improving the ease-of-use, in particular the GUI interface. We’ve created a boxed solution that can start as low as \$10,000 and scale from there.”

The entry-level version of Trapeze for Invoices basically consists of a single seat for scanning, Q/A, validation, and export. The higher-level version includes workflow functionality and a server administrator for running concurrent Q/A and validation stations. Both versions include CVision’s line-item capture capabilities.

“We’ve found that most of our customers want line-item capture,” said Gross. “When capturing header data, Trapeze can typically reach 90% field-level accuracy. For tables, without any P.O. data to match it against, we can probably recognize 50-60% of tables totally correctly. If a user is running a two-way match against P.O.s, our software can reach over 90% accuracy for tables as well.”

Gross said Trapeze can be set up utilizing a customer’s historical documents. “Once a user runs those historical documents through Trapeze, our software will understand the structure of all their invoices,” he said. “As the user runs validation on the [training invoices], the system will adapt. So, when the user goes live, the system will be fully operational.”

CVision offers output in a standardized EDI format. “If a user’s accounting system can receive EDI information, it should be able to receive data from Trapeze,” he said. “We can also export to a CSV format.”

Trapeze does not include a scanning client but can receive images from watched folders and even be set up to pull images out of SharePoint collections.

CVision has made an evaluation version available for no charge. “We wanted to keep everything simple, including the ability to try-and-buy the product,” said Gross. “Within a week of announcing Trapeze for Invoices, we had sent out 30 evaluation copies. We have also set up a formal reseller program, including volume discounts, and we are working on the MFP channel.”

CVision has plans for other boxed versions of its Trapeze technology as well. “We recently won a large mailroom automation deal,” said Gross. “That is a rapidly growing market we could go after.”

For more information:

<http://www.cvisiontech.com/trapeze/general/trapeze-for-invoice-processing.html>

Nuance Showcases Capture Technologies at HIMSS

With projected revenue somewhere north of \$200 million for fiscal 2012, **Nuance** Document Imaging is clearly one of the largest players in our industry. Of course, that still accounts for less than one-fifth of Nuance Communications’ overall revenue. Nuance’s biggest revenue producing division is Healthcare, which last year generated more than a half-billion dollars in sales. So, it’s no surprise that Nuance had a large presence at this year’s **HIMSS** (Healthcare Information Management Systems Society) event in Las Vegas.

However, in addition to showcasing its speech recognition commonly marketed to healthcare providers for transcription processing, Nuance had Document Imaging playing a prominent role at HIMSS. At the event, Nuance made two significant imaging announcements:

- The introduction of a new Healthcare Solutions Pack based on Nuance’s eCopy technology

- A demonstration of its technology as part of the **Health Story Project’s** Interoperability Showcase—which featured HL7 CDA (Clinical Document Architecture) formatting of scanned documents for release into EHR (electronic healthcare record) systems.

“Basically, we are trying to enable users to take advantage of their digital copiers to capture patient records,” explained Dave McKanna, product marketing and industry solutions manager for healthcare at Nuance Document Imaging. “We’ve done a lot of surveys, and really, what you find in hospitals is that they handle paper records in a variety of manners.

“There are still some entirely paper filing systems, but when hospitals use imaging, they typically deploy it in one of two ways: They are either using desktop scanners or a centralized scanning operation running in the basement. The problem with desktop scanners is that they typically require a lot of manual steps to simply move an image to a network folder or document management system,

before it hopefully gets linked to an EHR system.

“Centralized scanning operations are often expensive to deploy, and they can involve a lot of delays from when documents are created to when they are scanned and uploaded into an EHR system. People from hospitals have told us it often takes three or more days, which can be really problematic in certain patient care scenarios.

“The goal is to have every piece of patient information at a provider’s fingertips, in an EHR system, as soon as possible. Our goal is to utilize MFPs as on-ramps to remove some of the bottlenecks we see in scanning processes. Nuance’s eCopy ShareScan technology can be used to collapse multi-step scanning workflows into the simple touch of a few buttons. This can greatly simplify capture at the point of care.”

Simplifying capture workflow

Nuance’s Health Solutions Pack is aimed at capturing three specific types of documents: patient records, historical charts, and admissions patient history forms. “The Pack includes preconfigured workflows, as well as our QuickConnect technology, which provides users with a fast way to define destinations for scanned documents,” said McKanna. “Destinations can include network folders, databases, WebDAV folders. From there, documents can be ingested into an EHR system.

“Users can set up separate style sheets for different types of documents. These style sheets can be used to address formatting and meta data requirements.

The Solutions Pack is a server-based piece of software that works in conjunction with eCopy ShareScan v5. It lists for \$1,600 and is run on a server. It can be utilized in conjunction with multiple MFPs running ShareScan. It will be sold through Nuance’s eCopy reseller partners.

Direct Integration with EHR

Nuance’s HL7 CDA technology takes document workflow to the next level and actually provides a direct avenue for integrating scanned medical records with EHR software. If you remember, we covered the HL7 CDA format last year, when we did a story on **Fujitsu’s** partnership with the ISV **Osmosyz** [see *DIR* 11/4/11.] Basically, the format requires a standard set of meta data be included with an unstructured document, such as a document image. This meta data should enable the images to be indexed in most EHR systems.

“Even before the HIMSS Interoperability Showcase, we participated in the IHE Connectathon, which is the biggest interoperability

event in the healthcare industry. There, we checked how our HL7 CDA profiles were handled and consumed by other systems—like EHRs and document repositories. We passed all the tests, including those with EHR systems from leading vendors like **Cerner** and **Allscripts**. We really put our stake in the ground. Not only do we offer HL7 CDA, but it's been validated with leading EHRs."

This is such a big deal because the **Office of the National Coordinator for Health Information Technology** has included compliance with the CDA HL7 format as a key element for healthcare providers that hope to meet the second stage of its "meaningful use" requirements related to EHR. A preliminary version of those requirements was published in February.

There are actually two levels of HL7 CDA formatting, and Nuance has plans to offer both. What was featured in the Interoperability Showcase was level one formatting. This is similar to what Fujitsu and Osmosyz are doing. It involves attaching meta data, such as patient information, provider information, and date and time, to a scanned image of a healthcare form. This can typically be accomplished with a few keystrokes or a drop-down menu.

"You can also include information that there is a human readable document along with the meta data," said McKanna. "For improved accessibility, Nuance can utilize our OCR to make the human readable documents full-text searchable PDFs."

However, despite being searchable, the information in the PDF files is still self-contained. Only the header data is understood by the EHR, while the actual form still needs to be examined by a person to be utilized. In contrast, in a well-formatted, electronically born healthcare form, information can be broken down and tagged by category. These tagged bits of data can be compiled in data sets with data from other forms. These data sets can help physicians study trends and patterns among patients.

With the creation of level two HL7 CDAs, Nuance is promising to break down the barrier between paper healthcare forms and EHRs. "We can pass the OCR results from the scanned forms to our clinical language understanding [CLU] technology," said McKanna. "This is a combination of artificial intelligence and natural language processing that is used to recognize important data elements within the body of a healthcare form."

"This can include information on things like vital signs, allergies, diagnoses, etc. [Under the HL7 CDA

framework] there are codes, recognizable by an EHR system, related to each of these pieces of information. These codes can be applied as tags, or meta data, for the corresponding information from the scanned healthcare form."

At HIMSS, Nuance demonstrated its ability to create level 2 HL7 CDAs. It was also demonstrated last fall at Nuance's analyst day held at its Burlington, MA offices [see *DIR* 10/7/11].

Achieving Meaningful Use in EHR

McKanna concluded that Nuance's goal is to put its customers further down the path for achieving meaningful use in their EHR implementations—to increase their compliance with government regulations as well as to improve patient care. "Our goal is to help providers not have to worry about finding paper," he said. "We want them to be able to find whatever information they need in their EHR systems and be able to find it that much quicker and with more meta data."

"Our initial focus for these new document imaging initiatives is hospitals. That will help us leverage not only our Healthcare division's install base, but also some of the large customers of our partners like **Canon** and **Ricoh**, who have 1,000s of MFPs installed with some hospital customers. But, there is no reason a lot of these same technologies can't be applied at the physician's clinic level as well."

For more information:

<http://tinyurl.com/NuanceHCPack>

<http://tinyurl.com/NuanceHL7CDA>

NovoDynamics Revamps IDR Offering

NovoDynamics has re-branded and upgraded its intelligent document recognition (IDR) technology. The Ann Arbor-based ISV, which has some serious chops when it comes to pattern recognition, recently announced NovoDocufier, a document auto-classification and data extraction engine. It is the next generation of the Coronado technology we detailed a year-and-a-half ago [see *DIR* 10/8/10].

"There are really only a few users of Coronado—with systems installed mostly to provide us with feedback," said Tim Dubes, a capture industry vet who was brought in recently as VP of marketing at NovoDynamics. "It was a very specialized application, and without any OCR functionality, it really had limited value. NovoDocufier has some serious business benefits when compared to Coronado."

NovoDocufier retains Coronado's innovative document classification capabilities. Utilizing pixel analysis, it is able to quickly group documents based on their layout similarities. A slider bar enables users to easily create more or less groupings depending on their preferences.

"NovoDocufier can group documents much faster than competitive products that have to rely on OCR for classification," said Dubes. "Our pixel analysis can be completed at 50 to 100 milliseconds per page. Also, when using OCR for classification, competitive products will often slow down if you feed them a training set of more than 40 documents. NovoDocufier can work effectively with a much larger sample set."

With NovoDocufier, OCR can be inserted as a second step—either for more refined classification or for extraction. "Even then, it's not full-text OCR," explained Dubes. "Basically, a user clicks on a field on an image and that field can be used as a landmark for classifying similar images in the future. For extraction, a user gives the field a name like 'invoice number,' and NovoDocufier will automatically capture the data in that field on documents classified under the same grouping."

Carving out a market

The addition of OCR was a natural step for NovoDynamics, which is probably best well-known in our industry for its Arabic ICR [see *DIR* 12/7/07]—which has now been re-branded NovoVerus. "Our company's strength is really in pattern analysis," said Dubes. "NovoVerus, for example, is not your typical OCR product that looks at text character-by-character. Because Arabic language characters are often written right-to-left and can be connected, our technology first looks for slices of the text."

"It applies pattern recognition to these slices to identify the specific language. Only then can it begin to identify individual characters."

NovoDynamics also has software for analyzing data patterns for businesses like automotive manufacturers. "Our software pulls in data from various sources and applies analytics to it," said Dubes. "One of the projects it is used for is determining parts obsolescence. Utilizing data streams from distributors and dealerships and looking at information like the half-life of a part, NovoAnalytics can be used to determine when a manufacturer should stop making passenger side doors for a 1985 vehicle, for example."

Coupled with data extraction, Dubes sees NovoDocufier's classification as a real differentiator in the IDR market. "Our sweet spot is going to be

environments where there are at least 50 document profiles," he said. "The mailroom makes a lot of sense, for example."

Dubes also sees service bureaus as a key market. "We previewed the technology at the **AIIM** Service Provider Forum last fall and received a lot of interest," Dubes said. "We had one service bureau that had worked with multiple other IDR products, but they still had to use bar coded cover sheets as separators. NovoDocufier can be set up to automatically group and separate multi-page documents."

Dubes also sees some opportunity in the invoice capture market—especially in the SMB. "If you look at most of the current success stories for invoice processing, they involve integration with ERP systems and high-end systems," he said. "If a user wants to spend a half-million dollars or more on software and set-up, that's not our target."

"But, what if you're only doing 10,000 invoices per year, and you don't want to make that kind of investment? NovoDocufier can get you 90% of the way there, in less time, for considerably less cost."

Subscription pricing

Even though it is only currently offering NovoDocufier as a traditional software installation, NovoDynamics is pricing it through the subscription model most often associated with SaaS or cloud-based services. "Ultimately, we can go to a SaaS model," said Dubes. "Basically, there's a monthly fee, based on volume, and users can buy extra

DOCSTAR DONATES DMS TO FLOODED NEIGHBOR

Hurricane Irene took quite a toll on parts of eastern New York when it passed through late last summer. The Village of Schoharie, population 1,000, was one of the areas hit the hardest, with some portions flooded by up to seven feet of water. To help with records recovery, ISV **docSTAR** has donated a document management system to the village.

"We recognized a need, and it was our small contribution to help them rebuild," said Jared Mostoller, marketing coordinator for docSTAR. "Our office is right on the Mohawk River, so even here in Schenectady we saw some flooding, but Schoharie was basically wiped out. I think I read that every business in the village was destroyed in addition to most of the homes. It remains to be seen how they will bounce back, but hopefully having docSTAR will prevent any further loss of records."

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

volume if they surpass their limits. There are no modules. They get all classification and extraction capabilities with their license.”

NovoDynamics is looking for imaging-focused resellers. “A lot of the leading ISVs in the IDR space are focused on direct sales and large deals,” Dubes said. “We think there are opportunities for resellers to deploy our software in organizations that don’t have SAP or Oracle ERP, and that aren’t large energy and utilities companies.”

NovoDynamics is also planning to try and seed the market with its NovoImage technology. “It’s image clean-up technology that’s intended to be used as a step in forms processing applications,” said Dubes. “It was originally developed as part of NovoVerus.

“I’ll compare it to VRS, which is really good technology, but typically tied to a production scanner. What if you are not using one of the 100 or so production scanners certified to work with VRS? What if you want to apply IDR to documents coming from fax servers or MFPs? NovoImage is a server-based app that can address those types of applications.”

NovoImage is currently in beta and NovoDynamics plans to offer two versions of it. “We don’t think image processing is a huge market on its own, but we think NovoImage can be used to help build our customer base for NovoDocufier.”

For more information:
<http://www.novodynamics.com/>;
<http://www.novodynamics.com/docufier-2/>

Imaging 411 Thrives as Independent Service Provider

There has definitely been a change in the dynamics of the document scanner market over the past 15 years. We used to run a heckuva lot more stories on improvements in scanner speeds, feeds, image quality, and pricing. But, with quality 25 ppm duplex scanners now available in the \$500 range, scanner vendors seem to have come to the realization that there is only so much you can do with hardware. Thus, we have seen a shift in their strategies toward offering more solutions that include some sort of software element [see *DIR* 11/4/11].

One side effect of this plateauing of hardware improvements has been that it takes longer for older scanners to become obsolete. “The scanner vendors might hate me for saying this, but mechanically, I wouldn’t say that newer scanners are that much

better than some of the older models,” said Gary Armstrong, president and co-owner of **Imaging 411**, a third-party service provider for document imaging and micrographics equipment. “The new scanners might be a bit richer in features, but some older models stand up just as well in production environments.

“Look at the **Kodak** i700s (released in 2009) compared with the i5000s (released in 2011). They both scan at similar speeds at 300 dpi. A lot of it has to do with scan counts, but I think a user can keep a scanner with proper maintenance for 10 years. We are still maintaining Kodak 3500s and 9500s [which have been discontinued for several years].”

Armstrong knows a little about maintaining scanners. Prior to co-founding Imaging 411 in 2004, he was the Eastern Director of Field Services for Lason. His partner Joe Paradiso, CEO of Imaging 411, was Lason’s VP of professional services. “We started Imaging 411 as a VAR and viewed the ability to provide our own maintenance as a value-add,” said Armstrong. “We ended up becoming a distributor, first with **Sunrise Imaging’s** micrographics equipment, and then our focus started moving more towards hardware and maintenance.”

In addition to Sunrise, Imaging 411 acts the primary North American distributor of **Hitachi** document scanners and currently offers a high-volume Hitachi tabletop model with outsourcing capabilities [see *DIR* 5/21/10]. Imaging 411 also has a successful business selling refurbished scanners through a sister Web site: scannertraders.com.

“We’ve definitely seen growth in our pre-owned equipment sales,” Armstrong told *DIR*. “In ’08, when the economy starting slipping, people that had never considered looking at used equipment started to say, ‘if you’re selling current models, and you can put a 90-day like-new warranty on them, than what do I have to lose?’ In addition, we offer maintenance contracts, so we really take the risk out of purchasing pre-owned equipment.”

Imaging 411 currently has maintenance contracts with more than 500 customers covering thousands of pieces of equipment. “We offer service on the document scanners of any vendor [excluding open track scanner/sorter models from vendors like IBML and BancTec],” said Paradiso. “Kodak is our primary competitor, because in addition to their own scanners, they’ll service other vendors’ products.”

So, how does Imaging 411 compete with an international behemoth like Kodak? “Our overhead structure is smaller, so we can be more price

competitive,” said Paradiso. “Initially, that was a big factor for gaining customers. Now that we have some references, our quality of service and the attention we provide our customers has become an advantage. We can also be more flexible with our contracts and onboarding process.”

Imaging 411 has approximately 50 employees overall and utilizes contractors to flesh out its national footprint. “We train and certify any technician that is going to enter our customer sites,” said Paradiso.

Paradiso and Armstrong don’t openly discuss how they get up to speed on scanners from vendors like Kodak and **Fujitsu** who prefer to promote their own service programs and therefore don’t typically offer training to third-party providers like Imaging 411. It probably suffices to say that Imaging 411 has former vendor service technicians on its staff. Imaging 411 also has a network of suppliers that provide it with parts and consumables.

“We offer several levels of service,” said Paradiso. “These include 24/7 on-site and advanced replacement options. Anything vendors can offer, we can offer.”

Paradiso estimated that government contracts make up about 30% of Imaging 411’s revenue. Big government customers include the **IRS** and the **U.S. Census Bureau**. Earlier this year, Imaging 411 also announced that it had signed an agreement to service scanners nationwide for the service bureau **Databank IMX**.

Databank, which also acts as a VAR, has also agreed to resell Imaging 411’s services to its solutions customers. “We’ve made a conscious effort to stop selling directly and put our focus on selling service through resellers,” said Paradiso. “We’ve had some luck pushing into the channel, primarily through Kodak resellers.”

Paradiso said that some of the uncertainty surrounding Kodak could be good for Imaging 411. “Last year, for instance, we saw an upshot in our micrographics business,” he said. “I think that had a lot to do with Kodak’s sale of its micrographics division. This year, we expect our maintenance business to see accelerated growth. The Kodak bankruptcy filing definitely has some people reaching out for alternatives.”

Databank, a long-time Kodak customer, said the bankruptcy filing had nothing to do with its decision to go with Imaging 411. “We did not switch service providers due to Kodak’s financial situation,” said Fred Zaeske, president of Databank. “We switched for improved service and better economics.”

Paradiso concluded that Imaging 411 will seek to continue to grow its market share. “We still only have about 5% of the maintenance market, so there is a lot to be had in the business we are in,” he said. “We are also talking to some manufacturers of scanners, and in other markets as well. We are looking at providing service for manufacturers that don’t have their own service programs.”

For more information: <http://www.imaging411.com/>;
<http://imaging411.wordpress.com/>

Subscription Order Form for RMG Enterprises, Inc.

4003 Wood Street • Erie, PA 16509 • Phone (814) 218-6017 • e-mail: ralphg@documentimagingreport.com

Document Imaging Report

Business Trends on Converting Paper Processes to Electronic Format

1 year (24 issues)

- ☐ electronic copy @\$597
☐ paper copy @\$670

SCAN: The DATA CAPTURE Report

Premier Management & Marketing Newsletter of Automatic Data Capture

- ☐ electronic copy @\$597
☐ paper copy @\$670

OUR GUARANTEE TO YOU
If you are not completely satisfied, we will refund your subscription cost for all remaining unserved issues.

Name _____ Title _____

Company _____

Street _____

City _____ State _____ Zip _____

Phone (____) _____ Fax (____) _____

E-Mail _____

Please ☐ enter / ☐ renew the following subscription.
(Add \$33 on all orders outside of Canada and the United States.)

☐ **Payment Enclosed** (Remit to: RMG Enterprises, Inc., 4003 Wood Street, Erie, PA 16509)

☐ **Charge My Credit Card** (Charge will appear as RMG Enterprises.)

____AmEx ____Visa ____MC ____Discover _____ card number _____ expire date

☐ **Bill My Organization** (Purchase order # optional.) _____