

Document Imaging Report

Business Trends on Converting Paper Processes to Electronic Format

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June 24, 2011

THIS JUST IN!

NUANCE CLOSES EQUITRAC ACQUISITION

Nuance has closed on its acquisition of print management and cost-recovery specialist **Equitrac**. The terms of the deal, which was originally announced last month, call for Nuance to pay \$160 million in cash for Equitrac, which is headquartered near Ft. Lauderdale, FL. Equitrac is expected to add \$60 million in annual revenue to Nuance's Imaging business. Including its speech recognition business, based on its latest quarterly results, Nuance would appear to be on track for more than \$1.2 billion in 2011 annual revenue.

Equitrac is a long-time partner with eCopy, the MFP document capture specialist that Nuance acquired in 2009 [see *DIR* 10/16/09]. Equitrac is recognized as the market leader in the legal space for cost recovery technology, with close to a 40% market share. The legal space is also a big market for eCopy and, according to a press release, "an estimated 25 percent of Nuance eCopy installations already have print management software—many of them from Equitrac."

Nuance plans to more tightly integrate the eCopy and Equitrac products "to create a cross-platform system for scanning and print-management." MFP vendors that currently sell both Equitrac and Nuance technology include **Canon, Xerox, Konica Minolta, Ricoh** and **HP**. Both Equitrac and Nuance executives also view the acquisition as creating a stronger platform for playing in the emerging managed print services space.

For more info:

<http://tinyurl.com/DIRBlogNuance-Equitrac>

Service Bureau Spin-off Thriving with SharePoint for Imaging

SharePoint for document imaging is kind of like Bigfoot. Many people portray it as a large and powerful force—that's even a bit scary. However, they also question its existence as more than a legend. "People talk about it all the time," they'll say, "but we don't really see it."

Well, Scott Swidersky, president of **DocPoint Solutions**, has a different perspective. No, he hasn't seen Bigfoot, but he has certainly seen many instances of organizations using SharePoint to address document imaging needs. In fact, since DocPoint was launched in 2008, he says the systems integration specialist has done more than 100 implementations involving imaging and SharePoint.

"A lot of people in our industry use the word 'SharePoint' to drive traffic to their Web sites or increase attendance at events," said Swidersky, whose company is based in Fulton, MD. "But, they really haven't established connectivity between their core competency in document image capture and management and what they're speaking to regarding SharePoint. Because of that, they are leaving a lot of potential business on the table."

DocPoint's roots go deep into the imaging industry. The company is a wholly owned subsidiary of **Quality Associates, Inc. (QAI)**, a conversion services specialist and systems integrator where Swidersky is a principal. QAI is a leading **Kofax** reseller that has historically partnered with **Open Text** and **IBM** for document repository needs.

"Today, we find that we are bringing in DocPoint as a partner for a lot of QAI's systems integration opportunities," said Swidersky. "QAI is a capture specialist and there is always the question of what we are going to do with images after we capture them. One answer is to bring in DocPoint and its skills around building ECM applications on SharePoint."

DocPoint customer references that Swidersky provided

us include **Johns Hopkins, General Dynamics, Cornerstone Records Management, the Seventh-day Adventist World Church, the National Institutes of Health, and the United States Coast Guard.** "Some of our customers have thousands of users," he said. "We're also starting to develop some repeatable solutions in areas like human resources and electronic medical records."

Swidersky acknowledged that the introduction and adoption of SharePoint 2010 has been a key element in DocPoint's increasing success. "When we first launched, we were supporting SharePoint 2007, which required several add-ons to provide a complete imaging solution to the customer," he said. "However, when SharePoint 2010 was introduced, it enabled us to more effectively compete in the traditional ECM market."



"They really haven't established connectivity between their core competency in document image capture and management and what they're speaking to regarding SharePoint. Because of that, they are leaving a lot of potential business on the table."

– Scott Swidersky, DocPoint

"New features in areas like storage optimization, records management, and meta data management, as well as the maturation of third-party products for governance, compliance, and workflow, have all come together to really drive adoption of SharePoint 2010 as an ECM solution. I would say that overall, 85% of DocPoint's installations are built on SharePoint 2010. This includes all the new ones, and we are helping many of our 2007 customers migrate to 2010."

From humble beginnings

DocPoint's growth and success has not come without challenges. "When we launched the company [see *DIR* 5/2/08], there was a lot of interest in using SharePoint for ECM, but really there was very little spend," said Swidersky. "People were hesitant to adopt SharePoint as a replacement for traditional ECM software. With the introduction of 2010, and some of the market education around it, that spending is now actually exceeding expectations."

"One thing we had to do was close the gap between what we thought customers knew and what they actually knew. As an offshoot of this, DocPoint has launched a practice focused primarily on SharePoint training. We've found training to be useful, for example, in cases where IT departments have taken SharePoint as far as they can take it but want to go further."

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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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“They may have been able to set up some personal Web sites and/or minor collaboration sites, but are feeling a responsibility to learn more about SharePoint’s other tools, such as those that can be used to create ECM repositories. In many cases, we found we were consulting on these matters for free, or close to it, as part of a pre-sales effort. So we decided to better monetize our efforts through a formalized SharePoint training service.”

Software savings drive adoption

According to Swidersky, **Microsoft** has brought DocPoint into multiple customer sites, where users were inquiring about extending their SharePoint implementations to address imaging and ECM. “Establishing DocPoint as a Microsoft partner has been critical to our success,” he said. “We feel it is important to invest in a relationship with Microsoft, so we understand the direction they are headed and can take advantage of that direction.”

In addition to Microsoft, DocPoint’s leads come from a combination of DocPoint’s and QAI’s sales teams. “I would say that QAI brings DocPoint into seven out of every 10 of QAI’s systems integration opportunities,” Swidersky said. “About 40% of DocPoint’s business comes from QAI customers, who like most everyone else, have standardized on the Microsoft Office suite for their normal business computing activities and are now embracing SharePoint as their standard, enterprise-wide ECM platform.

“Many of our clients have actually been using SharePoint for several years as a general collaboration tool. In many cases, they are also supporting a traditional ECM platform for records and document management.”

Swidersky said that the cost differential between SharePoint and traditional ECM software is what makes it so attractive to end users. “We find that the initial cost of deploying SharePoint for ECM is 30-60% less than the cost of deploying traditional ECM software,” he said. “In some cases, the maintenance costs of a legacy ECM system alone can justify a new SharePoint implementation. This maintenance includes not only the 20% annual software fees, but often the FTEs needed to manage legacy ECM software.

“Because it’s easier to configure and manage, and because it’s part of the Microsoft technology stack, a SharePoint implementation can sometimes be administered by a person with other responsibilities. I want to stress, however, that this can vary depending on customer requirements.” *[For an example of a user that was able to reduce its administration costs by switching from a legacy ECM application to*

*SharePoint, check out this **KnowledgeLake** case study on **Tyson Foods**: <http://tinyurl.com/TysonKLake>. According to Rebecca Wilson, project leader for Tyson Foods’ productivity management group, “We now use an equivalent of half a full-time employee, whereas in the past it took two full-time employees to operate the Documentum system.”]*

Swidersky also stressed that there can be significant professional services associated with a SharePoint ECM implementation. “In addition, we typically need to bring in third-party software for functionality like capture, search and retrieval, governance, storage management, and workflow,” he said. “Still, the cost of software in a SharePoint ECM implementation is probably only about 40% of the total cost, with the other 60% being professional services. With a traditional ECM software implementation, 60-70% of the cost is usually related to software.”

Swidersky said that not having to work with a traditional ECM vendor is also a positive for a systems integrator. “You don’t have to worry about Microsoft invading your customers, like you do with the direct sales forces of ECM vendors,” he said.

PARTNERS FLESH OUT SHAREPOINT

As all of us in the industry know by now, even with its vast ECM improvements over previous versions, SharePoint 2010 is not an out-of-the-box document imaging system. SharePoint is more of a platform on which SIs can build document imaging applications—typically utilizing third-party software. **DocPoint Solutions** works with a variety of ISV partners to provide document imaging capabilities. These include **KnowledgeLake** (capture and search), **Vizit** (viewing), **AvePoint** (cloud integration, file migration, server administration, governance, and archiving), **Kofax** (capture), **Nintex** (workflow), **Psigen** (capture) and **Fujitsu** (scanning).

DocPoint’s parent company, **QAI**, continues to work with **Open Text** for some ECM applications where SharePoint is not an optimum fit. “It was more prevalent when most of our customers were running SharePoint 2007,” said Scott Swidersky, president of DocPoint and a principal at QAI. “With 2010, and all the partner relationships we’ve established around it, I’d say it’s not very often that SharePoint can’t solve our customers’ ECM needs,”

Swidersky noted that QAI’s target market is “large, enterprise deployments,” but added that he also sees SharePoint being deployed for imaging in mid-market applications. “SharePoint is a very cost-effective solution for the SMB,” he said. “Basically, it enables you to do a lot of what you could do in the past with traditional ECM systems, for a fraction of the cost.”

"Microsoft is interested in selling software, but doing it through their channel, and DocPoint isn't typically involved in SharePoint software sales anyhow."

Swidersky has found professional services rates related to SharePoint configurations to be comparable to the rates integrators can get for services on traditional ECM products. "There are a lot of guys out there with accreditation on Microsoft server products," he said. "But, is a user going to trust one of those guys with a large scale ECM project if he doesn't have any experience in that area? That's where DocPoint's ties with QAI and its experience really pay off."

"Basically, DocPoint is solving the same business problems that we've been solving at QAI for many years. We're just solving them with core competencies related to SharePoint. Often times, we'll walk into a customer site and our competition won't be a traditional ECM vendor, but another SharePoint integration specialist that doesn't have near the experience with document imaging and workflow that we can bring to bear. They can't answer the questions that we can."

Back to the future

Swidersky estimated that being able to implement ECM solutions with SharePoint has increased his organization's systems integration opportunities 10-fold. "DocPoint is approximately a \$5 million a year business right now and we anticipate significant growth this year," he said. "Working with DocPoint reminds me of being in the traditional document imaging space eight years ago. There is less competition and fewer players that really get it. And there is an enormous demand for companies with experience."

Swidersky concluded by saying he feels there are opportunities for other service bureaus to partner with DocPoint in the same manner QAI does. "I suspect that there are a lot of service bureaus being asked questions about SharePoint as an ECM destination, and that these service bureaus are leaving the questions unanswered," he said. "They need to recognize the potential market being created by organizations that can now easily roll out ECM solutions using their existing SharePoint licenses—a product they are familiar with and already likely using for other applications. DocPoint certainly has the experience and skill set to take their customers' SharePoint environments and turn them into successful imaging and content management systems."

For more information:

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

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

Windows Azure Platform Good Fit for M-Files

M-Files recently announced that it is offering the first production document management application running on **Microsoft's** Windows Azure cloud platform. The Finnish ISV, which has its North American headquarters in Dallas, is planning to leverage Azure's strengths in areas like scalability, security, and application integration to drive adoption of its new Cloud Vault SaaS application. Azure is Microsoft's Platform-as-a-Service (PaaS) offering that was launched last year.

"Leveraging Azure as our platform for our hosted offering has a lot of Microsoft-related benefits," said Greg Millken, president of M-Files. "Azure has a tremendous geographic distribution of data centers, so it can provide optimum application delivery to our worldwide customer base. In addition, Microsoft's storage space is virtually unlimited. Plus, Azure provides all the secure backup, disaster recovery, and compliance with regulations like SAS 70 that hosted applications require."

Millken acknowledged that choosing Microsoft as its PaaS partner was a virtual no-brainer due to M-Files' existing relationship with the Redmond, WA-based technology giant. "Our software is already tightly integrated with the Microsoft core product stack," he said. "We are heavily invested in .NET and Windows technology. We integrate tightly with the Office family of products, and with SharePoint—vastly improving search capabilities for SharePoint users. Our software also integrates with the Dynamics product family, with which we synchronize content."

"So, while some other vendors, possibly including **Amazon**, may say their offering is a PaaS solution, we believe that Azure is more robust for us especially as it relates to improving and simplifying integration with other Microsoft technologies running on Azure."

"Further, by choosing Azure we gained immediate benefits such as the ability to easily offer single sign-on to M-Files with the customer's Active Directory credentials. In other words, we can host the customer's M-Files vault in the cloud on Azure, and the customer can continue to use their own domain's user accounts and passwords. This doesn't even require the customer to open any ports in their corporate firewall, ensuring that a high level of security is maintained."

Who is M-Files?

M-Files, which was founded in 1989, entered the

document management market in 2005 as Motive Systems. It recently changed its company name to reflect its successful product line, which is installed at 14,000 customer sites worldwide, in 70 countries, and being run in 21 different languages. "Today about 30% of our business is in the United States, with half of the remaining 70% in Europe," said Millken. "We also have installs in Southeast Asia, Latin America, the Middle East, and Africa. We work primarily through resellers and have 160 partners worldwide."

Millken offered some of M-Files more high-profile names, including **AstraZeneca**, the **United Nations**, **InterOil**, **Tupperware**, and **EADS**. "M-Files' core differentiator is that it is extremely customizable and easy to configure," he said. "This, along with our ability to integrate with third-party products in areas like ERP and CRM, has enabled us to have success in multiple verticals, including those with heavy regulation and compliance demands. We have customers using our software in accounting and finance, education, insurance, legal services, manufacturing, and healthcare applications. We typically target the SMB, but we also have departmental deals in larger organizations. AstraZeneca, for example, installed M-Files originally to manage its marketing literature. Typically, with big companies, we'll get into a niche area and expand from there."

VISIONEER UPGRADES WORKGROUP MODEL

Visioneer has introduced a new workgroup document scanner. The **Xerox DocuMate 4440** is rated at 40 ppm/80 ppm at 200 dpi in black and white and 150 dpi in color. Like other DocuMate scanners, it features Visioneer OneTouch with **Kofax VRS** for capture workflow and image processing functionality. The 4440 also features a 50-page ADF and a straight paper path designed to handle plastic cards, including drivers' licenses and medical or insurance cards. This feature makes it well suited for healthcare and insurance applications.

The new scanner includes a certified TWAIN 2.1, as well as ISIS and WIA, drivers. Bundled software includes Kofax VRS and **Nuance PaperPort** and **OmniPage Pro**. An optional Kofax VRS Pro bundle that enables barcode scanning is available.

The 4440 lists for \$1,195 and appears to be a replacement for Visioneer's Xerox DocuMate 262i, which also addresses card scanning. The 4440 is slightly faster and has ultra-sonic double-feed detection.

For more information:

<http://www.xeroxscanners.com/en/us/products/item.asp?PN=DM4440>

"Our average deal size is probably 25-50 users, but we don't turn up our noses at five-user deals. Our SMB strategy is based on our marketing plan, not our technology, which can certainly scale. We just really don't want to compete directly with vendors like **Open Text**, **EMC Documentum**, and **IBM FileNet**, and deal with the two-year sales cycles you run into at the upper end of the market."

Millken noted that there is a document imaging component to almost every one of M-Files' deals. "Imaging has always been part of our focus," he said. "We have a partnership with **I.R.I.S.** to provide OCR, and we continue to augment our imaging capabilities. Recently, we've been building stronger relationships with scanner vendors."

Potential for data integration

It's Millken's view that improving ease of use is going to start driving increasing adoption of document management technology. "Ease-of-use applies not only to users, but also to integrators and day-to-day employees who deploy and configure software," he said. "For mainstream adoption to occur, there can't be massive expenses associated with deploying document management."

SaaS applications should contribute to ease of deployment. "One advantage we have over other cloud players is that we are bringing a production-proven system to the cloud rather than a brand new product," said Millken. "We have plenty of references we can point to that are using our technology."

Like the on-premise product, M-Files Cloud Vault can utilize either a thick or Web client—with the thick client offering increased functionality like caching that enables off-line access to documents. M-Files also does some interesting work with meta data, like dynamically creating virtual folders based on meta data fields.

According to a brochure on M-Files' integration with Azure, M-Files is embracing a concept called "metadata cards," that it views as key for data integration on the cloud. According to the M-Files brochure, "The cloud enables data integration in ways that we are only starting to comprehend. Advanced data integration requires machines to understand the semantics, or meaning, of information by inserting machine-readable metadata about content and its relationships. In addition, data integration enables automated agents to access content more intelligently and perform tasks on behalf of users."

"M-Files embraces this notion through 'metadata cards.' Each instance of stored content is

accompanied by a metadata card enabling applications that use automated agents to access and utilize that content.”

“We believe that through Azure, Microsoft is offering us a rich set of development and application integration capabilities, and it’s all in .NET, which is where our development investment has historically been,” said Millken. “We like the idea that we can leverage a lot of the work we’ve already done to interface with Microsoft technologies and other applications, or even external databases, to interface with cloud applications on Azure.”

For more information: <http://www.m-files.com/>

Swedish P2P Specialist Looking for U.S. Resellers

When framed within Geoffrey Moore’s *Crossing the Chasm* technology adoption model, there is no question that invoice capture has been the proverbial beachhead for IDR (intelligent document recognition). However, if you rewind less than 10 years, you’ll also find we were questioning whether automated invoice capture would ever catch on [see *DIR* 5/9/03].

Two keys to the success of IDR in the invoice space have been its integration with ERP systems and workflow. Vendors like **ReadSoft**, **Kofax**, and **Open Text** have each made acquisitions to ensure their IDR is tightly integrated with the workflows and data related to ERP software from **Oracle** and **SAP** and this has led to significant wins in the Global 2000 space. The mid-market, however, has remained fairly elusive to IDR vendors, even though we’ve seen a host of invoice capture products released in recent years that target the SMB [see *DIR* 5/1/09].

Palette is hoping to change that. Palette is a Swedish purchase-to-pay (P2P) specialist that recently ramped up its North American sales efforts by naming Michael Cichy its GM of U.S. operations. Palette is targeting capture VARs looking to supplement their technology with workflow and ERP integration. Palette has on-premise and SaaS (software-as-a-service) versions of its software.

“We are looking to partner with regional resellers that have experience in the data capture market,” Cichy told *DIR*. “We offer integration with 73 different ERP systems, including Oracle and SAP, but our real focus is the mid-market, where apps like J.D. Edwards play. Our product can scale to address the Global 200, but we prefer to play in the mid-market through channel partners.”

Palette was founded in 1993 and released version 6.0 of its software this year. It has approximately 1,000 customers worldwide, with the majority in Europe. Palette entered North America a couple years ago through a partnership with **BancTec**, which resells Palette under the brand name AP Master [see *DIR* 8/21/09]. “I was introduced to Palette while doing consulting for BancTec as a subject matter expert in the P2P space,” said Cichy. “BancTec asked me to do a vendor search. They were looking for a global, multi-tenant hostable solution to solve accounts payable (A/P) problems for their customers.

“We looked at 31 vendors and selected Palette. We were impressed that it is a multi-language, multi-currency, and multi-tenant system that can be hosted or delivered on premise. BancTec continues to be a master reseller, but Palette has decided to accelerate its North America efforts by expanding its channel.”

When we talked with Cichy, he had signed up approximately a half dozen resellers. “This includes **PNC Bank**, which is offering our software under the A/P Advantage brand,” he said.

Cichy also presented at **ReadSoft’s** recent North American reseller and user conference. “We have a great relationship with ReadSoft (which is also based in Sweden) and our companies have 300 joint customers worldwide,” he said. “We can also

COMPRESSION ISVS UPGRADE TECHNOLOGY

CVision has included its super-fast OCR technology in the latest version of its Maestro PDF server product. CVision, which has done a lot of work in pattern recognition, including JBIG2, combines its technology with a third-party OCR engine to achieve advertised full-text OCR speeds of up to 20 pages per second [see *DIR* 10/8/10]. CVision Maestro 5.0 also includes a “super-accurate” mode. Both of these features were introduced last fall in PdfCompressor, a CVision product that offers all the features of Maestro, but also includes advanced image segmenting and compression technology.

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

LuraTech, another pioneer in the area of advanced document image compression, recently made forms recognition and field-level data extraction standard features in its LuraDocument PDF Compressor Enterprise software. Two years ago, these features were introduced as optional modules [see *DIR* 5/1/09]. LuraTech continues to offer optional modules in the areas of digital signature and conversion of electronically-generated documents.

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

receive images and data from **Kofax** and other capture applications.”

Cichy noted that one of Palette’s differentiators is the software’s ability to perform “cascading matching.” “This means we can automate processing of non-P.O. invoices by going through a series of steps to find a relevant piece of information,” he said. “For example, we first might look for an account number, then a zip code, then somebody’s name, etc. Depending on what we find, we can automatically inject the invoice into the appropriate workflow without having to go through A/P. The bottom line with our software is in saving work for A/P.”

In recent years, Palette has added a purchasing element to its payables workflow automation. “Our purchasing technology basically helps companies get control over their non-PO spend,” he said. “To create POs in an ERP system, you typically need an expensive user license. Our software can be used to create and manage spending that takes place outside of POs created in ERP. Basically, our entire P2P suite is designed to augment an ERP installation.”

Cichy told us that as the economy improves, end users are looking to purchase P2P tools more often to plan for future growth rather than to reduce existing headcount. “Organizations are still looking for an ROI,” he said. “But now, it’s less often about just getting leaner and more often about trying to anticipate growth and having technology in place to handle it. In other words, as they grow, organizations would like to keep their headcounts stable.”

PERCEPTIVE NAMES MARKETING VP

Perceptive Software has hired Glen Cross as its new VP of marketing. Perceptive, which is based in Shawnee, KS, is a developer of document image management technology. Last year it was acquired by printer and MFP vendor **Lexmark** [see [DIR 7/2/10](#)]. Cross has spent 17 years in the software industry and has been involved in global marketing efforts at **Symantec**, **Open Text**, and, most recently **CA**.

According to a press release, Cross takes over for Perceptive co-founder Cary DeCamp. “Since January, [DeCamp] has served as executive VP for strategic initiatives, primarily charged with expanding the company’s international leadership team and instilling Perceptive Software’s business processes globally.” Earlier this year we ran a feature detailing some of Perceptive’s aggressive international expansion efforts [see [DIR 3/18/11](#)].

For more info: <http://www.perceptivesoftware.com/>

Cichy concluded that the ultimate goal for almost any organization is completely electronic invoices. [Editor’s note: According to a 2010 **Aberdeen** study quoted in PNC’s A/P Advantage video demo, 83% of invoices are still paper.] “Our software can ingest any type of electronic or paper-based invoice, and we have integration with **OB10’s** electronic invoicing network,” he said. “Basically, we provide a platform for organizations to accept any type of invoice, which will enable them to transition to electronic invoices as they get there. And we think we have the only SaaS platform truly architected for multi-tenancy that can offer this.”

For more information: <http://www.palette-group.com/>

The Kofax-Pegasystems Synergy

Earlier this month **Kofax** announced a “technology marketing alliance,” with BPM leader **Pegasystems**. Kofax showcased an integration between its capture platform and the Pega Rules Process Commander (PRPC) and the recent PegaWorld users’ conference. According to a press release, “The Kofax enterprise capture solution enhances a BPM infrastructure by collecting and transforming information when it arrives at the perimeter of an enterprise and delivering that information directly into automated business processes to accelerate and streamline downstream tasks and activities.”

There currently doesn’t seem to be any reseller agreement in place between the two organizations. “As part of our relationship with Pegasystems, Kofax is providing an integration between Kofax software and PRPC,” Allen Carney, VP, product marketing, for Kofax. “This ongoing project enables customers of both companies to extend their capabilities to embrace capture-driven processes. We are working together on a number of joint accounts to deliver this capability.”

The partnership is reminiscent of an alliance between **AnyDoc** and **Appian** that was announced a year ago. However, in that deal AnyDoc is actually reselling Appian’s software as part of integrated capture and BPM solutions [see [DIR 7/2/10](#)].

We thought Pegasystems’ technology may overlap somewhat with the workflow Kofax picked up with the acquisition of 170 Systems [see [DIR 9/18/09](#)]. However, capture market analyst Harvey Spencer of **Harvey Spencer Associates** said that is not the case. “Pegasystems’ main strength is in the banking market, and that is not an area where 170 Systems [which is focused on A/P automation] plays,” he said. “There is a huge opportunity for Kofax related

to integrating its technology with BPM in the banking and financial services market. A lot of it has to do with linking distributed capture for ad hoc transactions to back-end processes, which are often being managed with Pegaystems, or other BPM, software."

For more information:
<http://www.documentimagingreport.com/index.php?id=2154>

Merger Creates Business Process Services Leader

Earlier this year, you may have seen it announced that **SourceCorp** had merged with **HOV Services** to create a \$481 million entity with more than 14,000 employees. Basically, the merger represents the coming together of the former Lason (HOV) and F.Y.I. (SourceCorp) organizations that were rivals in rolling up document imaging-related service bureaus in the late 1990s. The new combined organization, known as **SourceHOV**, advertises itself as a leader in the business process services (BPS) space.

Ed Bowman, former president and CEO of SourceCorp, is now CEO of SourceHOV. Suresh Yannamani, who joined Lason in 1999 with the acquisition of Vetri Systems, is president, BPS, for SourceHOV.

Yannamani explained to *DIR* that, in recent years, HOV has been evolving from its roots in document imaging and data capture and into a provider of more complete services. "Yes, we continue to offer mailroom and data capture services," he said. "But,

we also offer services in areas like claims adjudication support, general ledger, and lockbox. We have invested heavily in our technology infrastructure and look forward to enabling the former SourceCorp to take advantage of our advanced platform."

In addition to document and data capture, SourceCorp brings litigation and lawsuit support and risk mitigation consultancy services to the mix. SourceHOV lists vertical focuses in banking and financial services, healthcare, government, publishing, retail, transportation, utilities, and commercial and industrial manufacturing.

For 2010, SourceCorp reported \$322 million in revenue, while HOV Services reported \$159 million. SourceCorp's annual revenue peaked at more than \$400 million in 2005, before it was acquired by Apollo Management in 2006. Apollo owns 50% of SourceHOV, with the former shareholders of HOV Services owning the other 50%. HOV acquired the former Lason business from the investment firm Charterhouse Group in 2007.

SourceHOV has secured \$625 million in funding from a consortium of banks. Funding will be used to refinance existing debt and provide working capital.

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

CHECK OUT DOCUMENT IMAGING TALK

Remember to visit our blog, for semi-weekly updates and analysis on current events in our industry, like this post: <http://tinyurl.com/DubesDIRTalk> on former **Cardiff, Kofax**, and **Captaris** marketing executive Tim Dubes joining recognition technology start-up **NovoDynamics**.

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