July 20, 2007

EQUITY FIRM BUYS MAJORITY OF HYLAND

Hyland Software has become the latest company in the ECM space to change ownership. The private equity firm **Thoma Cressey Bravo** (**TCB**) recently purchased 58% of Hyland for $265 million. The deal values the Cleveland-based BPM specialist at slightly north of $450 million. Our estimates place Hyland's 2007 revenue run rate somewhere north of $125 million. Just over three-and-half times revenue is the same multiple that **IBM** paid to acquire **FileNet** in 2006. It's also in the same ballpark as what **Oracle** paid for **Stellent** last year.

According to information provided by Hyland, the members of the company's senior executive team, CEO A.J. Hyland, CFO Chris Hyland, CTO Miguel Zubizarreta, and COO Bill Priemer, will retain the same level of ownership they held prior to the transaction. The equity that was acquired by TCB belonged primarily to local relatives and friends of the Hyland family. According to an article in *Crain's Cleveland Business*, TCB makes investments with a "buy and build" philosophy. "We identified Hyland Software very early on as a platform technology," said Seth Boro, a VP at TCB. "It is a company on which a larger business could be built."

Historically, Hyland has stuck primarily with an organic growth strategy and reported 15% to 30% annual revenue growth over the past five years. A.J. Hyland would not comment on any potential acquisition targets, although Priemer told us last year, "We are really prejudiced toward developing our own technology…. If we have an opportunity to round out our business in a vertical or geographic market, we would consider an acquisition."

For more information: http://www.onbase.com; http://www.tcb.com

Kofax Realigns Toward Higher-Margin Market

Kofax is putting its money where its mouth is. For several years, the company has been discussing making the transition from batch capture to data capture software. It seems a recently announced $6 million exceptional charge being taken by the **Dicom Group** is designed to accelerate that transition.

Our understanding is that the $6 million is mainly related to layoffs, with an eye toward reinvesting newly freed-up resources in accelerating the growth of Kofax's data, or transactional capture, business. "We realize that we have to be more efficient in our production capture business," explained Andrew Pery, VP of marketing for Kofax and the Dicom Group. "We looked at our allocation of resources and moved to eliminate some redundancies and overlaps on a global scale. These decisions should help free up cash flow that we can reinvest in our pursuit of the transactional capture market."

Andrew Pery, VP of marketing, Dicom/Kofax.

Kofax was founded in 1985 as a developer of boards for enabling scanning from PCs. With CPUs becoming more powerful, Kofax was forced to reinvent itself and did so successfully in 1995 with the launch of its *Ascent Capture* batch imaging application. According to recently released figures from the image capture analyst firm **Harvey Spencer Associates** (**HSA**)**,** Kofax is easily the market leader in the batch capture space, owning a 40% share worldwide in 2006.

"Historically, production capture has been our stronghold, our core business and our focus," said Pery. "We want to emphasize that batch capture is still quite a strong market. However, we are seeing the margins and growth rates start to decline."

On the surface, this appears to be contradictory to

HSA's latest numbers, which show the "batch and distributed capture" segment as having the highest growth rate of any of the four segments of the $1.3 billion document capture space in 2006. However, it's Spencer's view that 2006 may be the peak year for batch capture.

In contrast, Spencer sees the transaction capture segment, which grew 11% in 2006, as on its way up. "From 2000-2005, the CAGR for the batch capture space was 20-25%," Spencer told *DIR*. "However, my projections for 2006-2010 have its growth steadily dropping, from 21%, to 19%, to 18%, and so on. In the meantime, the transactional capture market, which grew only 7% in 2005, jumped to 11% growth for 2006. That was two percentage points higher than I had forecasted. I expect the transactional capture segment's growth rate to continue to rise and to begin outpacing the batch capture segment in 2011. That's only three-and-a-half years away."

> **"I expect the transactional capture segment's growth rate to continue to rise and to begin outpacing the batch capture segment in 2011. That's only three-and-a-half years away."**
>
> **—Harvey Spencer, industry analyst**

Batch capture marginalized

In addition to decelerating top-line line growth, Spencer said that margins for batch capture technology are succumbing to pressure from ad hoc applications, as well as commoditization. "The ad hoc market, which grew 24% in 2005, declined to 19% in 2006," Spencer said. "A lot of this has to do with MFP [multi-function peripheral] vendors increasing their bundling of capture software with hardware. As a response, vendors like **eCopy** and **NSi**, which have traditionally made their money in the ad hoc space, are moving upstream and infringing on the traditional batch capture space.

"To compound the pricing pressure, you are starting to see features, like intelligent batch control, image enhancement, zonal OCR, and bar code recognition, that used to be exclusive to higher-end batch capture products like *Ascent*, showing up at the lower-end of the market. This commoditization is one of the reasons a vendor like **EMC** is transitioning its focus more toward transactional content management. As part of its strategy, like Kofax, EMC has recognized the importance of transactional capture. Immediately after the acquisition of InputAccel [*see DIR 3/22/02*], much of Captiva's focus transitioned from transactional to batch capture. You are now seeing that swing back the other way. The technology Captiva acquired with SWT is playing an important role in this."

Pery views EMC's approach to selling batch capture software as one of the problems leading to commoditization.

"EMC's aggressive and predatory pricing strategy of bundling batch capture with its Documentum ECM software has definitely had a negative impact on the margins in the batch capture space," he said.

Kofax's data capture push

Kofax has a somewhat checkered history with automated data capture that dates back at least as far as 1999. That was the year Kofax made its first acquisition in that area [*see DIR 3/5/99 and 9/3/99*]. However, only in recent years, first through a partnership with **Océ ODT** and then through the acquisition of Neurascript [*see DIR 11/5/04*], along with a partnership and subsequent acquisition of LCI [*see DIR 3/17/06*], has Kofax been able to make any real headway in transactional document capture.

"Five years ago, we were only a blip on the radar in the transactional segment," said Pery. "In 2005, we were one of many vendors HSA listed as having less than 2% of the market. Through our recent acquisitions, as well as our focus on emerging solutions like mortgage processing, in 2006, we captured 6% of the segment.

"We have made enormous progress in transactional capture, and it's only prudent for us to redeploy our assets and resources to help us accelerate our growth in this rapidly growing segment. This type of adjustment is the only way we can maintain our historical growth rate.

"We are very proud of the fact that we are king of the hill in batch capture. But that market has reached maturity, and no investment we can make is going to change that. The recent announcement regarding our finances is consistent with what we've been announcing for the past 12 months around our intelligent capture and exchange (ICE) strategy [*see DIR 12/15/06*] and the re-branding of our product portfolio."

A natural transition

In the transactional capture market, Kofax is chasing leader **ReadSoft**, which has a 15% share in a segment that is much more fragmented than the batch capture space. HSA lists Captiva as second with an 8% share. Pery views two of Kofax's competitive advantages as its install base and its channel.

"None of our competitors can match our install base of *Ascent Capture* customers," Pery said. "We are by no means removing our investment in the batch capture space. In fact, we are looking to go back to our batch capture customers and upsell them solutions around transactional capture.

"We have a well developed channel that can help

us do this. This channel has the vertical expertise to deliver transactional solutions around specific processes. We want to invest more in co-marketing and be more visible with our partners going to market in this area."

Spencer agrees that there is an opportunity to upsell transactional technology to existing batch capture users. "Invoice processing, for example, is an application that's currently driving growth in the transactional capture segment," he told *DIR*. "But historically, it has primarily been a batch capture application that relied on manual data indexing. Improvements in IDR [intelligent document recognition] technology have transitioned invoices to more of a transactional application."

Pery concluded that Kofax's shift toward transactional capture is a natural evolution. "It's not a departure from our legacy; it's the next step in our development as a business," he said. "And while any headcount reduction is painful, the reduction at Kofax is nominal when you look at the size of the overall business [Dicom has more than 1,100 employees worldwide.]. Unfortunately, it's the type of thing any sort of maturing business has to deal with sometimes."

For more information:
http://www.documentimagingreport.com/Dicom_restructure.1618.0.html
http://www.harveyspencer.com/

Kodak LVP Model Features New Camera Design

Kodak has upgraded its low-volume production scanner offering with the recent introduction of the i1400 series. The i1400 features a brand new dual-lamp configuration designed to improve image quality. The new models also offer a speed improvement over Kodak's i200 line, which has been the company's primary LVP model since 2002. The 60-ppm i1410 (simplex) and i1420 (duplex) models were scheduled to ship during the first half of July, with the 75-ppm i1440 to go out the door toward the end of this month or early next. The list prices are $4,495, $5,995, and $8,495, as you move up the line, respectively.

"While we are not discontinuing any models immediately, we do view the i1400 as a worthy successor to the i200," said Will Hebert, Kodak's worldwide portfolio business manager, distributed capture. "We have a lot of customers that have done testing and due diligence around the i200, so we'll let the market decide when we should discontinue that model. That said, we are offering enough added value with the i1400, in areas like increased speed

and improved image quality, that we think it can help us attack the market leaders in the LVP space."

When it was introduced, the i200 represented Kodak's first own-manufactured device in the sub-$10,000, or distributed capture (as Kodak refers to that market segment) space [*see DIR 6/21/02*]. Although Kodak executives will mostly tell you they have been satisfied with the company's progress in the distributed segments, the market share numbers we've seen place Kodak as an also-ran behind leaders like **Fujitsu**, **Canon**, **HP**, and **Visioneer**. This has to be a bit hard to swallow for the undisputed leader, in terms of units sold, in the mid- and high-volume production segments.

Earlier this year, Kodak introduced a new sales structure designed to help it succeed in growing its distributed market share [*see DIR 4/20/07*]. The i1400 represents the first new product introduced since that structure was put in place. It features many of the upgrades included last year in the workgroup and departmental i1200 and i1300 models, and the 150-page ADF has a relatively flat paper path that is similar to the ADF on the i200. Like other i-series models, the i1400 also features an optional flatbed utility that can be attached when needed.

However, the i1400 does have some brand new features, including a dual-lamp configuration in each camera. "Instead of the single Xenon bulbs that we've used historically, we've switched to a pair of CCFL (cold cathode fluorescent lamp) bulbs," said Hebert. "The CCFL bulbs generate much less heat and warm up faster. They are rated for longer than the life of the camera, so they should never have to be replaced. Most importantly, using dual lamps enables the scanner to get more consistent output from its cameras, which creates better image quality."

Kodak has also introduced a standard rear-side, post-scan imprinter on duplex i1400 models. "I can't give you an exact percentage, but we had a fair number of customers purchase the optional imprinters for their i200 devices," said Hebert. "The feedback we received was that the optional imprinter was expensive and a bit of a pain. With the i1400 models, users just purchase an ink cartridge and a carrier, and they are ready to go. Many LVP models don't even offer an imprinter, so we feel including one standard, definitely sets our scanners apart."

The i1400 series includes the latest version of Kodak's iThresholding image processing technology, which has features like auto color detect, automatic image orientation based on the direction of text, and background color smoothing (replaces similar background shades with a single color). Many of these standard features are comparable to the features in **Kofax's** VRS Professional image processing application, which typically has to be purchased as an upgrade for competitive scanner models. Exclusive to the higher-end i1440 are image processing features like automated photo extraction and trainable color dropout.

The i1400 series completes a revamp of Kodak's distributed capture line, which has taken place over the past two years.

One final improvement Kodak has made over the i200 is introducing USB 2.0 connectivity. The i200s, and even the i100 departmental models introduced in 2005 [*see DIR 1/21/05*] feature more esoteric FireWire connections. "The market has told us loudly that it prefers USB 2.0 to FireWire," noted Hebert.

The new features on the i1400 series and its reasonable price point should give Kodak some better ammunition to go after LVP market share leaders Canon, Fujitsu and **Panasonic**, each of which introduced LVP products in the 2004-2005 timeframe. And, design improvements like going from FireWire to USB 2.0 show that Kodak is serious about competing in the distributed market. No, the LVP segment is not as dynamic as the workgroup (sub-$2,000) space, which has experienced such explosive growth over the past five years, but it does represent a market with healthy margins. LVP is also probably the most natural place for a production imaging specialist like Kodak to gain a foothold in the distributed segments.

Also, when you add the i1400 to Kodak's own-manufactured i100, i1200, and i1300 series models, the company now has a complete line of distributed capture technology that has been introduced within the past two years. I don't think any other scanner vendor can make that claim. Granted, Kodak's revamped sales team still needs to establish the appropriate channels for distributing these devices, but that process is well underway. We expect that, by this time next year, Kodak will have made some significant gains towards its goal of becoming a major distributed scanner player.

For more information:
http://www.documentimagingreport.com/Kodak_i1400.1603.0.html

HP Introduces Network-Connected Flatbed

HP has long been the leader in the standalone network scanner market with its Digital Sender product. This spring, in addition to unveiling a new Digital Sender, HP has announced a networkable flatbed scanner with an ADF. The new ScanJet 7650n is rated at 12 ppm in a simplex mode, and 6 ipm duplex (it flips the pages). The scanner can be attached to the network through the use of the bundled **AXIS** Network Document Server (NDS). This device contains a CPU, and it enables users to scan, without going through a PC, to locations such as e-mail addresses, Web sites, FTP connections, and printers.

"This scanner is targeted at people doing scanning for communication tasks," said David Haining, HP's product manager for document scanners. "This includes e-mailing a document or forwarding a picture. One key to serving these types of users is versatility, which the combo flatbed/ADF unit provides. Another key is creating a device that can be shared by multiple users, because these types of scans are typically done only occasionally, but by multiple workers in the same office. The 7650n's network capabilities address that need."

Like other devices designed to connect scanners directly to the network, the AXIS NDS features a USB port for the scanner and an Ethernet port for the network. The CPU in the box handles the drivers, and the scanner can be assigned a network address through a Web browser interface. The network administrator can also define scanning profiles and address books can be loaded on the device. This information is accessed through a two-line LCD display which appears on the control panel of the AXIS device. A green button on the box initiates the scanning process.

The 7650n is one of several HP scanners certified with the AXIS NDS. "The list price for the bundled package is $999," noted Haining. "This is about $100 less than buying each product separately."

Fujitsu, **Visioneer**, and **Canon** also have scanners certified to work with the AXIS NDS. Interestingly, when we ran a story on Visioneer's AXIS certification last year, the combination was presented as an alternative to HP's Digital Sender, albeit without all the features [*see DIR 12/1/06*]. Haining presented the 7650n in much the same light. "There is an option of using PINs to create log-ins to the AXIS device," he said. "However, unlike the Digital Sender, the AXIS NDS does not have the ability to leverage enterprise network security.

"It's still probably more secure than having an open PC sitting next to a scanner being used by multiple people in a workgroup, but, we view this 7650n as designed mainly for the SMB environment. The Digital Sender is a more sophisticated device with more options and security."

HP's ScanJet 7650n features an intelligent AXIS box for scanning directly to a network.

Haining concluded that the network scanning space is evolving and HP is in a great position to emerge as a leader. "To promote this, we are actively expanding our partnership program," he said. "We are in a lot of conversations with different vendors about certifying their software to work with our hardware. We are looking at ways to create simpler connections into document management systems. Of course, our storage group also plays well in document management, and our professional services groups have been getting an increasing volume of demand for help in this area. We have relationships with major players from a lot of different angles." [*For a news release about how a medical billing service is leveraging HP hardware with* **LaserFiche** *software, click on the following link: http://www.documentimagingreport.com/Laserfiche-HP,1622,0.html.*]

For more information:
http://h10010.www1.hp.com/wwpc/us/en/sm/WF02a/15179-15179-64195.html
http://www.axis.com/products/axis_70u/index.htm

Daybreak Announces New Distributed Capture Platform

Daybreak ICS has had a busy year. Just before the AIIM show in April, the Williston, VT-based ISV and systems integrator secured $2 million in investment capital. Then, at May's **EMC** world event in Orlando, Daybreak announced its new *e4x* distributed capture platform. In addition, we ran into members of the Daybreak executive team at events like **Kodak** Breakaway and **eCopy's** Paper Connection forum.

DIR first was introduced to Daybreak a couple years ago, when it created a solution for capturing images into **Documentum's** *eRoom* collaboration software. That solution, known as *e4e*, leverages the OneTouch interface on **Visioneer** scanners to

create a simple method for knowledge workers to scan documents [*see DIR 11/4/05*]. With *e4x*, Daybreak is opening up its capture platform to work with multiple document repositories.

The first productized version of the *e4x* platform will be *eCapture for Documentum*, which is scheduled to go out the door in late July-early August. "We think we fill a hole in the distributed capture market," said Rusty James, the former **FCPA** and Visioneer sales exec who joined Daybreak last year as VP of worldwide sales and marketing. "We aren't competing with current capture software market leaders like **Kofax** or **Captiva**."

The hole Daybreak fills exits somewhere between MFPs, which feature touchscreen, button-driven scanning interfaces, and document scanners, which are often more efficient from a hardware standpoint, but typically require users to work with less intuitive capture software interfaces. "Most capture vendors engineer their solutions to the TWAIN or ISIS specs, because that's a quick way to accommodate any scanner on the market," said James. "At the risk of alienating a few models, our plan is to take advantage of technology, like Visioneer's OneTouch and **Kodak's** SmartTouch, that is currently being introduced with document scanners. We see a lot of value in the ease-of-use that these options create, especially in distributed environments, where knowledge workers are mainly doing the scanning."

e4x has achieved limited success, with an installation with the **National Labor Relations Board** involving some 50 field offices being one of its largest applications. It is Daybreak's vision that opening up its capture platform on both the front- and back-ends should increase its market substantially. "*e4x* is a completely new product," stressed James. "For example, we are redoing our integration with Visioneer's OneTouch based on the toolkit they announced earlier this year [*see DIR 2/2/07*]. In addition, we have scanners in our lab from Kodak and **Fujitsu**, and will look at some of the other players like **HP**. MFPs are another direction we could pursue, but initially, at least, we are mainly focused on scanners."

So, what were James and Daybreak founder and CEO Kara Cleaver doing at Paper Connection? "We saw eCopy at FOSE [a government technology expo] this spring, and they asked us about developing a *Connector* from *ShareScan* into *eRoom*," said James. "So, we are working on that. Eventually, we may look at developing our capture software on some of the embedded MFP platforms."

Daybreak also plans to introduce **ABBYY's** zonal OCR technology into *e4x* to help automate the capture of indexing information.

Pushing The Envelope

In addition to new technology, Daybreak has introduced a new pricing model with *e4x*. "One thing we do differently than most leading capture vendors is offer a concurrent user licensing model," said James. "In a survey we did at EMC World, users reacted very favorably when we proposed this model to them."

Of course, Daybreak's expansion is costing some money, and a recently announced $2 million investment by Wakefield, MA-based **Brook Venture Partners** should help cover the additional costs. "We are feverishly recruiting and interviewing new employees," James told us when we talked in late June. "By the end of the calendar year, we hope to have grown from about a dozen, to 20 employees. We are hiring in sales, marketing, and software development.

"We have outsourced most of the heavy coding to this point, and will continue to do that. However, we are hiring internal folks to help with software architecture and management."

James concluded by telling us that as Daybreak grows, the plan is for capture to represent only a small component of the company's overall portfolio. "We are really focused on content collection and delivery to our customers' downstream destinations," said James. "Our vision is that it won't matter whether that content is being received in an electronic or paper format."

For more information:
http://www.daybreakics.com
http://www.documentimagingreport.com/fileadmin/PDF_Content/EMC_World_2007_-_eCapture_Suite.pdf

PDF/A Sales Growing In Germany

The PDF/A (Archiving) format is gaining some traction in the German market. **LuraTech,** a software developer that specializes in technology for creating highly compressed PDF files from scanned images, reports that it is converting some 15-20 million documents per month to PDF/A. LuraTech's business is coming primarily from banks and insurance companies in Germany and Switzerland.

"We have about 25 customers that account for the majority of our PDF/A business," said Carsten Heierman, president and CEO of LuraTech. "We introduced our PDF/A product at the **CEBIT** show in the spring of 2006, and after that we saw a lot of

trials. The users were looking to start in one area, such as human resources. Now, we are seeing larger volume deals and more complex projects. We have reached the point where we are growing our PDF/A business on a month-by-month basis."

When the PDF/A initiative was launched, many assumed government would represent the first big market. Heierman said this has not been the case. "We have yet to see government mandates dictating PDF/A adoption," he said. "Mostly, organizations are making internal decisions to adopt it. One of their goals is to eliminate multiple archiving formats.

"One of the larger expenses related to archiving is the need to convert files from legacy formats to keep them accessible. Eliminating file migration costs serves as a justification for a PDF/A software implementation."

Center for Competence

LuraTech is a founding member of the **PDF/A Center of Competence**, a Germany-based organization whose mission is to educate users on the benefits and correct implementation of PDF/A. "One thing we focus on is the point in a process when it is most beneficial to convert a document to PDF/A," said Heierman.

The PDF/A Center for Competence hosted six seminars in 2006, which were attended by more than 300 people. More than 240 people attended the first PDF/A Conference held this past March in Stuttgart, Germany. The Center for Competence is going to offer a half-day "Introduction to PDF/A" seminar on Sept. 24, in Cologne, the day prior to the annual **DMS Expo**.

"We want to increase our educational activities in the U.S.," added Heierman. "However, we've postponed this initiative a bit because of all the activity we've had in the German market." ISVs with a major U.S. presence that have joined the PDF/A Center for Competence include **Nuance**, **Adobe**, and **ABBYY**.

LuraTech improves segmenter

LuraTech still primarily sells its PDF/A software as a standalone application, although it recently signed an OEM deal with an ECM vendor. "In the past, we've had some OEM deals purely for our advanced compression software," said Heierman. "Now that customers are starting to demand PDF/A, we plan to revisit those partnership opportunities."

Heierman noted that while LuraTech does have technology to convert electronic documents to PDF/A, its differentiator is the ability to work with images. LuraTech's background is as an image

compression specialist and one of its areas of expertise is mixed raster content (MRC). MRC involves the separation of document images into layers, and then applying the optimal compression technology to each layer—depending on the content type. MRC can be used to create highly compressed PDF and PDF/A files.

"The market for MRC is finding traction as more people want to scan in color," noted Heierman. "Our MRC customers include government agencies that want to get rid of paper, but need an accurate digital representation. And while storage is becoming less expensive, it still costs enough that being able to significantly reduce file sizes justifies the cost of MRC software. There are also bandwidth issues when moving color files over a network that can be alleviated through MRC."

LuraTech recently announced an improvement to the segmenter its MRC technology. The latest version of *PDF Compressor* has the ability to identify isolated images then compress those images without segmenting them. "We are constantly working to improve our compression technology," said Heierman. "This year, we focused on improving the segmenter.

"Specific to isolated images, we found that when you apply layering technology to them the same way you do to image-plus-text areas of a page, sometimes the isolated images appear unnaturally sharpened. To adjust for this, we've written algorithms to find the images and keep them from being segmented. We compress them with straight JPEG or JPEG 2000 technology. We were getting a lot of customer requests for this type of improvement, especially from people doing book scanning."

For more information: http://www.luratech.com; http://www.pdfa.org/doku.php

TIS Extends Reach In Far East

Automated data capture specialist **Top Image Systems** (**TIS**) recently purchased a majority share in Asian software developer **AsiaSoft**. The $1.8 million acquisition extends and expands TIS' franchise in the Far East, and puts the company on track to reach its pre-stated revenue goals. AsiaSoft, which was founded in Singapore, also has offices in China, Malaysia, and Hong Kong. It has more than 300 customers and 150 employees.

According to Ido Schechter, CEO of TIS, AsiaSoft is on target for a total of $8 million in revenue in 2007. "This represents our second acquisition of the year, following on the heels of **Capture Projects**, which doubled our presence in the U.K. [*see DIR* 5/4/07],"

said Schechter on a conference call for investors. "These acquisitions reflect important elements in our long-term growth strategy—increasing both our global distribution and scale.

"Two years ago, we announced a goal of reaching $30 million in annual revenue by 2007. With the AsiaSoft acquisition, our current run rate is in excess of that, so we have fulfilled our target. We have also better established ourselves in two high growth markets—the U.K. and the Far East."

AsiaSoft, which was founded in 1986, has a customer list that includes banks, universities, government offices, and manufacturers. In the press release announcing the deal, Alex Toh Kian Hong, managing director of AsiaSoft commented, "Led by Greater China, the Asian market is enjoying growth of over 20% year on year."

AsiaSoft is an ECM software developer that recently released the *Aware S3 Shared Services Solution*. The company's boilerplate describes *Aware S3* as "a technological framework catered for Enterprise Shared Services Centers and BPO providers….*Aware S3* covers the lifecycle of a physical document, from digitization, data extraction, business process, content management, to search and retrieval…. AsiaSoft commenced on Phase 2 of its development in October 2006, following its successful R&D grant application and approval by the Information Development Authorities of Singapore, to develop a new version of *Aware S3* with new and enhanced features including Intelligent Document Recognition, classification, robust workflows, as well as advanced analytics."

According to Schechter, AsiaSoft's capture technology is complementary to TIS'. "It's aimed at a lower part of the market," he said. "Once we assimilate it in our line, it will enable us to compete better with **Kofax's** *Ascent Capture*. In addition, AsiaSoft has some products in the areas of archiving, accessing, and analyzing images that will enable us to offer more complete solutions worldwide. We hope to be offering AsiaSoft's current product line in Europe by 2008."

AsiaSoft represents TIS' second Far Eastern acquisition. TIS bought Japanese reseller partner **Toyo Ink** in 2004 [*see DIR 7/23/04*]. TIS Japan generated about one-fifth of TIS' 2006 revenue of $20.2 million, but had a rough first quarter in 2007. After some organizational changes, Schechter is confident TIS' Japanese business will bounce back.

He views the markets served by AsiaSoft as very fertile. "The greater China market is still untapped when it comes to data capture," he said. "AsiaSoft has been active for 21 years, so we are aligned with a leader. We also have added a second R&D team with the acquisition, as well as Far Eastern-based professional services."

The acquisition was cash-based, with TIS acquiring 51% of AsiaSoft and no common shares of TIS exchanging hands. "Our current intention is to acquire the second half of AsiaSoft once it has been assimilated into TIS," concluded Schechter.

For more information:

http://www.documentimagingreport.com/fileadmin/PDF_Content/Asiasoft_acquisition_-_final.pdf
http://asiasoft.com.sg