

# Document Imaging Report

Business Trends on Converting Paper Processes to Electronic Format

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June 6, 2003

## THIS JUST IN!

### OPTIKA ACQUIRES OEM PARTNER

**Optika** recently became the latest ECM/document and image management vendor to jump on board the records management train. The Colorado Springs-based software developer recently acquired OEM partner **Select Technologies**, which is based in Boise, Idaho. Select provides the technology behind Optika's *Acorde Records Manager*, which was launched in March. The companies had originally been pulled together through mutual customers, including **J.R. Simplot**, a \$3-billion agribusiness firm based in Boise.

Optika will dole out some \$850,000 in cash and 500,000 shares of common stock to complete the transaction. Based on the trading price of Optika shares when the deal was announced, it was worth somewhere around \$1.5 million. Select shareholders have the opportunity to earn an additional \$600,000 based on *Acorde Records Manager* sales over the next three years.

As of March 31, Optika's balance sheet showed close to \$8.5 million in cash and short-term investments. Optika joins **Documentum**, **IBM**, and **Open Text** as document repository vendors who have recently acquired records management technology. In addition, **Tower Technology** recently announced an internally developed records management application. Still other repository vendors, like **Vredenburg** and **Identitech**, have signed OEM agreements for records management technology. Meanwhile, **Tower Software**, which has a records management background, is forging ahead with a product in the document management space.

In an effort to better serve the burgeoning regulated archiving market, these two spaces have merged. The third logical piece of the puzzle is integrated e-mail management. ■

## Bell & Howell Back In The Hunt

*New GM takes over re-emerging scanner vendor.*

**Bell & Howell** is back and ready to reclaim its position as one of the leading scanner vendors in the market. The impressive announcement at **AIIM 2003** that the new Copiscan 8000 Spectrum Series was ready to ship should finally dispel the notion that **Böwe Bell & Howell Scanners** is a one trick pony still riding the coattails of a huge deal with **FedEx** almost two years ago. The Spectrum is a competitively priced, impressively designed device, the launch of which represents the new face of the revived, and recently renamed, company.



Russell Hunt, GM,  
Böwe Bell & Howell  
Scanners.

Yes, this is the same Bell & Howell Scanners that was nearly swallowed by competitor **Kodak** in late 2000. That was before **SEC** concerns squashed the deal and left the scanner manufacturer an apparent cast-off in search of a new direction. "Back in 2000, we were definitely convinced Bell & Howell Scanners was being sold to Kodak," reflected Russell Hunt, the recently appointed GM of Böwe Bell & Howell Scanners. "I personally made many trips to Rochester to work through the transition details."

At the time of the proposed deal, there was even some question as to whether the Bell & Howell product lines would continue. Kodak already had scanners that overlapped with Bell & Howell's products, so it appeared the future of one of the industry's most storied brands, the Copiscan, was in jeopardy. The original Copiscan line had been launched in the mid-1980s, based on the groundbreaking work of a team of Belgian inventors led by Dan and Roland Borrey [see *DIR* 2/21/03].

"After we got the news the Kodak deal wasn't happening, it was like we got a new lease on life," Hunt told *DIR*. "We decided to throw away a lot of the things we had been doing and try some new ones. Very few companies ever have the opportunity to make that type

of restart.”

### Coming Back From The Brink

At the time of the proposed sale to Kodak, Bell & Howell Scanners was foundering. Its 8000 scanner series, which was designed as the replacement for the popular Copiscan II, had been very late to market. And before Bell & Howell could ship the 8000, in 1998 Kodak launched its 3500 series. Practically overnight, 3500 sales surpassed Copiscan II sales. By the time the 8000 hit the streets in early 1999, Bell & Howell was playing catch-up to Kodak in the mid-volume production scanner segment it had formerly dominated.

**“Kodak gets service contracts on 60-70% of every 8000 series scanner we sell.... Kodak is asking its other partners why they can't be more like Bell & Howell.”**

**Russell Hunt, Böwe Bell & Howell Scanners**

In addition, at same time the sale of Bell & Howell Scanners was blocked, the sale of Bell & Howell's Imaging Services Group to Kodak went through. In addition to servicing Bell & Howell scanners and micrographics equipment, Bell & Howell's Services Group had a number of third-party contracts. It employed some 500 people and was looked on by Kodak as the jewel of the proposed acquisition of the Bell & Howell Imaging unit [see *DIR* 11/17/00].

The result was that Bell & Howell Scanners was seemingly orphaned. Along with the Bell & Howell Mail and Messaging Group, a \$400 million production mail equipment manufacturer, Scanners found itself searching for an investor. Both groups eventually found one in Chicago-based private equity firm **Glencoe Capital** [see *DIR* 10/5/01].

### Huge Deal Provides Lifeline

About a month before the deal with Glencoe was announced, Bell & Howell Scanners received an even larger boost. That was the announcement of the sale of some 1,000 scanners to FedEx for a distributed scanning application. The Memphis-based courier had formerly run a centralized application utilizing Kodak scanners. FedEx Managing Director of Shipment Data Capture Todd Hollenbeck told *DIR* that the key to the decision to go with Bell & Howell was the incorporation of **Kofax's** VRS image-enhancement technology in Bell & Howell's scanners.

Bell & Howell also admitted to doing some customization to woo FedEx. After that, Bell & Howell decided to make customization part of its business model. With the help of this **Avis-like**, “We Try Harder” approach, reports out of Bell & Howell for the last couple years have been favorable. According to Hunt, not including the FedEx deal (which because of its size is considered an anomaly), over the past

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four years, Bell & Howell Scanners has enjoyed a CAGR in the high single digits. It currently has the equivalent of 60 full-time employees.

### **New Product Completes Rebirth**

However, previous to the announcement of the Spectrum series, the company appeared in danger of slipping into obscurity again. As its competitors continued to announce new products, many with color capabilities, Bell & Howell was still promoting the bi-tonal 8000 series. The introduction of the Spectrum has, of course, changed that [see *DIR* 4/25/03].

Fortunately for Bell & Howell, the market has been slower to adopt color functionality than many had predicted. So, despite its late start, Bell & Howell has not fallen too far behind the leaders in the color space. Hunt is cautiously optimistic about the prospects of the Spectrum. "It looks like a hit, but obviously we are still in the early stages," Hunt told *DIR*. "The proof will come a year from now when I can tell you how many we have sold. We only recently landed our first major deal with a state government for 13 Spectrums, but it's still very early in the game."

Hunt told *DIR* that he has set a goal for selling a specific number of Spectrums in the next year. Regardless of the results, the Spectrum represents a new direction for Bell & Howell. "The design for the Spectrum was a collaboration between Bell & Howell and its partners," Hunt said. "In the past, we designed all the specs and then passed off some of the component specs to third-party manufacturers. Those manufacturers may have had an engineer who would come back and suggest we do something differently. However, there wasn't much cooperation in the process."

"In 2000, after the near acquisition by Kodak, we decided we wanted to be more creative in our design, and we wanted to do something to get our products to market faster. So, we started working closely with several partners that have design expertise, like Kofax and **Image Access**. This type of cooperation enabled us to get the Spectrum to market ahead of schedule."

### **Böwe Brings Manufacturing Expertise**

In addition to the use of a new design process, the Spectrum is also being manufactured in a new environment. Earlier this year, Bell & Howell Company, which includes both Scanners and Mail and Messaging, merged with the North American operations of **Böwe Systec**. As a result, Böwe, a publicly traded German production mail equipment manufacturer, acquired 50% of Bell & Howell Company.

"Böwe doesn't have any scanner products, but they have an excellent engineering background," said Hunt. "We've found a great new home with a good-sized, profitable company that is definitely concerned with manufacturing. Since the merger, we have moved our scanner manufacturing into the same facility as our Mail and Messaging manufacturing in Lincolnwood, IL."

Hunt said that the merger with Böwe came as a surprise to many at Bell & Howell Scanners, but that the transition has gone smoothly. The only apparent hiccup may have been the resignation of GM Stephen Myers shortly following the merger. "The timing of Stephen's resignation was a coincidence," said Hunt. "Stephen has a financial background. Although he had actively sought the GM position at Bell & Howell, after doing it for awhile, he decided he wanted to go back to more of a financial role. So, when he received an opportunity in that area, he took it."

Although Myers' resignation was a bit abrupt, Hunt said he had been training for the GM's position for about a year. "Stephen did a great job of promoting me to the new management," Hunt said. "For the past year, he had been grooming me by having me sit in on strategic planning and budget sessions. I was doing a lot of things a regular VP of sales and marketing does not get to do."

Hunt added that having an experienced staff surrounding him has also made his transition easier. "Roland Simonis, our director of technological development, came to Bell & Howell when the scanner business was first acquired," said Hunt. "And we have several other executives who have been

### **BELL & HOWELL CHALLENGES KODAK TO SHOOTOUT**

In our April 25 issue, we wrote that, based on pricing and performance specs, it appeared **Bell & Howell** was positioning the upper end of its Spectrum series against the **Kodak** i800 series. We also mentioned that there are some in the industry who question whether a tabletop scanner like the Spectrum can match the paper handling capabilities of a floor-standing model like the i800.

"We are absolutely confident positioning the Spectrum against the i800," Russell Hunt, GM of Böwe Bell & Howell Scanners, told *DIR*. "I'll acknowledge there is a perception that floor-standing scanners handle paper better. In fact, a potential customer brought up that same issue during a recent visit I made to Germany. I told him the same thing I'd tell anybody. We are very comfortable running a side-by-side shootout with the i800 using a business's worst documents."

here for seven or eight years.”

### **Hunt Promises New Products, Better Service**

As the new GM, Hunt promised to focus on two areas: service and product development. In its service business, Bell & Howell maintains a sort of love/hate relationship with its former suitor Kodak. “Kodak gets service contracts on 60-70% of every 8000 series scanner we sell,” said Hunt. “From what we understand, this is the highest percentage of any third-party vendor Kodak works with. Kodak is asking its other partners why they can’t be more like Bell & Howell.”

Alternatively, Bell & Howell has its own service program, which is designed to empower resellers to service scanners themselves. Like Kodak and **Fujitsu**, Bell & Howell sells mainly through two-tiered distribution. Hunt estimated Bell & Howell Scanners has approximately 150 active participants in its VAR program.

“Unlike some of our competitors, we allow VARs to become manufacturer-authorized service providers,” said Hunt. “Since we launched an official program, we’ve certified close to 70 resellers. Before that, we would issue certification on an ad hoc basis. But, as both Fujitsu and Kodak have closed down a lot of their service avenues for VARs, our resellers suggested we promote a formal program. We consider the number of service options we offer to be a competitive advantage.”

Bell & Howell also plans to launch a “train-the-trainer” program. This will allow organizations with large, third-party service arms, such as **Scantron** or **Anacomp**, to have one person trained who can then train the rest of the organization’s service staff.

Bell & Howell also recently hired an employee to focus on the integration between Bell & Howell scanners and application software. “Often times, software applications do not support all the features advertised on our scanners,” Hunt said. “Our new hire is responsible for reducing problems related to those types of things.”

### **Bell & Howell Launches Two-Year Roadmap**

On the product side, Hunt said that Bell & Howell hopes to expand both its product line and features. “We are in a market driven by new products,” he told *DIR*. “At AIIM, we announced that we are developing a two-year product roadmap. We just launched the Spectrum series, so our engineers would like to take a deep breath and take the summer off. However, I’ve got to drive them to accelerate work on our next product.”

Currently, Bell & Howell is actively marketing the

8000 Plus series as well as the Spectrum series—both of which are rated at between 65/80 (portrait/landscape) ppm and 100/125 ppm. Because of the overlap, it seems unlikely that the 8000 Plus series will remain a major focus much longer. Of course, although it does not actively market them, Bell & Howell still sells some Copiscan IIs, a model that was first introduced in 1990.

Bell & Howell also offers a lower volume FB series, which it OEMs from **Ricoh**. The FB scanners are rated between 34 ppm and 65 ppm. “In addition to introducing new product platforms, we are also working on options, which could include features like a new imprinter,” said Hunt.

Hunt concluded by saying that Bell & Howell will focus on its strengths. “We are not going to get into the application software market or start offering \$250 desktop scanners,” said Hunt. “We are sticking with our expertise, which is production, document imaging scanners.”

With the recent attention the document imaging market has been receiving due to increased archiving regulations, this focus seems like a promising one. When you factor in Bell & Howell’s experience and history in the market, along with the apparent quality of the new Spectrum line, the once murky future of Böwe Bell & Howell Scanners now seems a lot clearer.

For more information: **Böwe Bell & Howell Scanners**, Lincolnwood, IL, PH (847) 675-7600. [PH](#)

## **Hosted Repository Gains Momentum**

### ***JP Morgan Chase’s i-Vault emerging as an attractive option in booming archiving space.***

You trust them to store your money. You trust them to store your valuable deeds and stock certificates. Why wouldn’t you trust a bank to store all your important documents? This was the logic behind the launch of i-Vault. i-Vault is an on-line document repository owned by **JP Morgan Chase** and operated by its JPMorgan I-Solutions group.

In addition to storing the avalanche of documents produced by a banking conglomerate as large as JP Morgan Chase, i-Vault acts as a document hosting service for hundreds of other businesses. “i-Vault resulted from a combination of an internal need and visionary planning,” said John Bonin, senior VP of the I-Solutions Group. “As the need evolved for digital archiving solutions in the banking industry, we first developed an internal digital check imaging

system. That system was then expanded to handle full-sized documents. A couple years ago, we began rolling out our repository to external users.”

Internally, i-Vault is used by divisions such as Chase Home Financials, Chase Auto, Chase Card, and the Chase Treasury. According to Bonin, however, the number of documents stored by external users has now surpassed the number of internal documents. “Momentum from external customers has really accelerated in the last 12 to 18 months,” Bonin told *DIR*. “During that time, awareness of the need to safely and securely store data has increased. This awareness has been driven by global economic conditions, as well as an increasing number of regulations.”

“Because we come from a highly regulated industry like banking, we have a good understanding of regulatory requirements,” added Sang Leong, VP of technology for the i-Vault system. “Currently, we are examining some records management topics. As records management is a natural extension of what we already offer, we expect to formalize our strategy in that area in the near future.”

Bonin would only tell *DIR* that i-Vault services between 100 and 500 external customers and that most are “Fortune 2000-type” businesses. Big-name clients include the **SEC** and **Toyota**. Bonin said that “several million” documents are committed to i-Vault daily. “The majority of those are document images,” he explained. “However, we also store check images and electronically generated reports and e-forms.”

At least one back-up copy is made of every document stored in i-Vault. The documents are kept on a combination of magnetic disk and tape silos, with optical support added if it is required for regulatory purposes. “We are very good at helping customers determine how long their files need to stay on magnetic disk, and when they should be moved to tape,” said Leong. “In addition, although we don’t offer any workflow ourselves, one of our current focuses is determining how to more tightly integrate with our customers’ workflows.”

For its storage management controls, i-Vault relies mainly on **IBM** software, with a mix of homegrown code thrown in as well. Users access documents through a browser-based interface, which includes security and privacy controls and search capabilities. i-Vault customers are responsible for their own capture solutions. “We will help our customers set up a capture environment,” said Bonin. “This includes helping them find a service bureau if they choose to go that route.”

At AIIM 2003, **Kodak** announced it had integrated the latest version of its *Capture Software* with i-Vault. The integration allows end users to easily drop documents scanned with *Capture* into i-Vault. “We will also assist customers with backfile conversion,” added Leong. “Another thing we’ve done is help clients create access to their legacy repositories through our browser interface.”

Bonin said the company is looking forward to introducing a new version of the i-Vault browser interface later this year. “We are constantly updating and upgrading our system,” he said. “As they are introduced, these upgrades are made available to our customers as part of their standard service.”

Pricing for i-Vault is based on the amount and type of electronic storage being utilized. “We do not charge anything for retrieval of documents,” Bonin told *DIR*. “We’ve found that retrieval levels are typically much greater than our customers originally anticipate. This makes it difficult for end users to correctly budget for a retrieval-based pricing model.”

JP Morgan markets i-Vault directly to large customers in targeted verticals like banking and insurance. “It may seem like there is competitive conflict,” Bonin told *DIR*, “but JP Morgan Chase is already established as a correspondence bank providing a number of services to other banks. We are also making i-Vault available to providers of other types of services who want to offer a document repository to their clients.”

### **Market Outgrows Its ASP Roots**

JP Morgan Chase is just the latest of several vendors we’ve spoken with recently that is enjoying success in the hosted document repository market. Formerly, this space has been grouped with the ill-fated ASP market. Unlike most ASPs, however, the companies we’ve seen enjoying success in the hosted repository market still have their day jobs. This includes ISVs like **SpeedScan**, **NSC TechWorks** (out of Chicago) and **DocuCorp**. It also includes service bureaus like **Lason**, **SourceCorp**, and **Anacomp**.

Anacomp’s story actually very well illustrates the evolution of the hosted document repository market. Back in the heady days of the late 1990s, Anacomp launched its repository, known as docHarbor, as a spin-off. In accordance with the practices for start-ups at the time, Anacomp invested heavily in the marketing and construction of docHarbor. Ralph Koehrer, Anacomp’s CEO at the time, boasted that in 2000 alone the company planned to invest \$30 million in the development of docHarbor [see *DIR*

3/17/00]. A couple months later, with Anacomp teetering towards bankruptcy, Koehrer resigned [see *DIR* 5/19/00].

Anacomp has since emerged from Chapter 11. The docHarbor business, which the company could not find a buyer for, is finally starting to pay some dividends. For the first three months of 2003, Anacomp reported \$4.7 million worth of revenue from its Web Presentment Service business unit. This represented a 21% increase over the previous year's quarter. Yes, the hosted document repository market may have finally arrived.

We'd like to note that there is one key difference between today's successful hosted repositories and the ASP model of the late 1990s. That is complexity. For the most part, ASPs offered to host moving parts, if you will. Hosted repositories are merely electronic versions of **Iron Mountain**. Whereas sending their live applications off-site represented a new concept for many businesses, sending documents off-site is a fairly tried and true practice. Iron Mountain's 2002 revenue was north of \$1.3 billion.

We expect the hosted document repository market to continue to show impressive growth, especially as much publicized document and e-mail regulations continue to drive the whole archiving market. Utilizing a dedicated document storage service, whose system has already been certified by regulatory bodies, just makes more sense than developing an archiving system internally—especially in today's economic environment of reduced IT budgets.

For more information: **JP Morgan I-Solutions**, New York, NY, PH (866) 248-2858. [link](#)

## IBM Embraces Regulatory Compliance

Regulatory compliance is a hot topic. HIPAA, **SEC** Rule 17a3-4, and Sarbanes-Oxley have all been covered in recent issues of *DIR*. And these are just the tip of the iceberg, as more regulations continue to be passed in an attempt to put some controls on the vast amounts of information being created and exchanged in what some have called the Information Age.

This trend toward controlling previously unstructured information plays perfectly into the message that enterprise content management (ECM) vendors have been preaching for years. In many cases, it's no longer good enough to have islands of

regulatory compliance. More and more, it's becoming advantageous to start with an ECM system that can be leveraged to handle all of an organization's compliance needs. Oh, and by the way, that ECM system can also be leveraged to improve e-business practices—if a business is still interested in the competitive side of things.

“Our Content Management practice is one of the fastest growing software areas of our business,” Holly Tallon, program director, IBM Content Management, told *DIR*. “We've experienced double-digit growth in our *Content Manager* business unit for the past four years. Regulations have been a major driver, especially as the economy and the e-business market have slowed down. We've also found that if a customer is already using our *Content Manager* software for an e-business application, it's a lot easier to make the transition to regulatory compliance than for someone starting from scratch.”

More and more this seems to be the content management story: users try out an ECM application in one department, or line-of-business, and then the system proliferates when other departments learn what it can do. Of course, outside forces can also drive ECM expansion. Currently, Tallon told us, many of IBM's 17a3-4 compliance customers are considering expanding their e-mail management solutions to full-blown *Content Manager* applications.

“Rule 17a3-4 is focused on correspondence between investment firms and their clients,” she told *DIR*. “However, the regulation is so obscure that it's really up to each firm as to how it wants to handle compliance. After the recent fines the SEC levied against several brokerage firms, firms that had only been archiving e-mails are taking another look at their systems. They're starting to look at retaining items like instant messages and images of paper correspondence. Our *Content Manager* platform, which includes document imaging, storage management, and records management capabilities, can handle all that.”

According to Tallon, most of IBM's regulatory compliance applications are installed by the company's renowned Global Services arm. “Our goal is to install compliance systems with as little disruption to end users' processes as possible,” Tallon said. “As you can guess, this requires a considerable amount of integration. That's why you're seeing all the big integration players like **BearingPoint**, **Accenture**, and **Deloitte & Touche** focusing on the compliance space.”

As we reported in our May 9 issue, **Documentum** and BearingPoint (formerly KPMG Consulting) announced a partnership to offer a Sarbanes-Oxley

compliance solution. Not one to be left behind, IBM recently announced a partnership with compound document management specialist **Green Pasture**. "Compound document management has always been one of Documentum's strengths," said Tallon. "The Green Pasture partnership will help us better compete in the Sarbanes-Oxley compliance space."

Indeed, it is the ever expanding breadth of IBM's offerings that makes it such a formidable player in the ECM space: IBM's imaging repository is one of the oldest in the industry. Its DB2 database and business intelligence data management software come into play when managing structured data. *WebSphere* is a market leading application server platform for connecting diverse systems. Last winter, IBM announced the acquisition of records management software developer **Tarian** [see *DIR* 11/15/02]. IBM has e-forms partnerships with both **Adobe** and **PureEdge**. It offers its own e-mail management application and storage software. IBM offers check imaging solutions.... The list goes on and on.

True, there may be better point solutions available than what IBM offers for specific pieces of the ECM puzzle. But, if you're a big company, with a wide range of ECM needs, chances are, in the long run, an integrated ECM platform is going to prove more cost-effective than several point solutions. Have you ever heard the old saying, "Nobody has been fired for buying IBM?" It seems that IBM is striving to revive that expression—especially amongst ECM buyers.

For more information: **IBM Content Management**, Durham, NC, PH (919) 543-0642, htallon@us.ibm.com. ■■

## TiS Attacks Unstructured Forms Market

No one can accuse **Top Image Systems** (TiS) of being stuck in a rut. Over the years, the Tel Aviv-based software developer has reinvented itself more times than proverbial pop chameleon David Bowie. TiS' latest reincarnation is as an unstructured forms processing specialist. Within the last year, TiS has landed three major accounts in this area. It hopes to leverage these, along with a number of recently announced partnerships and some improved technology to become the market leader in this still developing space.

"The unstructured forms processing market is still basically untouched," Ami Katz, TiS' VP of business development, told *DIR* in a recent interview.

"Conversely, if you look at the template-based forms market, there are so many players, it's becoming almost a commodity. There are still very few vendors who can successfully process documents like invoices and bills of lading. We think there are very few who can do it with the high recognition rates and low error rates we can achieve."

Indeed, the quality of TiS' technology has not often come into question. The company, which began life in 1991 as a developer of forms processing tools, has gained a reputation in recent years for its success in very high-volume applications, especially for census processing. "Currently, we are working on the Indian census, which will involve processing more than one million forms per day," Katz told *DIR*.

Despite some high profile successes, including a 2001 win with **FedEx**, TiS has struggled to find consistency, especially in the U.S. market. Questionable initiatives over the years have included a failed OEM deal with **dakota Imaging**, an attempt to acquire a service bureau, and a foray into mobile computing technology. From 2001 to 2002, the company watched its revenue drop from close to \$12 million to under \$8 million.

However, despite an operating loss of \$1.4 million in 2002, TiS's balance sheet remains strong, thanks mainly to a \$15 million investment in 1999 by **Charterhouse Group International** [see *DIR* 11/5/99]. As it focuses on the unstructured forms market, TiS appears to be utilizing its resources wisely. The company recently invested in becoming a certified technology partner with **SAP**, **Oracle**, and **Documentum**.

"Many of the customers we are talking with have one of these three applications installed," Katz told *DIR*. "As a technology partner, we receive their development tools for connectivity, along with their technical support. This way, any customer that wants to integrate our software with one of those environments can feel comfortable that it's been done in a seamless fashion."

According to Katz, integration with ERP financial systems from vendors like SAP and Oracle is critical to success in the invoice processing market. "Typically, SAP users will be keying data from paper invoices to create electronic invoices in their SAP system," he told *DIR*. "By being integrated with the SAP financial system, our software can not only create that electronic invoice automatically, it can leverage the data already in the system to validate the information being captured."

**ReadSoft**, which has enjoyed some success in the international market processing invoices, also

subscribes to the importance of ERP integration and has partnerships with a least a half dozen ERP vendors. "The SAP certification is so important, because without it, most SAP customers won't let you touch their systems," said Katz.

According to Katz, the partnerships were not based on any specific customer demands, but he expects them to open up the market for TiS in the near future. "We believe that by 2004, the majority of our business will be coming from unstructured applications," he told *DIR*.

The company's first unstructured forms processing installation was done last year with **Schneider Logistics**. Schneider is a Green Bay, WI-based business that coordinates payments between several shipping companies and their customers. "Schneider is using our technology to capture data off 10,000 different types of bills of lading, which are like shipping invoices," said Katz.

TiS has also implemented a system for processing purchase orders at **3M's** European operations and is working on a large unstructured forms processing project with **British Petroleum** as well. "Many of our customers have already tried other types of unstructured forms processing technology," said Katz. "It is very common for them to doubt our claims. We typically end up doing some sort of pilot to prove the technology."

According to Katz, once it's installed, TiS' unstructured forms processing technology enables

users to reassign 60-80% of their data entry workers. "A typical ROI is less than 12 months." [These figures are in line with numbers we have heard from other sources.]

The latest version of TiS' forms processing platform, *eFlow 2*, which was released last month, also reflects the company's new focus. "All the improvement is around unstructured forms," said Katz. "We've increased our capabilities to get extremely high recognition rates. We dramatically improved our voting algorithms and have added new learning modules to improve the speed with which documents are recognized."

Katz estimated that eFlow can handle the capture of data from 10 to 20 different fields on an invoice. "Currently we are focusing on a few verticals, such as manufacturing, distribution, logistics, and retail," he said. "Sometimes we call AP or invoices a vertical, but it's not really. We think it's important to focus on AP within certain verticals."

Katz said TiS is also considering expanding its technology to process text-centric items like correspondence, memos, and letters. "We have our own technology that could possibly be used to analyze and classify the content," he said. "But we are still looking for our first good customer in that area."

For more information: **Top Image Systems**, Tel Aviv, Israel, PH 972-3-767-9100; **TiS America**, Escondido, CA, PH (760) 739-8675. **DIR**

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