Document Imaging Report

Business Trends on Converting Paper Processes to Electronic Format

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August 3, 2013

THIS JUST IN!

PLUSTEK MOVING UPSTREAM

Plustek recently announced an aggressively priced 80 ppm document scanner. The new SmartOffice PS456U carries a MSRP of just $849, and it includes an impressive software bundle with applications from leading vendors like **ABBYY** and **NewSoft**. The device was recently awarded an Outstanding Achievement award for "Value" from **Buyers Lab**.

"Our PS286, 25 ppm scanner, which lists for $399, is really our bread-and-butter document scanner," said Mark Druziak, director of marketing and business development for Plustek Inc. "We sell a good number of those. A few years ago, we came out with a 40 ppm model, the PS406, but the sales didn't go as well.

"So, we approached our resellers and ISV partners and asked them what they didn't like about the 406. They gave us a list, and we made improvements in areas like paper handling, and we were able to quiet the scanner down. At the same time, our engineers doubled the speed of the device (at least in grayscale and B&W modes). I'm very proud of what they came up with in the 456."

The 456 is expected to hit the market in September. "The majority of our scanners are still being sold through DMRs like CDW," said Druziak. "But, especially as we move further upstream with devices like the 456, we'd like to see more being sold though VARs. Over the past couple years, we've really worked on building up our VAR and ISV programs. When we started this process, probably 90% of our scanners were going through DMRs. Now, it's close to 50% going through VARs. Working with **NewWave** (a value-added distributor) has really helped us with the channel."

http://plustek.com/usa/products/smart-office-series/smartoffice-ps456u/

Increased Subscription Sales Factor into Q2 Shortfalls

There has certainly been a lot of talk in our market over the past few years about the transition to Software as a Service (SaaS) and cloud-based sales and implementations. The general consensus is that for end users, having a vendor host their software makes too much sense from a support standpoint to ignore. In addition, the option of purchasing software as an annual or monthly expense, vs. a one-time capital expenditure (which still requires annual maintenance payments) is an attractive option for many businesses.

To address this potential market evolution (revolution?), over the past couple years we've seen a good number of capture and ECM ISVs launch new, or beef up existing, SaaS and cloud-based offerings. In the wake of these moves, to paraphrase the movie A Field of Dreams, the question had started to arise, "If the vendors build it, will the users come?"

Of course, there has been a second, more complicated question lurking behind this simple supply and demand issue. That is, are document imaging ISVs prepared to transition from a business model based on sales of perpetual software licenses to one based on monthly subscription sales?

This second question remained irrelevant, of course, until we received an answer to the first question—which now finally appears to be coming in. I'd like to say that Q2 of 2013 proved to be somewhat of a tipping point when it comes to SaaS or cloud-based sales in our market. That is because, for the first time, we saw ISVs stating that their quarterly revenue numbers were adversely affected by the transition to subscription sales. Both **ReadSoft** and **Top Image Systems** (**TIS**) reported second quarter revenue decline from Q2 2012, and blamed it, in part at least, on users buying more subscription-based licenses.

ReadSoft reported that its quarterly revenue declined 1% in constant currencies, to approximately $29 million US dollars. This included a 7% drop in license sales. TIS reported a 20% drop in revenue to $6.4 million. It did not break out license sales.

Now, neither company completely blamed increasing subscription sales for its shortfalls, but they both factored it into their equations, along with some weakness in Europe. Here's what ReadSoft president and CEO Per Åkerberg had to say in his company's interim report. "Our result is not acceptable and there are several key reasons. One main reason is that some major deals were postponed…. But the decreased result also depends on a calculated change we are making to increase our proportion of recurring revenues. Some of our new and larger completed license deals are subscription deals, which didn't generate any significant revenue in the second quarter, but are strategically important for the future."

TIS, which has historically done the great majority of its business in Europe, positioned itself this way. "The launch of our state-of-the-art, Web-enabled eFLOW5 platform, coupled with our revamped sales structure, has enabled us to deploy a SaaS-based business model that is in line with evolving customer expectations and better matches the economic challenges in Europe," said TIS CEO Ido Schechter in a press release. "While the revenue is recognized in smaller incremental amounts spread out over several quarters, the business model itself provides us with a steady and stable stream of predictable revenue, and it provides investors with an important metric—recurring revenue. We are confident that the wider deployment of this business model, coupled with the ongoing strength we see in the US market, will greatly contribute towards a strong second half of 2013."

For Q2 2013, TIS reported recognized SaaS revenues of $171,000, associated with 12-24 month contracts. ReadSoft did not specifically break out SaaS revenue, only to say it was included in its recurring revenue figures, which also include software maintenance revenue. For the second quarter, ReadSoft's recurring revenue was up 5% to almost $13 million, and increased as a percentage of overall revenue from 40% in Q2 2012 to 44.4% this year.

Short-term loss, long-term gain

DIR caught up with Bob Fresneda, president of ReadSoft North America, who gave us more insights into the Sweden-based ISV's performance. "We really haven't done as good a job as some other companies letting the market know the issues we'd be running into as we increase the percentage of our business that is coming through a recurring revenue model," Fresneda told *DIR*. "For example, the recent deal we announced with **DISC Corporation** as being worth approximately $1 million annually [*see DIR 6/21/13*], that would have probably been a $2 million perpetual software license sale. But, instead of accounting for it as a one-time sale, we plan to be booking approximately $100,000 per month for the next several years."

The DISC deal also marked ReadSoft's first major US sale of its foxray XBOUND software, a capture platform that is primarily being targeted at the BPO space. "Because of the

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3. Forms Processing/OCR/ICR
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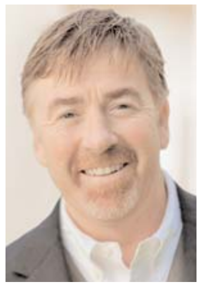
nature of the BPO space, most of our current XBOUND pipeline is for subscription-based sales," said Fresneda. "We also have some quotes into banks and insurance companies that could turn into big traditional software sales, but, because we just started selling the product in the US in Q1, I don't expect any of those to close this year."

Fresneda noted that ReadSoft is also seeing an increasing number of SMB deals go through a subscription model. "Our Q1 announcement of availability of workflow and approvals processes through the cloud will help drive growth in this area," he said. "We're not talking huge deals, but if you take a few $30,000-$40,000 deals and reduce them to $10,000-$14,000 annual licensing fees (only a quarter of which can be typically recognized in a financial quarter), it starts to add up and limit your growth potential.



Bob Fresneda, president, ReadSoft, North America

"The bottom line is that forecasting our revenue is going to be a little tougher during this transition to more subscription sales, but I like the impact on our business for the future."

SAP sales remain strong

Fresneda added that sales into **SAP** environments remain the largest revenue driver for ReadSoft, even with the company experiencing significant growth in its **Oracle**-related business. "The Oracle deals are typically smaller," he explained. "Our company policy is that we only announce deals that are worth $350,000 or more, and most Oracle deals are about half that size."

Fresneda noted that one reason for this is that Oracle implementations typically call for fewer professional services. "There's just not as much room for customization in Oracle environments," he said. "In SAP, everything is done in ABAP, which our professional services people are very comfortable with. Oracle technology is much more of a closed loop and our A/P implantations within it are typically quicker with shorter services engagements."

Fresneda acknowledged that ReadSoft's SAP deals are also getting smaller, but added that in the second quarter, ReadSoft North America still managed three that were worth announcing, the largest one being an approximately $.5 million sale. "Overall, I think the market for capture within SAP environments is still growing," Fresneda told *DIR*. "However, the competition is increasing too, which has hurt our market share.

"In addition, there are only so many Fortune 1000 companies you can go after with invoice processing. We've had to start going after smaller customers, as well as go back to our install base and sell new applications like purchase requisition automation (converting requisitions to POs) and sales order processing.

"This works hand-in-glove with going after smaller companies—even though smaller companies with SAP are still typically over a $1 billion in annual revenue. While Fortune 1000 companies may have the volume to justify a focused invoices automation implementation, smaller companies typically want to spread out their investment to address multiple applications in a shorter amount of time."

Fresneda noted that despite the weak overall quarter for ReadSoft, US sales showed growth. (ReadSoft reported "US and rest of the world" sales were up 3% to $8.7 million.) "We didn't do as well as we hoped, but we also had a very aggressive plan," he noted.

Fresneda added that ReadSoft remains bullish on the US market and that despite an announcement of 30 layoffs (about 5% of the company's total workforce), ReadSoft's investment in the US will continue to increase. "Basically, there was too much cost and overhead after a couple of acquisitions," said Fresneda. "Many of the layoffs are with the parent company. There will also be some cutbacks at subsidiaries that haven't been hitting their numbers."

In the US, Fresneda indicated he will be receiving additional resources to help market ReadSoft's cloud technology, as well as foxray XBOUND. "The foxray technology puts us right in the wheelhouse, and in our opinion ahead of Kofax and EMC, for large enterprise capture deals," he said. "We think this is a market where we will gain future revenue that we have not seen in the past."

Fresneda also spoke optimistically about the Expert Systems acquisition ReadSoft announced earlier this year [*see* DIR *5/17/13*]. Expert Systems is a Swedish e-invoicing ISV that offers its technology through a SaaS model. "We are in a unique spot in the e-invoicing market—we have an accounts payable install base of over 6,000 customers that could use this technology in parallel to OCR or to replace OCR for the suppliers where it makes sense," said Fresneda. "E-invoicing is not a huge revenue play for us over the next 9-12 months, but it is one of our technologies that will get significant investments to allow it to grow globally outside of the Nordics in 2014 and beyond."

Optimistic outlook

Fresneda concluded that from his standpoint, despite the weak Q2, both the market and ReadSoft's business remain strong. "You have to take into account that we were coming off a very strong Q2 in 2012, as well as several strong quarters of license sales growth over the past year-and-a-half," he said. "I really don't see any weakness in the market, and I didn't see any increase in ReadSoft losing deals to competitors. I do see deals taking longer."

He added that Åkerberg was brought in last year as CEO from outside the organization to make tough business decisions like reducing staff by 5%. "His hiring has allowed ReadSoft's co-founders (Jan Anderrson and Lars Applestål) to be entrepreneurial and think strategically about the type of company we will be long term," Fresneda said. "ReadSoft has internal goals to grow substantially through 2015, and we are willing to make investments in people and technology to reach them.

"As part of its growth strategy, ReadSoft will still be active in acquiring other technologies in ways to complement our current technologies, as well as maybe to gain market share by combining technologies globally. Finally, we are improving our marketing communications to be more of a global marketing company. You will see some of the payoff of that work in announcements we will make later this year."

For more information: http://www.readsoft.com/; http://mb.cision.com/Main/493/9442994/143546.pdf

Kofax Indicates Strong Q4; Makes Major SPA Acquisition

In contrast to ReadSoft and Top Image Systems, it seems that **Kofax** is due to report a strong quarter for the three months ended June 30, which is actually the end of Kofax's fiscal 2013. In a recent trading update, the Irvine, CA-based ISV announced that for its fiscal 2013 it "expects to report software license revenue in the range of $111.5 to $112.5 million, total revenues in the range of $265.0 to $267.0 million and EBITDA in the range of $45.0 to $46.0 million."

Related to this, CEO Reynolds Bish was quoted, "We achieved strong results in the fourth quarter, realizing record software license and total revenues and returning to growth in both software license and total revenues for the second half of the fiscal year."

In reference to the Kofax announcement **Harvey Spencer Associates** Tweeted, "considering slow Q1 and Q3 quarters suggests blockbuster Q4 of over 20% growth!"

Bish added, "We believe this represents a significant and positive turning point in the Company's performance as a result of the continuing progress we've made in strengthening our sales organization and improving execution across all geographies and product lines. We were also pleased with results both in our core capture market as well as with our acquired and new product offerings."

Immune to cloud effect

Kofax's full fiscal 2013 preliminary unaudited results are due to be announced Wednesday, Sept. 4. But, in the preliminary announcement at least, there is no talk of a transition to a subscription-based software model. Then again, despite some posturing about offering its capture technology as part of its TotalAgility BPM SaaS offering, Kofax has really done little to promote capture being sold through a subscription model.

In fact, a couple years ago, CEO Reynolds Bish told *DIR* that he didn't think the processor intensive nature of many Kofax capture applications lent themselves very well to cloud-based deployment.

Last issue, we ran a story on one of Kofax's partners, Australian-based **Efficiency Leaders,** who is now offering a cloud service that leverages the Kofax Transformation Toolkit (KTT) [*see DIR 7/19/13*]. But, at least from the last price list we saw, KTT modules are licensed on a page-count basis, meaning that although Efficiency Leaders may be charging its customers a subscription fee, it is likely paying Kofax through a traditional licensing model.

So, how long can capture market leaders like Kofax and **EMC** (which promotes a virtualized deployment of its capture and ECM software, where it hosts the software but the end user still buys a perpetual license) hold out against the trend toward subscription based software? We're guessing a few more years at least, as many of the larger customers they focus on, in markets like insurance, financial service, and government, will in most cases probably take the conservative approach and go with a market leader's on-premise solution rather than try a smaller vendor's cloud offering.

It's interesting to note, however, that as Kofax moves deeper into the SPA (smart process application) space, it may be dragged into moving more of its technology onto the cloud. It's most recent acquisition, **Kapow**, which is being counted on as a linchpin of Kofax's SPA strategy, is currently doing 56% of its business through a SaaS model. Also, the nature of SPAs, which are basically point solutions that need to flexibly connect with multiple third-party systems, would seem to lend itself to cloud deployment, as increasingly many of these third-party systems are going to be deployed on the cloud.

At some point, as Kofax's business transitions more from traditional capture to SPA, we fully expect it to go through some of the same challenges that ReadSoft and TIS are now experiencing. But for now, at least, the strength of Kofax's capture business and the perpetual software licensing associated with it, seem to have it sailing along smoothly.

Application integration key to SPA

As long as we mentioned Kapow, let's take a look at some details of Kofax's most recent acquisition, which was announced earlier this week. Based in Palo Alto, with development primarily in Copenhagen, Kapow is advertised as a data integration ISV. Its fiscal 2013 (ended June 30) revenue was reported at $15.9 million, with an adjusted EBITDA loss of $2.2 million. Kofax agreed to pay a net of $46.1 million, or a little less than three times revenue, for Kapow.

The way I understand it is that as Kofax transitions more toward SPA, it is going to be asked more often to integrate with third-party software products, and Kapow will facilitate that integration. "When we talk about SPA, we talk about being able to bridge the gap between systems of engagement and systems of record," explained Kofax CEO Reynolds Bish, during a conference call discussing the acquisition. "To do that means we have to integrate our technology with both of those types of systems. For example, as part of an SPA, you might have to do look-ups into your systems of records to validate information coming from your systems of engagement.

"Historically, to make those connections, we've had to rely on API programming, which can be time consuming as well as expensive, as it can require extensive professional services. Kapow will enable us to do integrations better, faster, and cheaper, which will accelerate deployment of SPA solutions for our customers."

Bish went on to explain how Kapow's technology could be applied in invoice processing, a market in which Kofax is already well established. "Our MarkView A/P automation software is very tightly integrated with SAP and Oracle ERP systems," he said. "We also have a generic A/P automation solution that's not integrated with any ERP system. If a customer wants to integrate with another ERP system, there are professional services associated with that, which can easily run in excess of $150,000 to $250,000 for all the API level coding that we need to do. With Kapow, we can shorten the time and hours necessary to do that integration. This helps remove potential barriers to making sales to customers with systems our software is not integrated with."

Kofax is touting Kapow as complementary to its other major acquisition this year, Altosoft, which develops software that has the ability, without any programming, to pull and graphically present data from multiple systems. Kapow adds the ability, without programming, to move content among multiple disparate systems, potentially based on decisions made using the data presented by Altosoft. As one key to SPAs is their flexibility, you can see why these two ISVs are so critical to Kofax's long-term strategy.

Kapow already has an install base of "hundreds of companies" separate from the SPA space. This includes big names like Audi, Deutsche Telekom, Fiserv, Thompson Reuters, and Zurich Insurance Group. Its business is primarily US-based with less 20% of its revenue generated outside North America. To date, Kapow has focused on markets like enterprise application integration, content migration, and most recently, marketing intelligence, which involves monitoring social networking sites and pushing information to BI and analytics tools.

Bish said that Kofax will continue to pursue these markets, but also expects the Kofax sales force to take the technology in new directions. "Sure, there is some opportunity to sell Kapow's traditional use cases into our much larger install base," he said. "But, we are really focused on driving revenue growth by utilizing it in SPA solutions, bundled in some of the areas I talked about. As a result, we expect Kapow to drive significant revenue from the Kofax sales force, in addition to what we drive out of its existing business model."

Building an SPA stack

When combined with Kofax's capture, BPM, and BI/analytics, Kapow's data integration technology would seem to give Kofax an impressive set of tools for building SPA solutions. Kofax was already ranked as one of the "leaders" in **Forrester's** initial SPA wave, which was published earlier this year. This acquisition should help move Kofax further upstream, as it seems to address at least one of the areas, collaboration, where Kofax was considered somewhat average. It could also be used to help Kofax create more "packaged solutions," another area where Forrester did not rate Kofax as particularly strong.

That said, because the SPA market is at such a nascent stage, it's tough to tell where the rubber is really going to hit the road, and which technologies are going to be vital to an SPA stack going forward. Sure, Kofax has done a great job explaining its vision for utilizing Kapow's technology, but it's tough to say how realistic that vision will turn out to be.

It's interesting to note that Bish said Kofax's only competition for acquiring Kapow was one of Kapow's VC investors. When you add that to the fact that Kapow didn't really seem to be positioning its technology as relevant to the SPA market prior to the acquisition, it makes you wonder a bit. Is this the type of technology that other SPA players already have, or is Kofax's vision just ahead of its competitors right now? I really don't know.

That said, I'll at least give credit to Kofax for having a vision, being able to explain that vision, and then acting on it with an acquisition that seems to make sense as a step toward realizing it.

For more information: http://www.documentimagingreport.com/index.php?id=2448;

Panasonic Utility Expands Network Scanning Options

Network scanning is clearly a growing market. When he came out with his 2011 report on the capture software market, industry analyst Harvey Spencer noted, "I think capture from MFPs is driving a lot of business, which I'd be worried about if I were a scanner vendor." One way scanner vendors have addressed this challenge is by introducing an increasing number of dedicated network scanning devices.

HP was the pioneer in this area with its Digital Sender and continues to be the market leader. However, over the past several years, vendors like **Fujitsu Computer Products of America**, **Kodak Document Imaging**, and **Canon** have each introduced their own network scanners, and they've had some limited success. According to **InfoTrends**, in 2010, there were more than 25,000 dedicated network scanner units shipped in North America. This was up from approximately 20,000 two years earlier and around 12,000 two years before that in 2006. And in Susan Moyse's report on the scanner market published last year, she cited network scanners as helping drive 8% growth in the departmental segment of the market [*see DIR 10/12/12*].

The reason Moyse lists network scanners in the departmental segment is that most on the market today capture documents at rated speeds of 25-40 ppm and carry a list price of around $2,000. **Panasonic** is attempting to break this mold with its initial entry into the network scanning space. In fact, its new KV-SS1100 isn't a scanner at all. Instead it's an appliance that can be used to turn almost any Panasonic document scanner into a network capture device.

"The best way to describe the KV-SS1100 is to say it's a touchscreen control panel for enabling network scanning," said Joseph Odore, Product Manager for Panasonic Systems Communications Company of North America. "It includes a complete operating system and the display can be customized. With it, users should be able to capture documents and transmit them over the network to wherever they want the documents to go."

Panasonic's new KV-SS1100 is a utility that can turn most Panasonic document scanners into network attached devices. It features a Windows OS, a 7-inch color touchscreen, and is Wi-fi- and Bluetooth-enabled.

The KV-SS1100 looks somewhat like a tablet computer/Kindle Fire. It features a 7-inch touchscreen with a scratch protection sheet. It works in conjunction with Panasonic scanners to enable simplex and duplex scanning, auto-rotation, de-skew and cropping, double feed and staple detection, and hole/border/dog ear and blank page removal. It supports output of TIFF, JPEG, and PDF (without OCR) images.

"The beauty of the SS1100 is that as a vendor, we are not deciding what scanning hardware the customer has to use for their network scanning application," said Odore. "Sure, they can purchase our $600 KV-S1026C, which is rated at 30 ppm, and combine it with the SS1100 (which lists for $1,549). This will give them something similar to the network scanners other vendors' are offering.

"But, they also have the option of connecting the SS1100 to production scanners, which is something our competitors can't offer. So, now instead of paying $15,000-$20,000 for a higher-speed MFP with scan-to-network functionality, users are presented with a much less expensive dedicated scanning alternative. Plus, they get the advantage of being able to scan more the diverse document sets that dedicated scanners can address, including hard cards.

"To tell you the truth, I don't think the vendors in our market have done a good job marketing dedicated network scanners against MFPs. I think some of this has to do with limitations in the hardware selection to date. The SS1100 removes that limitation."

The initial version of the SS1100 comes out of the box with scan-to e-mail, FTP, and network folder capabilities. There is also an SDK that integrators and ISVs can use to create direct connections to software applications. "We are just starting to work with a couple ISVs to create plug-ins," said Odore. "We can see eventually offering a version of the SS1100 that might come bundled with a leading network capture software application, for example."

A network connection can be made to the SS1100 either through an Ethernet cable or wireless connection. The device has four USB ports and also supports Bluetooth. These ports can be used to connect the scanners or third-party devices like biometric readers for access control or keyboards. Odore said that Panasonic does not currently offer a scanner with Bluetooth connection capabilities but it is something that could be introduced in the future.

"This is version one of the KV-SS1100," concluded Odore. "We are planning a software revision in the next 6-8 months that will offer some cloud integration and other capabilities."

DIR opinion

Hats off to Panasonic on a very innovative product introduction with KV-SS1100. Odore has a point when he says that to date network scanners have had only limited success against MFP scanning, which seems to be growing at a faster rate. Granted, the MFP vendors have certain advantages when it comes to install base, but that doesn't mean that a better mousetrap can't be sold.

We like the versatility the KV-SS1100 brings to the table. Yes, it adds an extra moving part to the whole network scanning equation, but it also increases network scanning hardware options exponentially. Think about it, each time Panasonic introduces a new version of the KV-SS1100, it is introducing six to eight new network scanning options.

Panasonic could have come into the network scanning market with a "me too" departmental device. But, as a smaller player than the vendors who are already marketing network devices, how well would this have served them? The KV-SS110 gives Panasonic a true alternative that certain end users might find attractive

http://www.documentimagingreport.com/index.php?id=2441

Japanese Scanner Sale BancTec's Largest Ever

BancTec recently landed the largest scanner deal in its history, selling more than 30 IntelliScan XDS high-volume scanners to a Japanese BPO center. The sale was also somewhat unique because the BPO center is located in the Fukushima Prefecture, which was the region most affected by a nuclear disaster in 2011 brought on an earthquake and tsunami. The BPO center was partially funded by the Japanese government to assist with economic recovery in the region.

We briefly covered the implementation in a recent edition [*see DIR 6-21-13*]. However, since then, we caught up with **BancTec** CTO and president, BancTec Technologies, Mark Fairchild, who provided us with some more details. "This is really a great deal for us and a great reference site," he told *DIR*. "It's a really smooth operation where they are meeting their targets of capturing 3.5-4 million documents per day. They are running 2 ½ shifts per day, seven days per week, and capturing 100 million pages per month."

The customer is **Sagawa Express**, which Fairchild described as being similar to FedEx. "They do a lot of B2B delivery of goods, parcels, and packages," he said. "Related to these deliveries are a mixture of documents like delivery receipts, insurance forms, weigh bills, etc. And they arrive in all sorts of conditions: bundled and rolled with rubber bands, they may even be wet. It's not exactly delightful stuff."

The IntelliScan XDS are open track model scanners that are rated at up to 550 ppm at 200 dpi. "Sagawa is running them at the full-rated speeds," said Fairchild. "To enable that we had to make some modifications to the feeder and track. We worked very closely with Sagawa and started working on the paper handling a year before the deployment."

Fairchild noted that Japanese paper can be very thin. "If you think of U.S. paper as typically being 20-24 lbs., in Japan, it is typically 12 lbs." he said. "It's almost like a carbon copy."

The XDS has the ability to do in-line recognition and Sagawa is using this capability for document sorting. All their scanners feature BancTec's innovative five-pocket stacker, which is designed to reduce the IntelliScan's footprint [*see DIR 9/2/11*]. "In Japanese implementations, floor space is often at premium," said Fairchild.

The Sagawa implementation was done in

conjunction with BancTec partner **J-SCube**. "J-SCube is both a systems integrator and a service bureau," said Fairchild. "The have done more than 20 implementations of our scanners in Japan, with Sagawa being the largest. They typically utilize our hardware and bring in their own software and/or some third-party application. J-SCube focuses a lot on the financial services market."

Earlier this year, J-SCube was acquired by **Toppan Forms**, a $16 billion Japanese company, with a large business in printing and publishing. "Toppan bought J SCube to start offering some document processing services, and we are looking forward to working with Toppan going forward," said Fairchild.

Mark Fairchild, BancTec CTO and president, BancTec Technologies

Japan is the country where BancTec has had the most success with the IntelliScan. "As far as continents, Europe and Asia are about even," Fairchild said. "We've seen a steady business in the high-volume scanner market for the past two or three years. We're really only offering two models, the XDS and SDS (which is rated at 255 ppm at 300 dpi), so we're talking really high-volume, which is a market that analysts aren't projecting much growth for.

"One thing we are seeing is an initial demand for replacements. We launched our high-volume series back in 2004-2005 and we're just starting to see a turn of the early installs. When you add that to our steady stream of new business, there is some growth opportunity."

Fairchild noted that the Japanese market is strong because of signature requirements that drive continued use of paper. "As part of their signature, everybody in Japan has a small red stamp the serves as a seal," he said. "They use it on documents like checks and contracts. It's something that's very hard to transition to an electronic signature."

The Sagawa implementation was somewhat unique due to the circumstances surrounding the Fukushima Prefecture, where a partial nuclear meltdown occurred at a power plant in 2011. "Sagawa was previously operating a couple data capture facilities in the Tokyo area," said Fairchild. "The 2011 meltdown really drove everything out of the Fukushima area, and the government has been desperate to bring work into that region.

"So, the government offered some incentives, and Sagawa was able to put in a great new building in Koriyama City, which is actually some distance from where the nuclear disaster occurred. Still, they have been extremely cautious around monitoring radioactivity around the building and the site is perfectly safe. The BPO center created about 150 jobs for people in the area, and they held a big announcement where some senior officials from Sagawa met with the local press."

Fairchild concluded that the BPO center is now starting to expand its operations. "It's starting to offer scanning services to other businesses in the region," he said. "They have now ordered four more IntelliScan XDS units on top of the initial 30."

For more info: http://bit.ly/J-SCube-Toppan
http://www.documentimagingreport.com/index.php?id=2432