

Document Imaging Report

Business Trends on Converting Paper Processes to Electronic Format

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June 18, 2010

THIS JUST IN!

HSA EVENT FILLING UP QUICKLY

Plans for **Harvey Spencer Associates'** sixth annual Capture Conference are well underway. The two-day event is a summit for leaders in the document capture software market. Spencer is an analyst who has covered the document capture space for many years. HSA consistently puts on a strong event with relevant presentations that often challenge attendees to take their products and services to the next level.

Highlights of last year's event included a panel made up of the world's top OCR developers, a presentation on better leveraging capture in e-discovery applications, and a return visit by **Paystream Advisors'** Henry Ijams, who testified to the increasing demand for imaging technologies in A/P departments. As is typical, this year Spencer has varied the agenda, and there will be speakers on hot topics like cloud computing, electronic medical records, financial supply chain management, capture from MFPs, *SharePoint*, and the emerging Brazilian market. Of course, it's also a great networking event. For a view of the complete agenda and list of speakers, go to:

<http://www.harveyspencer.com/documentcapture/agenda.html>

Spencer will once again present his numbers related to document capture software. For 2008, he reported that the market for sales to end users reached almost \$2 billion worldwide. When we talked with Spencer about the conference, he was still compiling his 2009 numbers, but noted that the economy had obviously slowed industry growth somewhat. Spencer had projected 4.3% growth for the market in 2009, after reporting 7.7% growth for 2008 [see *DIR* 8/21/09].

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Kofax Right Where Bish Wanted It

A look at some results of the re-structuring initiative launched two years ago

When Reynolds Bish was brought in as CEO of Kofax in late 2007, he promised changes. Two and a half years later, he has certainly delivered. Bish, whose imaging roots are in high-volume, data capture environments, has successfully transformed Kofax from primarily a mid-volume batch capture player into a serious contender in high-volume, transaction-oriented data capture environments.

So, what does this mean? Well, for one, Kofax is winning a lot more six- (and even seven-) figure deals—which was clearly one of Bish's goals. We have seen multiple press releases in recent months announcing some of these wins—one of the latest being a \$1.3 million deal with a BPO firm that services the Brazilian government.

"Certainly, within the last fiscal year, we've increased our number of large six- and seven-figure deals," said Allen Carey, VP of product marketing at Kofax. "The majority have come in the last year; two years ago, we had almost none. This is the result of a significant investment in our enterprise sales team, as well as continuing to improve and scale our products."

Carey was one of several Kofax executives I had the opportunity to speak with over the past couple weeks. I think this has given me a well-rounded perspective on the restructuring that has taken place. This restructuring goes all the way from the sales team for the company's VRS image processing application that is typically bundled with scanners, to the engineering behind the Kofax Transformation Modules (KTM), which provide the guts of the company's data capture implementations.

Based on the information I gathered from my interviews, as well as my own research, my conclusion is that, after many (and sometimes painful) changes, the Irvine, CA-based capture specialist has turned the

corner and is headed in the right direction. The investment community would seem to agree, as Kofax's stock recently hit a three-year high of over 2.5 British pounds per share. And, as Bish's ultimate goal (the reason he took the company through all the restructuring in the first place) is to increase shareholder value, you'd have to say he has Kofax right where he wants it.

Here's a look at what we learned recently about various components of the company's business (in the spirit of the recently ended school year, I've graded each segment):

VRS business is rebounding

During its fiscal 2009 [ended last June 30], Kofax's one-time very successful image processing software business seemed to be hitting the skids. For the year, Kofax had reported almost a 32% decline in OEM/POS revenue, which primarily comes from VRS (typically bundled with document scanners).

Kofax seems to have stopped the bleeding, however. For the first six months of Kofax's fiscal 2010 [ended Dec. 31, 2009] OEM/POS sales stabilized at \$12 million. This actually represented a 22% growth from the previous six months [the second half of fiscal 2009] and was similar to the revenue for the first half of fiscal 2009.

"You have to take into account that at the end of 2008 [heading into the second half of fiscal 2009], we discontinued our Adrenaline image processing boards, which were included in POS/OEM sales," said Wayne Ford, senior director of worldwide POS sales at Kofax. "These were higher-revenue, lower-margin items, so that move had a significant effect on our revenue but not on profitability."

On the flip side, you also have to take into account increasing sales of Kofax Express, the lower-end batch capture product introduced in 2008 [see *DIR* 10/17/08]. Designed to be bundled by VARs with scanners, it is included in POS/OEM sales. According to Ford, sales of Express are up 300% on a year-over-year basis, as the product is starting to gain some traction in the market. More on this later.

As far as VRS goes, Jim Nicol, Kofax's EVP of products, acknowledged that improving scanner sales have helped drag up VRS sales, but that has not been the only factor in the rebound in POS/OEM revenue. "Scanner sales are up somewhat, but not way up," he said. "They have helped, but we've also increased the number of scanners bundled with VRS.

"**Fujitsu's** launch of the 6800 has helped [see *DIR* 2/19/10], and the Ingenuity series [launched by Böwe Bell & Howell last year and now sold by **Kodak**] has been very successful. It definitely helps when our VRS partners launch new scanner lines. VRS is also being included in a couple new scanners from **HP**.

"We also recently signed a deal with **OPEX** [see *DIR* 5/7/10], which expands our market outside of traditional ADF models.

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

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3. Forms Processing/OCR/ICR
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Finally, we initiated a new partnership with **Canon** that involves their bundling VRS Basic, and giving customers the option of upgrading to VRS Pro. This deal was the result of our being more flexible in our licensing model.”

Nicol said that Kofax continues to improve VRS’ functionality and that a new version should be announced later this year. He does not see continued improvements in onboard image processing by scanner vendors as having a negative effect on VRS sales. “It’s our job to stay ahead of what scanner vendors offer,” he said. “VRS is still the standard in a lot of environments, including large accounts like **FedEx**. These users have come to rely on the consistent image quality that VRS produces on documents like invoices and bills of lading.”

Ford added that Kofax’s focus differentiates it from scanner vendors. “Functionality like image processing and thresholding is not exactly what scanner vendors specialize in, but it is *what we do*,” he said. “Also, if resellers are servicing environments with mixed brands of scanners, VRS provides a consistent interface and image quality across all their devices.”

That said, Kofax would like to diversify its channels for VRS. “In addition to increasing revenue from VRS, I’d like to make it less dependent on scanner scales,” Nicol said. “We are looking at how we can expand VRS to be utilized by non-traditional scanning devices like MFPs.”

Kofax has talked about going this route before and even offers VRS on a server, which can be fed by MFPs. However, historically there have been issues applying VRS thresholding to images output by MFPs. “Most MFPs do their own image processing before releasing an image to a server,” said Nicol. “Ideally, we’d like to have VRS intercept images before they are processed—like we do on scanners.”

VRS Grade: B. Kofax continues to do a nice job maintaining its market leadership in the document image processing space. Its rebound in POS/OEM sales is impressive, because it happened while scanner vendors have continued to improve their internal image processing. This shows demand for VRS hasn’t waned. To reinforce this point, we’re assuming the new agreement with Canon was

driven by customer demand.

Kofax’s biggest stumbling block with VRS has been in its efforts to expand into MFPs—something you’d think they might have accomplished by now—but at least they haven’t given up. The bottom line is that

Bish likely views VRS in the same way he viewed Pixel’s ISIS driver business when he was at Captiva: It’s a fairly profitable business with minimal overhead, because it’s built on an established market position and existing relationships. Yeah, it would be nice to grow the revenue, but at the

same time, it’s not the company’s core business, and its contributions are positive. So, why mess with it too much?

Kofax upgrades KTM

Before Bish arrived at Kofax, the company spent a lot of time talking about making the transition from the document capture to the data capture space. I wrote articles more than 10 years ago discussing Kofax’s planned transition into forms processing [see *DIR* 3/5/99]. Kofax even made three or four acquisitions [depending on what you’re counting] to help it with that transition. And while Kofax had some success in isolated markets like invoice capture, it’s probably safe to say that only after Bish was hired did Kofax become a serious data capture player.

In 2008, for the first time, Kofax had a significant share (9%) of Harvey Spencer Associates’ (HSA) Transaction Capture market segment, which is primarily data capture software. Also, all the six- and seven-figure deals it is winning include a KTM element (which is basically Kofax’s auto-classification and data capture technology). “We are seeing in excess of 20% growth in our KTM products year-over-year,” said Richard Brierton, senior product marketing manager for Kofax. “We are really starting to get some traction and exceeding HSA’s growth projections for the segment.”

Kofax recently announced KTM 5.0, which Brierton said represents the true co-joining of the product lines that Kofax acquired with Neurascript in 2004 and LCI in 2006. “KTM represents the IDR (intelligent document recognition) components of our technology stack,” Brierton told *DIR*. “With KTM, we are looking to automate document sorting and data entry. We are well positioned, because we have a single platform that offers auto-classification,

“We’ve worked closely with our BPO partners and made detailed improvements to the [KTM] keying functions. Given that the keying screens are the public face of KTM, we feel it’s important to get this part right.”

—Richard Brierton, Kofax

as well as data extraction—for both structured and unstructured documents.

“We think our learn-by-example approach is a key value. Other classification products focus on keywords and rules, which is fine in simpler environments. However, when you start working with packages of documents like mortgage loan applications, complexity causes those approaches to break down.”

Brierton estimated that Kofax has 1,400 to 1,500 installations of KTM. “Just shy of 1,000 are invoices applications,” he said. “That’s been a strong market, especially in the U.S.”

He explained that the KTM data capture capabilities are sold in two versions. “Basically, with one version you can capture up to five fields—this is typically installed in digital mailrooms,” he said. “With the other version, you can capture as many fields as you want. The majority of our customers use this one. Our licensing is based on the volume of documents being processed. There are no additional charges for multiple servers, or validation stations.”

Specifically, in KTM 5.0, Kofax has improved the high-volume and distributed workflow capabilities and increased options for character recognition. “To keep up with advances in hardware, we now support up to four quad-core processors,” said Brierton. “This quadruples the potential processing power our customers can take advantage of. Our tests have demonstrated up to an 85% increase in batch processing speed as a result.

“We’ve also increased the options for maximizing the processing power in different batch profiles. For example, in certain batches, you might want to process individual pages in parallel while in another batch type, you might want to break it up by individual multiple-page documents.”

Brierton said Kofax has narrowed the gap between what is offered in its thick-client for data entry and its browser-based version. “In version 4.5, we offered browser-based verification and validation, but we’ve now added features like single-character OCR rejection,” he said. “Our customers now have more flexibility when choosing a data entry approach.”

Finally, Kofax has licensed recognition technology from **A2iA** and **NovoDynamics** to increase its breadth of extraction options. “The A2iA technology can be used to extract free-form cursive handwriting that might appear in correspondence,” he said. “We’ve previously offered extraction of cursive only from constrained fields. NovoDynamics provides an

option for Arabic language recognition.”

Brierton added that Kofax continues to focus on improving the QA and correction steps involved in data capture. “We’ve worked closely with our BPO partners and made detailed improvements to the keying functions,” he said. “Given that the keying screens are the public face of KTM, we feel it’s important to get this part right.”

KTM Grade: A+. Brierton’s last comment (about working with BPOs to improve keying functions) shows how far Kofax has come. For years, Kofax was criticized for its lack of understanding of the data capture market, but now, it finally seems to be making real progress. It’s probably no coincidence that Captiva, Bish’s former company (which he founded) had its roots in data entry. The 20%-plus growth in KTM sales in a down economy is proof that Kofax is on the right track here.

Express sales on the rise

As we mentioned earlier, Kofax is reporting 300% year-over-year growth for its Express, lower-end batch capture product. Granted, Express is only in its second year of existence, so, it’s still ramping up, but Ford seemed encouraged by its progress. “We are putting together a good sales team and starting to

ENTERPRISE CAPTURE A HOT TREND

The concept of enterprise capture seems to be taking hold. While working on three separate stories for this issue, vendors I interviewed used the term “platform” to describe their capture applications. **Top Image Systems** (TIS), **Brainware**, and **Kofax** each cited the advantage of being able to capture multiple document types with a single software implementation.

This is evidence of the evolution in the capture software market. It is similar to the evolution of document management that started about 10 years ago—when it morphed into enterprise content management. DM, like capture, had a legacy in departmental applications to automate specific business processes. As DM was being applied to more processes within organizations, the concept of a single ECM platform started to make sense.

Similarly, as capture is being used in more departments—in bowling terms, the headpin has been knocked down and other pins are starting to fall—enterprise capture is starting to make sense as well. That said, even though enterprise capture seems to be the hot trend, that doesn’t mean there’s not room for innovative, focused departmental apps. Just like there are still a lot of departmental DM apps being sold, **CaptureSage’s** new software for capturing data specifically from health insurance claims forms (featured on page 7) certainly has a place in the market.

see more multi-unit placements of Express,” he said. “We are working on getting more resellers to focus on it.”

Express is priced based on the volume of the scanner it is installed with. One seat of Express is designed to run with a single scanner. It does not feature the distributed architecture capabilities of Kofax Capture. Earlier this year, Kofax introduced Express 2.0, which includes integrated VRS capabilities, as well as high-compression PDF options.

Express grade: C+. While the 300% growth number sounds impressive, it’s hard for us to quantify it, based on the fact the product isn’t even two years old. We will say, there should definitely be a spot for Express in the market, especially among Kofax resellers, as Kofax continues to move its Capture suite upstream. We’re just not certain how many resellers are embracing it.

Here’s the thing, while Kofax applications software revenue (which includes Capture and KTM) rose 11% to \$41 million for the first half of Kofax’s fiscal 2010 (ended Dec. 31, 2009), its sales of applications through the channel actually declined 25%. So, obviously the channel is selling less Capture.

When Bish came to Kofax, one of his expressed [no pun intended] goals was to increase the company’s average deal size, which at the time was around \$15,000. This figure was produced by a large number of reseller-driven, sub-\$10,000 deals. Based on the declining channel revenue, we’d have to say there has been a significant decrease in sub-\$10,000 Capture deals. Can some of this be made up through increased Express sales? That’s the multi-million question, literally. If the answer is yes, and Kofax can do a good job marketing Express, it may help lead a channel revival for Kofax.

The jury is still out on Express, but the combination of Kofax’s technical strength in batch capture and the still unmatched breadth (in the capture software industry at least) of its VAR channel mean that two key elements are in place to make this product a success in the future.

170 Systems integration ongoing

The final piece of the Kofax software mix, which we did not really discuss in depth, is the BPM offering it acquired with 170 Systems last fall [see *DIR* 9/18/09]. While BPM is clearly an integral part of Kofax’s goal to automate document-centric processes, the 170 Systems technology is still being integrated into the rest of the Kofax technology stack— so a grade of incomplete is probably in order.

In conclusion, that’s probably more than you wanted to read about Kofax, and it’s certainly more than I planned on writing. However, at \$300 million in revenue (when you combine both the hardware and software businesses) and totally focused on document imaging, Kofax is clearly a major player in our market. The changes that have taken place there over the past two years have been hard for some people to take, but they also have the company on the track Bish envisioned [see *DIR* 2/1/08 and 4/4/08].

We will certainly continue to follow Kofax as it evolves, so, for better or worse, you can expect to read more about it in *DIR*.

For more information: www.kofax.com

Smaller TIS Focused on Increasing Profits

Five years ago, **Top Image Systems** CEO Ido Schechter set a goal of reaching \$30 million in annual revenue. In 2008, after a couple acquisitions, TIS hit this goal, but at the same time Schechter began to realize bigger isn’t always better. After reporting a 2008 operating loss of \$1.8 million, TIS began restructuring—shedding the lower margin components of its AsiaSoft acquisition and focusing on its strength in high-volume data capture software. The result has been a smaller, but more profitable business.

“The world has changed in the last 10 years,” Schechter told *DIR* in a recent interview. “It’s no longer important just to accumulate revenue. You have to show that you can be profitable. It’s not that we don’t plan on growing, but our growth will be cautious.”

For the first quarter of 2010 (ended March 31), TIS reported revenue of \$5.3 million, down 14% from the previous year. However, the company also reduced expenses enough that it grew its operating profit by 13%. “We improved our gross margins from 59% to 62%,” said Schechter. “We’re focused on raising that to 65%.”

The company’s greatest success continues to come in the European market, especially Germany. “Today, we get 70% of our revenue from Europe,” said Schechter. “We’ve had success in areas like invoices and the mailroom. Vertical markets we focus on include transportation and banking.

“We have a fairly unique offering for banks, because we offer many products built on a single

platform. We can offer capture for cash transfers, lockbox, classification, mailroom automation, and more, on the same platform. So, when a bank plans on automating several processes, our software offers a lower total cost of ownership vs. going with separate applications. This has proven to be a significant factor in our customers' decisions to go with us.

"It's an especially big advantage in large applications, but can be a hindrance on smaller deals. This has helped increase our average deal size over the last two years to around \$200,000—this is typically 65-70% runtime licenses and the rest professional services."

TIS has also eliminated a lot of the smaller and third-party reseller deals that were associated with AsiaSoft when TIS acquired a majority stake in the company in 2007 for \$1.8 million. At that time, Schechter projected that AsiaSoft would contribute \$8 million in annual revenue [see *DIR* 7/20/07].

However, currently he said the company's entire Asia-Pacific region business, which also includes sales in Japan and Australia, is accounting for only 15% of TIS' revenue. At the company's projected run rate of \$21-22 million for 2010, this would mean Asia-Pac is accounting for just over \$3 million in annual revenue.

"We've pretty much dropped the third-party reseller business that AsiaSoft was operating," said Schechter. "About 80% of our revenue in Asia is coming from our Singapore [the former AsiaSoft] office. But, the rate of closing deals in that region is much slower than in Europe. There is still a lot of market education that needs to be done there. Most of our success has come with international organizations, like banks, that have offices in the Far East."

TIS has also closed down its Chinese development center—after moving the bulk of its R&D from its Tel Aviv headquarters to Asia in 2007-2008 [see *DIR* 3/7/08]. "That did not prove to be a successful strategy," said Schechter. "New labor laws made it very expensive, and the developers not being fluent in English made things difficult. We've moved the R&D back to Israel with some application development in Germany and Poland."

Schechter said that the final 15% of revenue is coming from the Americas region, where TIS recently expanded its relationship with **J&B Software** [see *DIR* 5/21/10]. "Working with large international partners like Xerox and IBM, as well as smaller local integrators, we've done well in banking applications in South America," said Schechter.

"J&B has also proven to be a valuable partner in the U.S. and has brought us into large deals like capturing W-2 forms for the Social Security Administration in Philadelphia and the mailroom at Time Warner Customer Services. We continue to look for additional U.S. partners, but not ones that would compete with J&B."

That's not to say everything is rosy for TIS. At the end of last month, the company received a notice from NASDAQ that it was being given 180 days to get its share price over \$1.00 for a period of 10 consecutive days or risk delisting. At the time, TIS' share price was trading at just over \$.90 per share.

Schechter seems confident that if the company can show consistent growth and profitability the stock price will take care of itself. "The first quarter is always the toughest in Europe," he said. "For the rest of 2010, we are predicting quarterly revenue of \$5.5 million or more. At the same time, we will be focusing on operating profits and generating cash."

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

Brainware Continues Impressive Growth

Diversifying beyond invoice processing

Like TIS, **Brainware** is promoting the value of a diverse data capture platform vs. a single application. After making a name for itself in the invoice capture market, the Ashburn, VA-based ISV has expanded into areas like accounts receivable, digital mailrooms, and shared services. This expansion, along with continued success in the accounts payable (A/P) space, helped Brainware achieve 120% growth in software sales in the first quarter of 2010, compared to Q1 2009.

"We continue to execute better on our sales model," said Carl Mergele, the CEO who led Brainware's spin-off from SER Solutions in 2006. "In 2006, we had one salesperson, we now have 35. Also, our average deal size continues to increase to where it's now around \$600,000 per sale. That has more than doubled in the past 18 months.

"Based on what we have in our pipeline, I expect us to grow 50% this year, after growing 20% last year."

DIR caught up with both Mergele and Brainware VP of Marketing Charles Kaplan at last month's

IAPP-TAWPI show in Dallas. “The IAPP conference has been one of the best events we’ve exhibited at over the past few years,” said Kaplan. “While the market for document imaging technology in the A/P space continues to mature, I would still say that the penetration of IDR [intelligent document recognition – or applying OCR for automatically extracting data from invoices] is less than 15%.

“There are some very large companies still looking at solutions. In addition, a lot of users are realizing that data capture applications restricted to a single department, like A/P, are not optimal. As they expand their shared services operations, or grow through acquisitions, they realize the value of a capture platform that can handle multiple document types.”

From Kaplan’s perspective, the timing of the merger between IAPP and TAWPI was perfect because of the increasing interest Brainware has been receiving in the area of accounts receivable—historically a TAWPI specialty (while IAPP has focused on A/P). “*Distiller* is primarily a data capture application that we have honed for invoices because that is where the demand has been,” said Kaplan. “A/P has been a good beachhead, but we’ve also had success in areas like order processing and wholesale lockbox.

“Businesses are starting to realize the value in consolidating their back-office operations, not just for reducing labor, but also for increasing visibility into cash flow. The better their visibility, the better they can take advantage of opportunities for early pay discounts.”

Kaplan noted that providing this visibility is one of Brainware’s major advantages when competing against offshore keying. “Better control is a primary reason for going with a software implementation over outsourcing,” he said. “With outsourcing, there are issues that can arise when you’re trying to manage a staff around the world. Also, if there is a problem or an exception that needs to be resolved, CFOs prefer to have everything handled in-house.”

According to Kaplan, currently 60% of the Brainware’s sales are in the U.S. with 40% in Europe. The company has 100 employees and maintains the German development center where its software has its roots. “We are trying to outsource the bulk of our professional services work,” Kaplan said.

Last fall, we reported that Brainware had signed an OEM deal with **Oracle**, through which its software will be resold as part of Oracle’s *Imaging and Process Management* suite [see *DIR* 10/16/09]. “That arrangement is just ramping up, and the primary

focus will be A/P,” said Kaplan.

Mergele concluded by telling us about some work Brainware is doing to leverage its technology in the e-discovery market. “You know that our search engine’s intelligence is embedded in our capture application and enables us to perform approximate matches on invoice line items, which greatly increases our ability to do straight through processing,” said Mergele. “But, we also continue to develop our search technology on its own and have used it in some very large e-discovery cases. We are working on better productizing this.”

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

Integrator Introduces New Claims Capture Software

When I first started working for the *Document Imaging Report* back in the late 1990’s, healthcare claims were probably the top application for OCR-based forms processing technology. Companies like FormWare (which became Captiva), dakota, and Recognition Research, Inc. (RRI) all had good and growing businesses capturing data from forms like HCFA 1500s and UB-94s. All three did well enough, in fact, that they were eventually acquired, for fairly attractive prices, by larger entities.

As happens when companies get acquired, personnel, as well as focus, often changes. In addition, there has been a lot less buzz in recent years about healthcare claims capture, as the forms processing market has moved on to different applications, like invoice capture. But, that doesn’t mean there’s still not good business to be had, according to Dana Showers, president of **CaptureSage**. CaptureSage is a Madison, WI-based systems integrator that is launching a new platform for capturing data from healthcare claims forms.

“Since 2006, when Captiva was acquired by EMC [dakota was acquired in 2004 and RRI in 2005], a lot of vendors have been ignoring the claims processing market,” Showers told *DIR* in a recent interview. [Editor’s note: Currently, *Datacap*, *AnyDoc*, and *Kofax* are all offering imaging/OCR-based claims processing solutions, as well as *EMC Captiva*, *SunGard* (which bought RRI), and *Emdeon* (the spin-off from *WebMD*, which inherited the dakota business).] “But, I think the volume of forms continues to be fairly steady, despite insurance companies’ efforts to move toward electronic transactions. I mean, we recently worked on a prototype of our software with a BPO that is processing 53,000 claims forms per day—and that’s only a mid-sized operation.”

CaptureSage's experience in the healthcare claims industry has come as an integrator of Captiva's ClaimPak software. "Over the past 10 years, I've made a career out of delivering best practices around ClaimPak installs," said Showers. "What I've done is put all those best practices in a framework that can be installed on top of ClaimPak."

This framework includes a 67-step workflow. "We basically enable the software to do everything a user would expect it to, but it often doesn't—without some extensive professional services work," said Showers. "I have seen a lot of systems out there that are not providing an ROI, because the users can't internally support them, and they can't afford to spend \$100,000 on professional services. These systems often don't have effective forms ID, which makes their OCR ineffective—so it ends up working as slowly as if they were keying everything."

Showers cited CaptureSage's forms identification as one of its strengths. "Our forms ID is 99% accurate," he said. "We can recognize UBs and 1500s—both red background forms [to which color dropout can be applied] and non-red forms. The reason our ID is so accurate is because our forms registration is better, and this functionality, in turn, improves our OCR accuracy."

"I've seen products that offer forms ID at a 95% accuracy rate, but this isn't good enough, because it affects the OCR rate, and when you're dealing with thousands of documents per hour, the key entry requirements start to snowball."

Showers guarantees a one-year ROI for

CaptureSage's software, which has been in development for two years. "We also guarantee numbers like 250 red dropout forms per operator, per hour, and 75 non-dropout forms per operator [OCR rates are better on dropout forms]," he said. "This assumes some database look-ups, as well as an operator verifying each image."

Part of the ROI has to do with reducing the sorting done in the mailroom. "The only sort is dividing single and multi-page documents," Showers said.

Showers is initially shopping CaptureSage's technology to service bureaus. "They are typically the early adopters of improved technology," he said. "Currently, we think our technology is applicable to anyone doing at least 500 claims per day. Eventually, we want to target even smaller users."

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

CAPTURE CONF., FROM PAGE 1

This year's capture conference has been pushed back one week, to run Wednesday evening and Thursday, Sept. 15-16, the week after Labor Day week. Spencer noted that pre-registration was outpacing previous years by a significant rate and that space will be limited to 100 attendees. Over 70 people from around the globe attended last year's event. The conference is held annually at the Glen Cove Mansion on Long Island.

For more information: <http://www.hsassoc.com/documentcapture/>

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