ADOBE ANNOUNCES NEW XML FORMS STRATEGY

Documents are getting smarter and XML is proving to be their language of higher learning. **Adobe** recently introduced an "intelligent document" initiative that leverages XML to route PDF documents among different applications. "Previously, we wrapped XML data in PDF documents," explained Chuck Myers, senior product manager for Adobe's Server Solutions group. "Now, we are enabling users to wrap PDF documents in XML."

Last fall, Adobe made its initial announcements combining its e-paper (or PDF technology) business with the **Accelio** e-forms technology it acquired last spring. "Those announcements represented a level of re-branding of the Accelio technology and the addition of some significant capabilities," explained Myers. "But as far as integration of the two product lines, they were nowhere near the level we are announcing today."

As a tool for creating intelligent documents, Adobe also announced forms design software that will leverage PDF, as well as something Adobe is calling an XDP (XML Data Package). "XDP can contain information related to forms data, templates, and PDF documents," explained Marion Melani, senior product marketing manager for Adobe. "XDP enables PDF forms to be moved between applications and presented to users across systems."

Melani added that it's important to note that XDP was written to be integrated with user-defined XML-schemas. "To work with our previous XML architecture, you had to write to Adobe's guidelines," she said. "Now we can integrate with any XML-schema out there."

Adobe plans to introduce its XDP-based forms designer in the spring of 2004. 🖪

HIPAA Confusion Could Drive Increase In Paper

Our apologies for using one acronym to describe another, but there sure is a lot of F.U.D. (fear, uncertainty & doubt) surrounding HIPAA (the Health Insurance Portability Accountability and Act of 1996). With one compliance deadline already passed, and another imminently looming, it seems many organizations in the health care market still don't have a full understanding of what HIPAA-compliance means. Partly because of this confusion, HIPAA could end up working against one of the goals it was originally created to achieve. That is, HIPAA could actually increase the number of paper health care claims! At least, that is the contention of John Lumpkin, M.D., M.P.H., the chair of the **National Committee on Vital and Health Statistics**.
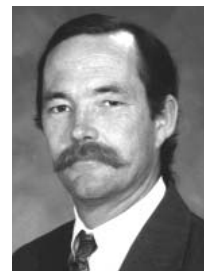
Chris Thompson, EVP, Recognition Research.

Lumpkin recently authored a letter to Tommy G. Thompson, secretary of the **Department of Health and Human Services**, concerning the Oct. 16 deadline for compliance with the HIPAA electronic transactions and code sets provisions. These provisions govern the exchange of electronic information for health care claims. Typically, this exchange involves three parties: a healthcare provider (doctor or hospital), a clearinghouse (or middleman), and a payer (insurance company).

Traditionally, these three parties have exchanged information through EDI transactions. According to HIPAA, after Oct. 16, all the information in these transactions must be coded in a specific EDI format, known as X12. The use of a standard format is intended to make it easier for organizations to submit and process claims electronically. Theoretically, X12 could eliminate the need for clearinghouses. It could also reduce the number of paper claims.

Currently, an estimated 50% of the three billion health care claims filed annually are submitted to payers via EDI. The other 50% are paper. The majority of the EDI

submissions are from larger providers like hospitals, while the majority of paper submissions come from smaller providers, such as private practices. Most experts agree that EDI adoption has stalled over the past few years because it's too complex and expensive for small practices to adopt.

HIPAA was designed to remove some of the barriers to EDI adoption. However, according to Lumpkin, because of challenges associated with making the switch to X12, HIPAA could have the unintended effect of actually building additional barriers.

"Many organizations have been concentrating on implementing HIPAA's sweeping privacy protection provisions, which went into effect on April 14, 2003," writes Lumpkin. "As a result, they are just beginning to focus on the Oct. 16 deadline for electronic transactions and code sets.... Not all payers, providers, clearinghouses, and software vendors yet have made the necessary technical adjustments to successfully electronically transmit or receive HIPAA-covered transactions.

> **"Some providers ... plan to comply by reverting to submitting paper claims.... Payers are not equipped to deal … with an increase in paper claims."**
>
> **John Lumpkin, Chair, NCVHS**

"Some providers are still in denial; others believe there will be another deadline extension; others believe their noncompliant claims will be accepted after the deadline; and still others plan to comply by reverting to submitting paper claims."

Lumpkin goes on to state, "Payers are not equipped to deal … with an increase in paper claims."

Could HIPAA provide an unexpected boon to the forms processing space? After all, in recent years, automating the processing of health insurance claims such as UB92s and HCFAs has become one of the largest vertical segments within this space. Vendors like **dakota** and **Recognition Research** have even made it the focus of their businesses. Could HIPAA, which at one time looked like it might kill this golden goose, actually be breeding more geese?

Not so fast, cautioned Chris Thompson, EVP of Recognition Research. "I think the transactional regulations will only cause about a 5% increase in the volume of paper health care claims," Thompson told *DIR*.

It's Thompson's contention that Lumpkin and many others in the industry may not fully understand the requirements of the HIPAA transactional regulations. "Many people don't realize that clearinghouses can be utilized to perform X12 conversion," he said. "Since more than 90% of all EDI

transactions already go through clearinghouses, the X12 standard should really have little effect on the market, aside from enabling clearinghouses to charge additional fees for performing the conversions."

According to Thompson, these conversions need only last for "a millisecond." "Providers can continue submitting their EDI transactions in the same format they always have," he said. "Once it gets to the clearinghouse, the clearinghouse can convert it to X12 and then immediately convert it to whatever format the appropriate payer accepts. Currently, only very large providers bypass clearinghouses and do electronic transactions directly with payers. After Oct. 16, most of those direct transactions will probably be switched to clearinghouses."

Thompson believes that many HIPAA seminars and compliance-solutions vendors are guilty of spreading misinformation. "I was recently talking with the person in charge of HIPAA compliance for a large **Blue Cross Blue Shield** organization," Thompson told *DIR*. "She told me about the nightmare she's having trying to upgrade her system to accept X12. She's worried about converting transactions from five different clearinghouses. If she had read the regulations through, I don't think she'd have any reason to worry."

It's this type of confusion, along with the potential extra charge by clearinghouses to perform X12 conversions, which may drive some providers away from EDI and back to paper. There is another HIPAA loophole that could also encourage the use of paper. "If an entity is not doing any electronic transactions —which most smaller practices currently aren't— then none of the HIPAA regulations apply to them," said Thompson.

HIPAA will mostly affect hospitals and health insurance companies. "I don't see HIPAA driving either a huge increase or decline in the percentage of electronic transactions being submitted," Thompson concluded. "The adoption of EDI hit a wall a few years back, and I don't expect HIPAA to change it much."

The long-term effects of HIPAA remain to be seen. Many people have speculated that until payers and providers start being fined, the regulation will have little bite. "I recently saw a poll which said that 22% of entities affected by the privacy regulations, which were implemented in April, haven't done anything about them yet," said Thompson. "It will probably be awhile before we see any enforcement of the HIPAA standards."

For more information: **Recognition Research, Inc.**, Blacksburg, VA, PH (540) 961-6500. ▨

Fujitsu Prepared To Defend Departmental Dominance

Kodak's announcement two weeks ago of its i80 model represented the vendor's latest effort to move downstream from its roots in higher speed production documents scanners. Just as Kodak has dominated the high-end of the market in terms of units sold in recent years, **Fujitsu** has been the kingpin in the lower-end. On the same day Kodak announced the i80, Fujitsu put out an announcement reaffirming its strength in the departmental segment that is being targeted with the i80.

> "Ultimately, we will wind up with fewer products with more diverse feature sets. In the future, we want to be leaner and meaner."
>
> **Victor Kan, Fujitsu**

According to **InfoTrends Research Group**, in 2002, Fujitsu had a 25%-35% share of the burgeoning departmental segment. InfoTrends defines this space as scanners rated between 20 ppm and 36 ppm and priced between $2,000 and $6,000. "Our 2002 departmental numbers were primarily based on sales of our fi-4640S and fi-4340C scanners," explained Victor Kan, senior director of product management for Fujitsu Computer Products of America's (FCPA) imaging products group.

The 4640 is a simplex, bi-tonal scanner with a rated portrait speed of 40 ppm and a rated landscape speed of 56 ppm. It lists for $5,995. The 4340, which was introduced at the beginning of last year, is a duplex scanner that is rated at 40 ppm/80 ipm at 200 dpi in monochrome and 34ppm/48 ipm at 150 dpi in color. It features flatbed functionality and lists for $5,495.

In the last issue of *DIR*, we compared Kodak's i80 with Fujitsu's recently released fi-4530C and its fi-4220C. We probably should have compared it with the 4340. With a list price of almost twice as much as the i80 and bi-tonal speeds only 14% greater, the 4340 could definitely be challenged by the new Kodak product.

One of Fujitsu's strengths in the departmental segment is the breadth of its offerings. "Document imaging is a very specialized market," said Kan. "It's also relatively small. Because of that, you can't afford

to ignore the needs of any customers."

Kan said that eventually Fujitsu would probably like to offer fewer products with more options. "Up until 2000, we were very dry in terms of new product releases," he told *DIR*. "Since then, we've introduced something like 15 new scanners. It's been a learning process for us as we've tried to hit all the user requirements. Ultimately, we will wind up with fewer products with more diverse feature sets. In the future, we want to be leaner and meaner."

According to Kan, features associated with paper feeding and image quality are more important than speed to departmental users in today's market. "I don't remember the last time we lost a deal because of speed," said Kan. "Scanner sales are really about performance in real-life applications."

To improve this performance, Fujitsu has recently added options, such as imprinting, ultrasonic double-feed detection, a USB interface, and compatibility with **Kofax's** software VRS, to products in its departmental line. "Some of those features were formerly only available on higher-end scanners," said Kan. "So, even if you were only scanning 1,000 pages per day, but needed an imprinter, for example, a departmental scanner wouldn't do."

Kan acknowledged that Fujitsu is feeling heat from both sides of the market. "Vendors like **Visioneer** and **HP** are moving upstream, while vendors like **Kodak** and **Canon** are moving downstream," he said. "However, we've held our own, and in the departmental space have continued to grow at about the pace of the market."

In 2002, according to InfoTrends, that pace was 24%. "We are very entrenched in the departmental segment," Kan said. "Both end users and our channel are very confident in our products. Choosing a scanner comes down to more than speed and price. It comes down to reliability. VARs and end users want to know they can plug-in a scanner and walk away. We've built up that type of confidence through years of serving this market."

LINES BLURRING BETWEEN SEGMENTS

FCPA's Victor Kan acknowledged that the lines between the departmental and workgroup document scanning segments are blurring. Traditionally, **InfoTrends Research Group** has set the break between the two segments at $2,000 and 20 ppm. Scanners above those two measuring points were departmental; below were workgroup. "Research reports are typically written for vendors," said Kan. "End users don't care as long as their scanners fit their applications."

Over the years, Fujitsu has been a dominant player in both segments being discussed. "Our market share will fluctuate depending in which segment products like **HP's** Digital Sender are included," said Kan. "And some of our products will even move between segments. In 2002, I believe our fi-4220C was included in InfoTrends' departmental figures. This year, it will be counted as a workgroup scanner."

No matter how it's broken down, the combined workgroup/departmental segment represents the fastest growing area in the document scanning market. "The hottest part of that segment is scanners that sell for below $3,000," said Kan. "And the fact is, you can get a good scanner for under $1,000 today. When you consider some of the features being offered on low-end scanners, you can realistically propose installing 10 low-end scanners instead of one high-end."

For more information: **Fujitsu Computer Products of America**, San Jose, CA, PH (408) 432-6333. ▢

KM Veteran Heading Scan-Optics Services Initiative

Federal government insider initially targets mediation community.

It's no secret that **Scan-Optics** has spent a great deal of energy over the past few years diversifying its business. Once considered strictly a vendor of high-volume scanning solutions anchored by big-iron scanners, in recent years, the company has acquired a software development firm as well as a third-party service business. Earlier this year Scan-Optics introduced a conversion services business [*see DIR 3/21/03*] that appears to be the start of a broader BPO strategy.

As part of its BPO initiative, last month Scan-Optics signed the first contract for its Knowledge Application Services business unit. The contract is with the **National Mediation Board** (**NMB**) and calls for Scan-Optics to manage the organization's corporate memory. "This involves working with internal information that is of value for re-use," explained Dr. Kenneth A. Megill, who has signed a two-year contract to develop Knowledge Applications Services for Scan-Optics. "NMB's corporate memory includes records of processes and procedures used to solve disputes. Because of

the types of cases NMB works on, these can be very important documents."

Megill is an experienced knowledge and records management consultant, teacher, and author. He became involved with Scan-Optics through ties with the trade organization **TAWPI** and respected document management consultant Herb Schantz. Both Schantz and Megill have worked for several years in the Washington, D.C. area.

Megill became aware of an opportunity with NMB during a software demo on behalf of **Cuadra Associates**. "NMB's records manager had recently retired, and it had hired an intern from the **University of Maryland's** librarian school to provide some advice," Megill told *DIR*. "NMB was looking at different software applications. After I met with them, I realized they did not need to buy software. Sure, they needed the functionality that Cuadra's software offers. However, they also needed a level of professionalism and expertise to manage the application, which would have forced them to hire several people."

Ken Megill, Knowledge Application Services, Scan-Optics.

Megill suggested to Cuadra that it make its software available as a hosted application. When Cuadra agreed, Scan-Optics was brought in to manage the business aspects of an outsourced service. Scan-Optics is hosting the application, writing the contracts, and working closely with clients, like NMB, to ensure their needs are being met. Megill, who is a certified records manager and chief archivist, is overseeing the design of NMB's application.

"To internally set up the type of program that we are offering would run a minimum of $300,000 to $500,000 per year," estimated Megill. "Initially, we think we can provide a higher quality of service for around 20% of the cost."

Scan-Optics' contract with NMB went into effect on June 1. It is based on a monthly fee. Megill and Scan-Optics are also in talks with the **Federal Mediation and Conciliation Service**. "There are several federal organizations that offer mediation, and we are already working with the two biggest ones," Megill said. "The key to making Knowledge Application Services work will be selling it to communities. If we thought that NMB was going to be our only customer in mediation, we wouldn't have launched a practice in that area. Our monthly

fees will probably go down as additional members of a community sign up."

According to Megill, Cuadra's software can be leveraged very effectively when targeting communities. "Cuadra has been around for 25 years," he related. "They come from the library, museum, archiving, and records management world. Their software is designed to manage what Cuadra refers to as 'unruly text.'

"The key to managing corporate memory within a community is precision retrieval. Accomplishing this involves working with a community-specific thesaurus and a controlled vocabulary. This enables knowledge workers to communicate in the language they normally use. That language will be interpreted, and the documents will be indexed in such a way that the users can find what they need."

Megill added that the world of information retrieval, which is his background, can be vastly different from the document imaging market that Scan-Optics and Schantz come from. "To me, retrieval means finding stuff that you didn't know is there," he told *DIR*. "In the imaging world, if you have an index number, you can retrieve your document. I like to say to Herb, 'what's the fun in that?'"

Megill's view of retrieval is not the only break with Scan-Optics' traditional business that he is promoting through Knowledge Application Services. "One of the evolutions in records management is that most work is now being created digitally," Megill told *DIR*. "It's much more efficient and effective to capture records digitally before they are ever committed to paper. Managing paper records can be labor-intensive. In a digital world, once you set up your system, records can be managed much more automatically, which can result in huge financial savings."

Regulations such as the Government Paperwork Elimination Act should fall right in line with Megill's vision for an integrated digital environment. Megill added that recent changes in the policies of the **National Archives and Records Administration** (**NARA**) also have federal records managers reconsidering their applications. "Traditionally, NARA advised federal agencies to manage their records with the needs of historians in mind," he told *DIR*. "In the past two years, they've amended that policy. NARA is now telling agencies they should manage records for their own needs."

In addition to federal mediators, Megill views international and state mediation organizations as potential customers. "Thanks to its current business,

Scan-Optics already has relationships with the financial departments of most state governments," said Megill.

In addition to mediation, Megill sees potential business for Knowledge Application Services in the agricultural, pharmaceutical, and financial services communities. Branching out from application services, he has a vision for creating what he calls "knowledge stores" for communities. "Knowledge applications deal primarily with internal documents that can be re-used within an organization," explained Megill. "Knowledge stores contain resources designed to be accessed by all the different organizations within a community. Knowledge stores contain information from shared resources such as abstracts and periodicals."

Services Model Complements Legacy

Megill's work is a positive step as Scan-Optics re-invents itself. In recent years, the market for high-volume scanners has become quite competitive. With the continued strength of **Kodak** and the emergence of **IBML**, Scan-Optics has found itself becoming more and more of a niche player. What has differentiated Scan-Optics is its strength as a solution provider. It makes sense to build on that by adding more diverse types of solutions.

Of course, the transition away from hardware is painful. As big-ticket hardware sales decline, so does gross revenue. For a public company like Scan-Optics, this has meant a sharp decline in its stock price. Several years back, **FileNET** suffered through a similar syndrome when it made its decision to focus on software. Today, of course, FileNET is considered one of the most successful software vendors in our industry.

The worst appears to be over for Scan-Optics. Although it still lists more than $9 million in debt on its balance sheet, Scan-Optics has been consistently turning a profit over the past year. For the first quarter of 2003, Scan-Optics also reported a 4% jump in revenue. Wall Street rewarded the company by doubling its stock value from mid-April to mid-July.

A services model such as the Knowledge Application business is designed to create recurring revenue. If Scan-Optics can successfully execute this model, it will provide a steady source of income that will complement Scan-Optics' often unpredictable legacy business of big deals built around high-volume scanners.

For more information: **Scan-Optics**, Manchester, CT, PH (860) 645-7878, Web: mysite.verizon.net/ken.megill. ▣

IMR Focuses On Compliance For Everyman

Archiving regulations are affecting everybody. Most of the attention so far has been on high-end solutions designed for the Fortune 2000 market. That doesn't mean that a local hospital doesn't have the same HIPAA concerns as a national conglomerate, or that a boutique stock trader doesn't have to deal with **SEC** 17a-4 regulations just like **Merrill Lynch**.

Denver-based document imaging software developer **IMR** specializes in the mid-market. It has some 10,000 customers, mostly serviced through a reseller channel. With the latest release of its *Alchemy* platform, *Version 7.4*, IMR is focusing on compliance for the little man. "*Alchemy 7.4* is designed as a combined document and records management application with any eye toward compliance management issues related to regulations," Dan Lucarini, IMR's VP of marketing, told *DIR*.

As we reported last winter, Lucarini recently rejoined IMR from **CC Data**, an e-mail management software specialist. IMR has since signed an OEM agreement for CC Data's technology and has used it to create a *MailStore* module for *Alchemy*. *Alchemy 7.4* will also include improved workflow, auditing, and security features. It is due to be released later this summer. To make it attractive to the mid-market, *Alchemy* starts at under $30,000.

"We designed our workflow module specifically with compliance regulations in mind," said Lucarini. "That boils down to controlling who can see a document during specific stages of a workflow. This includes paying close attention to workflows related to the retrieval of documents, where some regulations, such as HIPAA, really have teeth."

Lucarini added that IMR's new auditing module is designed to meet with the requirements laid out in HIPAA, SEC 17a-4, and the Sarbanes-Oxley Act. "We've already seen that the SEC has modeled Sarbanes-Oxley after 17a-4, so we expect to see future regulations based on the same principals," he said.

IMR has also introduced a roles-based access controller for *Alchemy*. "Traditionally, document management applications have based their access controls on documents," Lucarini told *DIR*. "In other words, each document is made available to a certain group of people. We've turned that around. We make certain groups of documents available to specific people. In a health care application, for

example, doctors and nurses will have different access levels than billing clerks."

IMR has also improved its encryption methods. "This is important, because we have a large number of customers who write images to CDs and DVDs," Lucarini told *DIR*. "Our new level of security requires that a key, kept on a separate disk, be used to access those files. This can be important when responding to regulatory audits, which can involve copying a range of files to CD. Our new encryption feature prevents images from getting into the wrong hands."

Lucarini said that with the new auditing and security features, IMR is planning to submit *Alchemy 7.4* for DoD 5015.2 electronic records management certification. "With the new functionality, we feel *Alchemy* meets compliance management needs in a wide range of areas, for a fraction of the cost of systems from larger vendors like **IBM**," he said.

IMR Adjusting To Market Requirements

Lucarini closed by saying he was disappointed to read in a recent issue of *DIR* that Dallas-based financial services business **ORIX Capital Markets** (**OCM**) was replacing an *Alchemy* repository with a competitive document management product. "Some of the comments at the end of the story seemed to suggest that IMR is a static vendor who isn't moving forward with the market," Lucarini said. "Nothing could be further from the truth. I think that is evidenced by the features we are including in our new release.

"One of the problems ORIX cited with *Alchemy* was a lack of workflow. We have corrected that and added many more dynamic features as well."

For more information: **IMR**, Denver, CO, PH (303) 689-0022.

Westbrook Reports 40% Jump In Sales

With warnings of lower-than-expected, second-quarter revenue from **Documentum** and **FileNet**, you might think sales are down throughout the document management market. Not so, says Sean Donegan, CEO of **Westbrook Technologies**. Donegan reports that through the first half of 2003, Westbrook's business is up 40% over 2002.

"Granted, I only see things through the small scope of what we are doing," Donegan told *DIR*, "but I think the economy is improving. Our service revenue is up significantly. Customers are purchasing more education, consulting, and integration. And our partners are selling larger deals. *Fortis* now accounts for 70% of our software revenue, compared to 30% for *FileMagic*. That's the type of ratio we have been aiming for. With *Fortis* sales really accelerating this year, we've achieved it faster than we expected." [*Editor's note: Fortis is Westbrook's server-based software. FileMagic is a desktop application*.]

Sean Donegan, CEO, Westbrook Technologies.

While Donegan agrees that the growing number of archiving regulations may be having some effect on the company's sales, he feels that an improved ability to show ROI is the main sales driver. "Even in a regulatory application, you have to show ROI," said Donegan. "For years, document management applications were considered discretionary expenditures. Now, I think they are becoming essential expenditures. If you can show a business that a software application can reduce the time it takes to service customers from an average of 20 minutes, down to two, you'd better believe that application is essential."

Westbrook recently held its second annual partner retreat at the **Saybrook Point Inn** in Old Saybrook, CT. There were about 100 attendees. "There was a representative from a large hospital who told us that a Westbrook partner had helped his organization reduce its staff from 38 people, working 24/7, to six people, working eight-hour shifts," said Donegan. "It just blows me away to see the reaction of an audience to those types of jaw-dropping numbers."

Donegan said that being able to reference an increasing number of successful installations is contributing to the momentum he sees in the industry. In addition to helping with new sales, references can also be effective for growing existing accounts. "We've spent a lot of time coaching our partners on how to balance going after new accounts, with growing existing accounts," said Donegan. "Sure, there is a lot of glory associated with new business. However, expanding existing accounts burns a lot less sales calories.

"At the partner retreat, we heard from one customer that, in six years, has expanded from a 10-concurrent-user, to a 300-concurrent-user system. If partners spend time nurturing and prodding their existing customers, and asking the right questions, it's possible to take a system that starts in an area like customer service and expand it into 10 other areas—dare I say, into an enterprise-wide application.

"Geoffrey Moore will probably write a book someday with some glamorous description of this type of activity. We believe what it comes down to is peer identification. An advertising agency once coined the phrase, 'Ask the man who owns one.' In many cases, that idea is applicable to document imaging sales."

To help it better manage its products' integration with several parts of an organization, Westbrook recently hired its first CTO. Marshall Pimenta brings to Westbrook a great deal of experience working with **Microsoft's** Web services and .NET technology. ".NET is the direction we are taking our product," acknowledged Donegan.

Pimenta plans to help Westbrook take advantage of some of the standardization that is taking place leveraging Web server and XML technology. "Westbrook has some 15,000 customers, and every week, we get two or three requests from that customer base to do some sort of application integration," Pimenta told *DIR*. "Typically, this involves integrating with operational systems in areas like accounting or medical information management. The

world is changing, and people are expecting their applications to talk to each other. Moving Westbrook's technology to a .NET platform will facilitate that."

For more information: **Westbrook Technologies**, Branford, CT, PH: (203) 483-6666. ▣

MARKET HEADED IN RIGHT DIRECTION

While sales at **Westbrook** definitely appear on the upswing, what's the deal with **FileNET** and **Documentum**? Well, upon close examination, things might not be as bad as the headlines indicate. Documentum's anticipated revenue of $68 million for the second quarter of 2003 does represent a 26% increase over 2002. It is, however, approximately 6% below the company's projected revenue of $72-73 million.

FileNET, meanwhile, definitely had an off quarter. Its projected revenue of $85 million is almost 4% less than its revenue for the second quarter of 2002. It's almost 6% less than the company's projected revenue.

FileNET CEO Lee Roberts called the second quarter an aberration. He blamed it on the company's inability to close two large deals worth more than $7 million in combined software sales. "Those deals were not delayed for competitive or economic reasons," Roberts said during a conference call with investors. "To be frank, we simply ran out of time. We expect one to close early in the third quarter and are working hard on closing the other."

Roberts added that FileNET is seeing more large deals in its pipeline than it has in a long time. "The trick is to bring in more medium-sized deals to complement those," he said.

Westbrook's success would seem to indicate that the medium-sized deals are out there. However, FileNET's increased focus on serving large enterprises may be taking it out of position to compete for those deals. In the document imaging market, it has historically proven tough to have your cake and eat it too.