

Document Imaging Report

Business Trends on Converting Paper Processes to Electronic Format

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August 22, 2014

THIS JUST IN!

MITEK'S MARKET CAP TAKES HIT IN WAKE OF REVELATIONS

Could **Mitek Systems** be an acquisition target? The San Diego-based ISV holds several patents related to mobile document imaging, which have been the primary driver for its carrying a market capitalization of well over \$100M for the past several years (it peaked at more than \$300M in 2012), despite annual revenue of just \$10-15M. However, that market cap recently crashed more than 20% to just over \$70M in the wake of revelations that a federal court has dismissed patent infringement claims made by Mitek against financial services and insurance giant **USAA**.

USAA and Mitek are scheduled to go to court to settle their remaining issues on Sept. 8.

The disagreement between Mitek and USAA became news back 2012 when USAA accused Mitek of stealing USAA's technology and then patenting it [see *DIR* 4/20/12]. Mitek vehemently denied this claim and turned around and sued USAA for patent infringement. It seems that now a federal court has granted a motion by USAA to dismiss Mitek's claims that USAA infringed on four of its patents. A claim related to a fifth patent was dropped earlier by mutual agreement.

Mitek is still suing USAA for defamation related to "false and misleading statements" that Mitek claims cost it business. USAA is apparently still suing Mitek for "theft of proprietary information." USAA's suit was filed in the U.S. District Court in San Antonio, which is where USAA's headquarters are located and where the cases have been consolidated.

In 2012, Mitek also filed suit against capture ISV **Top Image Systems** for patent infringement [see *DIR* 10/12/12]. As far as we

CONTINUED ON PAGE 8

Acquisition Helps Broaden BancTec's Focus

Earlier this year when the investment firm **HandsOn³** (HGM) acquired **BancTec**, it was more than just an equity investment. There was also a strategic element, as the BPO firm Dataforce Group was combined with BancTec "to create one of the largest pure-play BPO businesses addressing the transaction processing, workflow, and document management markets." Also, in the wake of the acquisition, Mark Fairchild, a long-time BancTec executive and most recently CTO, has been appointed president of the organization.



Mark Fairchild,
president, BancTec

DIR recently caught up with Fairchild who gave us his view on how the acquisition is affecting the organization. "Our management structure has changed," he told *DIR*.

"We have a new board, Jim Reynolds (COO and CFO at HGM) is now the CEO and Coley Clark (former Chairman and CEO) is now a non-executive co-chair."

Maria Allen remains the EVP of the Americas and reports to Fairchild, as do the general managers of BancTec's European regions. Fairchild has also maintained his CTO role, albeit consolidating his reports to the heads of each a hardware and software group. And Fairchild stressed that, despite the language used in the press release, BancTec's products business is not going away.

"BancTec is a multi-faceted business," he said. "It's not easy to put together a brief description of it, and the goal of a press release is to keep things crisp and clear. Hardware and software are still a key part of what we do. We run our own IP (intellectual property) in our BPO centers, and we will continue to offer our technology on a worldwide basis, both directly and through our channel partners.

"Hardware and software and the associated maintenance revenue are still a significant part of our business and will remain so going forward. That said, for

growth, we are primarily looking at the BPO space.”

Combined with Dataforce, Fairchild said BancTec is approximately a \$300M a year organization. “The bulk of what Dataforce does is call center-based,” he said. “It’s really customer interaction management and involves Dataforce serving as the ‘voice of the client.’

“Dataforce’s customers include large telcos, healthcare organizations, charities, educational institutions, and sports and leisure companies. They offer a number of services in areas like A/R management/collections, insurance claims management, and really anything involving interaction with customers.

“This gives BancTec quite a strong set of capabilities that it never had before. We had a small set of call center capabilities but nothing of this magnitude. Likewise, Dataforce was doing a bit of scanning in the U.K, but it was minimal compared to our volumes. Both companies have great client bases, so we are looking forward to the opportunity to cross-sell.”

The majority of Dataforce’s business is in the U.S. “Dataforce also has sizeable operations in Costa Rica and India that we plan to leverage in our transaction processing service operations to become increasingly competitive and improve our margins,” Fairchild said.

Banctec’s combination with a call center organization would seem to fit well with the industry trend toward introducing BPM/case management software into customer experience management (CEM) operations [see guest article by John Mancini on page 4]. “Although Dataforce is primarily dealing with voice interaction, it does work with other communication avenues, such as e-mail,” said Fairchild. “It’s going to be a big asset, having an organization that understands how to handle customer interactions, whether that is through voice or other types of media.”

Diverse offering; strong markets

In regards to BancTec’s legacy business, it sounds like operations will continue mostly as usual. “Headquarters will remain in Dallas, and ultimately, everything will be branded under BancTec,” said Fairchild. “The BPO business is our primary growth engine. Going forward, we will put our emphasis on automating and managing business processes.

“When you look at the markets where we have the largest share: financial services, healthcare, telco, government, and insurance—the range of services we offer is pretty broad. In addition, we can deliver those services in a variety of ways. This includes completely outsourced services, on-premise hardware and software, or a combination that includes a hosted application being licensed by our customers. And our customers have the flexibility to migrate from one method of delivery to another.

“We will continue to go to market both directly and with

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

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2. Image Processing
3. Forms Processing/OCR/ICR
4. Enterprise Content Management
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partners. One partner we signed recently is **BirchStreet Systems**, which offers hosted financial and accounting software mainly to the hotel and resort industry. They have introduced our invoice processing services as part of their offering. We do all the scanning and data capture, and their customers can then access their invoice images and data through the BirchStreet application.

“Our partners can bring our offerings to market in a variety of ways. There are regions of the world like Japan and South Korea, where we sell a lot of hardware, which we couldn’t reach without partners.”

Fairchild concluded that the market opportunity for BancTec remains strong. “There are obviously some challenges with our traditional business around check clearing,” he said. “That revenue stream is in decline, but that problem was well anticipated, and we have planned for it.

“Our opportunities, especially with the addition of customer interaction capabilities, are very large, and our market is growing. We think we have a great package of offerings, a great way to take them to market and a variety of ways to deliver them. These are exciting times for us.”

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

Forms Technology Expands ISV’s PDF Portfolio

Foxit Software has expanded its PDF capabilities with acquisition of Spanish ISV **Dataintro**. Foxit, based in Fremont, CA, is a PDF technology specialist. Dataintro, based in Madrid, specializes in PDF forms. Dataintro was an early developer of technology for creating 2D bar codes on printed PDF forms [see *DIR* 2/6/04].

The acquisition was orchestrated by **Xamcor**, the M&A firm managed by document imaging industry veterans Paul Carman and Harvey Spencer, as well as deal structuring and finance veteran Ike Fattal. “Foxit was trying to extend the reach of its capabilities around PDF,” Carman told *DIR*. “Dataintro’s Ultraforms gives Foxit a solid application to complement its desktop and PDF tools offerings. For Dataintro’s founder, Carlos Gonzalez, the acquisition provides an exit strategy, as well as the opportunity to keep working—as he is now running Foxit’s European operations. It is really a win-win.”

Foxit’s two main products are Foxit Reader for viewing and PhantomPDF for creating and editing

PDF files. Foxit also has software that handles rights management and indexing around PDFs. In addition, it offers PDF SDKs. “We are a PDF company,” said Frank Kettenstock, Foxit’s VP of marketing. “We compete with the likes of **Adobe** and **Nuance**, but unlike them, we don’t have other businesses outside PDF.

“The strength of our SDK is its ability to run across all platforms. One of our competitors, for example, has a different code base for its standard reader vs. its mobile reader. This means whenever an ISV wants to do a bug fix or performance enhancement, with our software they only have to change a single platform. Our SDK customers include **Amazon** for its Kindle and **Google**.”

Foxit advertises end user customers in more than 200 countries. “The way most of our customers get our software is by downloading it through the Internet,” Kettenstock said. “But, the way we generate the majority of our revenue is through enterprise sales.”

That’s where Dataintro fits in. To date, the majority of its success with Ultraforms has been deploying it on tax forms for state revenue agencies. “We believe in the market Dataintro is in, and we believe in their technology,” said Kettenstock. “It’s applicable in any market where you have people filling out forms electronically but then printing them before submission. This could be because the documents require a wet signature or just because some people are uncomfortable submitting information online.”

Foxit’s current plan is to enable users to create their forms within PhantomPDF and then submit them to Dataintro’s cloud server to create the 2D bar codes. “We are calling it Ultraform-enabling the documents,” said Kettenstock. “We are doing some minor modifications to our PDF viewers, so they will be able to display the 2D bar codes.”

The organizations receiving the forms just need to be able to read 2D bar codes to capture the data. “This eliminates the effort of manually re-entering data, as well as the errors you can get with OCR technology,” said Kettenstock.

Dataintro’s Web site includes Ultraforms case studies in the healthcare and higher education markets. “We think markets like insurance and financial services also have potential,” said Kettenstock. “Our goal is to be able to offer a complete PDF solution to our customers and Ultraforms is a good addition.”

The Foxit Web site includes customers listed in 11 different vertical markets. “We have a greater reach

that Dataintro would have on its own,” said Kettenstock. “This should help us grow the business faster.”

Carman noted that this was the first acquisition either company had been involved with. “Xamcor’s real strength is to be able to make friends on both sides of a transaction,” he told *DIR*. “We helped walk both sides through the process.

“And I think the price was in line with what you are seeing in the industry. It wasn’t too high or too low, which should make both parties happy.”

For more information: <http://bit.ly/FoxitPRDataintro>; <http://xamcor.com/>

Lexmark Slams the Door on Hyland

Lexmark has presumably closed out the competition in its efforts to acquire capture ISV **ReadSoft**. This week, the Lexington, KY-based MFP manufacturer and owner of Perceptive Software, announced it had acquired 22.8% of ReadSoft’s shares from its founders Lars Appelstål and Jan Andersson. This purchase represents 42.8% of the voting rights. It brings Lexmark’s total holdings to 35.4% of ReadSoft’s shares and 52.2% of the voting rights.

To acquire the shares from the ReadSoft founders, Lexmark raised its bidding price to 57 Swedish Krona (SEK) per share—a 2.7% increase over its previous bid of 55.5 SEK, made on Aug. 5. That bid was made to counteract a bid of 55 SEK by Perceptive rival **Hyland Software**. Lexmark’s latest bid values ReadSoft at \$255M (by our calculations), or close to 2.2x ReadSoft’s 2013 revenue of \$117M. (It’s probably worth noting that through the first half of 2014, ReadSoft is 7% [in constant currency] ahead of its 2013 pace, which would put it on track for \$125M in 2014 revenue.)

We’re not sure why Lexmark felt compelled to up its bid and make a deal directly with the ReadSoft founders, but we’re relatively certain it had something to do with Hyland. In addition to having discussions with ReadSoft prior to Lexmark’s initial bid (which was made in early May), Hyland has bid three times in an effort to top Lexmark. Each time Lexmark has countered, but Hyland was still making noise. In an effort to stop Lexmark, Hyland had acquired an 11% stake in ReadSoft, hoping to nullify Lexmark’s bid which called for the company to secure at least 90% of ReadSoft’s shares for a deal to go through. But in its latest bid, Lexmark had counteracted Hyland’s efforts by introducing the

right to waive the 90% provision—something which Hyland was questioning the legality of.

Hyland clearly wanted ReadSoft, which would have provided a big boost to its European operations. However, now unless something very strange happens, it seems like it’s a done deal that ReadSoft will become part of Lexmark and Perceptive Software. The acquisition should close next month.

For more information:

<http://newsroom.lexmark.com/index.php?s=13630&item=134831>

GUEST EDITORIAL

*Introduction: In anticipation of next month’s **Harvey Spencer Associates** Capture Conference, being held Sept. 3-4 at the Glen Cove Mansion on Long Island, we have decided to run this guest piece by AIIM President John Mancini. It focuses on how case management/SPA/workflow applications can be optimized to improve Customer Experience Management (CEM). CEM is a term I hadn’t come across much prior to seeing it was being addressed in a session at the HSA conference. I thought that I, as well as many of you, could probably use some background on it.*

CEM Goals Increasingly Hinge on SPAs

By John Mancini

The customer has always been king and taking care of them is pivotal to business success. Nothing has changed there. But social media in particular has done an enormous amount to empower customers and give them a stake in the brands they like. It enables customers to praise or criticise an organisation and send their thoughts global within seconds. This has put pressure on companies to better handle their customer service.

AIIM’s latest Industry Watch, *Case Management and Smart Process Applications (SPAs)* ([see link](#) at end of story) spotlights the role case management can play in improving customer experience management (CEM) and what criteria organisations should use when choosing a modern case management system.

SPAs and managing complex cases

SPAs, Intelligent Business Process, and Adaptive BPM are all tags applied to a new generation of applications that use computer intelligence to extract context-relevant information from content associated with a business process, and use that information to select, modify or re-direct the next processes in a workflow. One of their primary applications is in case management.

Case management covers a broad range of applications in a range of markets. In the finance market, for example, it can cover mortgage applications. In procurement, it could be contracts and bid management; in HR, recruitment processes, and increasingly in customer facing applications, case management could be used for help desk, customer disputes, claims processes, and, in some cases, law suits.



John Mancini,
president, AIIM

What underscores case management as an SPA is often the complexity of the process. This complexity can be caused by multiple factors, including the number of internal and external agencies involved, the need to connect multi-channel inbound content to a single managed process, parallel storage of data in multiple systems, and having to manage multiple device connectivity. Yet it is the growing impact that case management is having on an organization's CEM ambitions that is driving improvement in this sphere.

Case management tests BPM

Case management has always been a tough test of any BPM (business process management) or workflow system. These systems function most efficiently if there is a clear and foreseeable process, even though there may be alternative routes and qualifiers that are put in place. Case management is anything but predictable and often includes variations to the process that only come to light as the case progresses, requiring adjustability and versatility in the workflow rules. It is no surprise then that 51% of the organizations polled in our research said that half or more of their business processes are not straightforward or predictable.

Early adopters getting results

In the survey we asked those who have some experience of smart processes what the outcome has been so far. 41% said they have already achieved their initial objectives, and a further 52% are getting promising results. Only 7% are disappointed with the system. For an early-stage technology, these results are extremely encouraging. In addition, users were seeing benefits from case management as well. Faster and more consistent customer response was top of the main benefit list. Shortening of the end-to-end process time was also mentioned, which also enhances customer service—with increased efficiency leading to cost savings.

Recommendations

Cloud or hybrid cloud would simplify the external

collaboration of many case applications, and there is a strong and, as of yet, unfulfilled need not just for mobile access to case content but also the ability to interact with case processes from mobile devices for capture, commenting, and approval.

Getting the most from SPAs can be a challenge though. Here is our seven-point guide to doing just that:

- Evaluate your existing BPM or workflow capabilities – looking at both predictable business processes and case-based processes.
- If existing systems have quite rigid workflows that restrict or prevent use for case management, or cannot handle case files, or need to be heavily customized to do so, consider how additional modules, add-on products, or replacement systems can be used.
- Look at smart or adaptive capabilities that monitor content as well as process context to re-route workflows within a rules-based or compliant

DIR EDITOR KEYNOTES EPM SERVICE EVENT

DIR recently attended the second annual Gathering of Eagles, which was hosted by **Eastman Park Micrographics** (EPM) Service Group, formerly Imaging 411. Several of EPM's top VAR partners were represented. They are reselling EPM's document scanning and/or micrographics hardware service.

EPM acquired Imaging 411 late last year [see *DIR* 12/20/13] and has since doubled the size of the organization to where it is now approaching 50 full-time field service techs. This increase has been mainly to accommodate service on EPM's Imagelink micrographics equipment, which EPM has transferred to its own organization after previously outsourcing the service to Kodak Document Imaging, which is now Kodak Alaris. (The two organizations are currently in litigation regarding Kodak Alaris' rights to market its service to those customers as an alternative to EPM's service.)

This year's Gathering of Eagles was held at the scenic Wind Watch Golf & Country Club in Hauppauge, NY. It featured a scramble golf tournament followed by dinner and a presentation by *DIR* Editor Ralph Gammon. The interactive discussion covered many current industry issues including the recent spike in acquisition activity, the continued success of production scanner and micrographics equipment sales despite more forms being moved online, and opportunities in the scanning services market. Afterwards, awards were presented, with **Pro Image Consultants**, represented by Rick Morin and Frank Damico, being named EPM's top service partner.

For more information: <http://www.imaging411.com/>

environment.

■ Consider consolidating multiple case-handling mechanisms from other lines-of-business into a single efficient system, which could improve productivity and efficiency.

■ If you handle high volumes or a wide variety of inbound content, look to automate routing and sorting at the point of capture to speed up response and improve productivity.

■ Look to deploy the best possible monitoring, alerting, and analytics tools to ensure that case tasks are managed efficiently.

■ Consider positioning some or all of your case content and case processing in the cloud to simplify collaboration with external case partners. Access to case content and process interaction from mobile devices could also dramatically improve productivity and speed of response to customers.

Delivering customer care above and beyond their expectations can drive a business to flourish and dramatically improve the bottom line. SPAs look like the way forward.

For more information:

<http://info.aiim.org/case-management-aiim-research>

Mobile Bill Payment ISV Licenses TIS Capture Tools

The mobile payment market is growing by leaps and bounds, and **Allied Payment Network** is growing right along with it. The Fort Wayne, IN-based hosted service provider recently signed a contract with **Top Image Systems** (TIS) for its MobiPAY capture technology, which will be integrated with Allied's PicturePay solution. Licensed to banks and credit unions, PicturePay is a hosted application designed to be integrated into its customers' mobile banking apps.

"We started out as provider of Internet bill paying services," said Ralph Marcuccilli, president and CEO, Allied. "As the mobile market heated up a few years ago, we shifted our focus to developing a mobile bill pay offering that is easy to use for a consumer. Basically, PicturePay eliminates the need to use a keyboard. Users take a picture of their bills with the cameras on their phones, and we do the data entry and make the payment."

The end user typically only needs to enter the amount they wish to pay. "Often times, the amount someone wants to pay is not the same as what's listed on a bill," said Marcuccilli, explaining why the amount is not captured automatically.

PicturePay, which was launched in January 2013, is currently being used by 30 banks and credit unions nationwide. "A dozen are fairly large organizations with more than a \$1B in assets," said Marcuccilli.

PicturePay is sold to these organizations through a reseller channel. In addition to capturing data, Allied has the ability to make direct payments to more than 10,000 organizations. If there is not a direct payment avenue set up, Allied can cut a check and send it to the biller.

"We can deal with any kind of bill," said Marcuccilli. "This includes utility, credit card, and medical bills—even somebody writing a payment note on a napkin. We utilize several OCR engines to automate capture. Anything not recognized with a high enough confidence level is sent to somebody in our operation who will key or verify the data. That's how we guarantee such a high read rate." [Editor's note: An Allied [press release](#) touts greater than a 99% pass-through rate without requiring any additional action from an end user.]

TIS' MobiPAY technology will be utilized primarily to improve PicturePay's image quality. "It's a component that will help consumers take better pictures which will improve our automated read rates," said Marcuccilli. "MobiPAY does stuff like help focus the camera and enables a picture to be taken automatically—so users don't have to move their hands to press a button, which often disrupts focus."

Allied licenses its software to its customers through a transaction-based model. Its contract with TIS is also set up based on transaction volumes. There is the potential to expand the partnership to include other aspects of TIS' MobiFLOW platform, including technology for capturing data from additional document types. "In addition to capturing bills, our platform can store other types of documents for users," said Marcuccilli. "So, there may be potential for data capture from contracts, for example, that are related to bills."

Marcuccilli concluded by sharing his take on a few trends he has observed in the market for PicturePay. "Half of PicturePay users didn't use their bank's online bill payment services previously," he told *DIR*. "So, PicturePay is definitely an avenue for engaging more users in electronic payments. [Marcuccilli noted that most banks do not charge for PicturePay but view it as a service that contributes to customer loyalty.]

"Also, even though we don't need users to take pictures of their bills after their initial payment to a specific payer (as we already have enough info in our database), we find that two-thirds of the time,

they still do. They find this easier than scrolling through a list and having to select a payer. They also like to archive their bills in this manner.”

For more information: <http://bit.ly/TISAlliedPR>;
https://www.alliedpayment.com/pdf_files/Allied_PP_Read_Rate_FINAL.pdf

Cranel Continues to Adjust to Changing Landscape

Cranel's North American Executive Partner Event (NAEPE) is regarded by many as one of the most enjoyable annual events for document imaging resellers. Held in the value-added distributor's (VAD) home base of Columbus, OH, it attracts resellers from around North America for golf, networking, partner exhibits, and more. The event is capped off by a day at the PGA's Memorial Tournament at Jack Nicklaus' Muirfield Village.

As Columbus is just a four-hour drive from *DIR's* offices in Erie, Editor Ralph Gammon typically makes it there to check out the festivities. Unable to attend this year, we were able to catch up with Cranel VP of Marketing Scott Slack on the phone. He gave us our annual update on the organization, which continues to navigate the increasingly complex VAD landscape.

“The size of NAEPE 2014 was on par with last year,” Slack told *DIR*. (I'm not sure if the golf pun was intended.) “We had 75 attendees from 52 different organizations. There were nine exhibitor sponsors. For the keynote, we did something different and allowed some of our vendors to present on their new products and programs.”

While document scanner sales and service contracts still make up a good chunk of Cranel's business, its mix continues to evolve, with software sales and sales through the Office Equipment Dealer (OED) channel increasing. “Our long-term plan is to achieve a mix that is 45% sales through traditional ECM VARs, 45% through the OED channel, and 10% related to check imaging,” said Slack. (**Burroughs** is currently Cranel's primary check imaging vendor partner.) “In the past year, we've definitely seen better representation in the OED space.

“A lot of that OEM growth is around **Nuance's** print management and document capture software. Our professional services, providing support for those implementations, has also come along very nicely.”

Kodak Alaris on rebound

Cranel's current line-up of document scanner

partners includes **Kodak Alaris**, **Canon**, **Visioneer**, and **Panasonic**. Historically, Kodak has been the gorilla of that group, but it's no secret that the vendor struggled last year in the wake of uncertainty created by Kodak corporate's bankruptcy filing and the subsequent spin-off of the imaging business to Kodak Alaris, which is owned by the Kodak U.K. Pension Plan. “This year, things with Kodak Alaris have settled down and are shaping up nicely,” said Slack. “We had a solid finish to the second quarter.

“We are out of the valley, and every month is better. Kodak has been a good partner for us, and we have stuck by them. We are now reaping some of the benefits of that loyalty. Kodak Alaris is starting to come together as an entity, it has its feet underneath it, and is making positive strides. Also, some of the changes that Microsoft has made, such as discontinuing its support of XP, have fueled business opportunities for replacements.

“I would say that overall, Kodak Alaris partners are feeling better about where things stand. At this point, everyone is looking forward.”

Service has always been a big part of Cranel's mix. Through its Versitec organization, Cranel resells vendor service and software maintenance contracts. Versitec handles the initial support calls, helps determine the source of a problem, and attempts to solve any issues before passing on a customer to the appropriate vendor.

Like many in the hardware service business, Versitec has been challenged by the trend toward more distributed scanning. “That, along with some of the dynamics associated with changes in warranties (vendors are now throwing in two or three years with new scanners), has definitely had an impact on our business,” said Slack. “We might not like it, but we can't fight it; it's a reality of the market.

“We are still extremely successful at selling service contracts with mid- to high-volume production scanners. But on the lower end, if a user is getting three years of warranty coverage, it's difficult to upgrade them to four or five. This dynamic gets us looking more at offering unit refreshes vs. warranty renewal programs.”

To help overcome some of these challenges, Cranel has relied on increasing software sales. In addition to Nuance's products, it offers **CVision's** PdfCompressor, **Digitech's** capture and ECM technology, and e-forms from **Formatta**. “Software is a big piece of our overall business plan,” said Slack. “We are putting a heavy emphasis on

software, but without taking away from our hardware and service businesses. We continue to make sure we put appropriate emphasis on those. To date, most of our growth opportunity for software has been through our OEM channel.”

Slack concluded that Cranel’s focus going forward is to build on its strong base. “We have to make sure our traditional ECM business is strong,” he said. “And we are going to continue growing our check scanning business. With OEDs, our current strategy is to get to know them better and make sure we support them in endeavors like managed print.

“We also are always looking to broaden our portfolio, especially with complementary technology. Ideally, we’d like to find something that can crossover between our markets. Something like a signature pad, for example, might be interesting, because it could play in both the ECM and check scanning markets. At the end of the day, we are looking for good partnerships that make sense.”

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

MITEK, FROM PAGE 1

know that litigation is still active.

Is the price now right?

Because of the potential value of its patents, Mitek has long been included in acquisition rumors in our market. However, its outrageously high market cap has been cited as reason that no one has moved forward yet. Last year, Mitek reported losses of \$7.3M on revenue of just \$14.8M and through the first three quarters of its fiscal 2014 was on a pace

for similar losses on about a 30% increase in revenue (similar to the growth Mitek reported for 2013).

So, yes, \$70M still may be a bit high, but that said, if Mitek’s patents hold up, they certainly should be worth something, as it seems like everyone in the fast growing mobile document capture market steps on them—at least the way we have read them. Of course, there are questions about how well these patents will hold up and this recent decision in the USAA case certainly doesn’t bode well. In fact, a separate bench trial is apparently being held to consider USAA’s claims that some of Mitek’s technology was invented in Russia and that “Mitek omitted these inventors with the intent to defraud its shareholders.”

Oh yes, and Mitek’s CTO, recently resigned to “pursue other opportunities.”

For more information: <http://bit.ly/SAExpressMitek-USAA>

CAPTURE MARKET APPROACHES \$3B
Harvey Spencer Associates recently reported that the worldwide document capture software market grew 7.7% in 2013 to reach \$2.9B. That growth, down slightly from 2012, was tempered somewhat by vendors’ transition to more subscription sales. “After historically increasing about 10% each year, we saw recurring revenue, where we include subscription sales, jump by almost 30% in 2013,” Harvey Spencer, principal at HSA, told *DIR*.
 HSA will present on its market numbers at its annual Capture Conference being held Sept. 3-4.
 For more information: <http://www.hsassoc.com/capture/>

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