# Document Imaging Report

Business Trends on Converting Paper Processes to Electronic Format

4003 Wood Street ● Erie, PA 16509 ● PH (814) 866-2247 ● FX (412) 291-1352 ● www.documentimagingreport.com

***August 8, 2003***

***THIS JUST IN!***

### *CAPTIVA DISCUSSES REVENUE DRIVERS*

If all goes as planned, within 18 months **Captiva** expects the **Headway Technology Group** to be selling *InputAccel Express* at a run rate of $4 million per year. *IA Express* was introduced this spring as an alternative to Kofax' *Ascent Capture*. Headway is an imaging-focused European value-added distributor that competes with **Kofax** parent **DICOM**.

"*IA Express* is targeted at the low- to mid-volume segment of the capture market," said Captiva President and CEO Reynolds Bish during a recent conference call to discuss the company's second-quarter results. "Headway was moving $4 million worth of Kofax capture software per year, mainly for that market. As Headway was becoming increasingly uncomfortable in its relationship with DICOM, it made a decision to replace Kofax' product with Captiva's. If all goes as planned, we expect to gradually pick-up all that revenue."

Bish said Captiva also expects to generate significant 2004 revenue from the Digital Mailroom system that was introduced at **AIIM 2003**. "**Fidelity** and **American Express**, existing customers in two of our largest vertical markets, requested we develop Digital Mailroom," said Bish. "We are currently deploying it at some beta sites. Once it's released, we expect the starting price for Digital Mailroom to be $250,000 with enterprise applications in seven-figure territory."

Based on Captiva's second-quarter numbers, it will need alternative sources of revenue to generate the growth that investors have become accustomed to since Captiva merged with **ActionPoint** last July. For the third straight quarter, Captiva's pro forma growth was almost entirely driven by scanner sales. DIR

## Lason Bouncing Back From The Brink

This is a true story, at least the way we remember it: It occurred at **AIIM 1999**, which was held in Atlanta, GA. Not the greatest venue for a trade show, but because it took place during the middle of the dot-com boom, there was quite a bit of money to be spent on things like parties. That's just the way it was back then. I think **Microsoft** held like a five-hour long open bar at the downtown **Hard Rock Cafe**.

Imaging service bureau **Lason** also held a gala event. I don't remember the location, but it was pretty swank. It was someplace befitting a company that had grown from $70 million in annual revenue in 1996 to close to $300 million in 1998, and, with the help of an aggressive acquisition strategy, planned to finish 1999 with a run rate of $700 million [*see* DIR 2/5/99].

Lason Chairman and CEO Gary Monroe was the architect of this growth and took his proper place at the center of the dais for the opening of the festivities. Monroe gave a brief talk in which he touched on the company's recently proposed merger with the **M-R Group**, a $75 million U.K.-based service bureau with a business model very similar to Lason's.

At the time, rumors had begun to circulate regarding the financial health of the M-R Group. Lason's stock, which had peaked at near $70 per share in February, dropped to nearly $30 per share during the month of April. At the AIIM party, a member of the media asked Mr. Monroe if Lason wasn't going to suffer from indigestion from making so many acquisitions, so fast. Acting like a roll up, Lason reported some 76 acquisitions from 1996-1999. This was accomplished by running up close to $300 million in debt.

Monroe scoffed at the notion of indigestion. He was merely executing a well-devised strategy for complementing internal growth and consolidation of operations with acquisitions. He had overseen another roll-up with **Eastman Kodak's** international conversion services business. No, he assured the crowd, Lason would be okay.

About an hour later, I saw Monroe on the party floor. He was stacking a plate with hors d'oeuvres, and I went over to say hello. He had always been a gracious interview on the phone, and I wanted to meet him in person. As we spoke, Monroe was eating profusely. He appeared to be sweating and nervous. As he was presumably paying for the meal, I figured maybe he had a right to speak with food in his mouth. But clearly, he didn't have a clue as to how to avoid indigestion…

Today, Lason is a $200 million a year company still focused on the imaging services market. The M-R Group merger was completed, but then reversed two years later when Lason sold off most of what had been M-R in 2001. This May, Monroe and three other former Lason executives were charged by the SEC with accounting fraud, including overstating earnings for the third quarter of 1999 by 65%. And Lason, under the direction of Ron Risher, who was appointed CEO in May 2001, has filed for, and emerged from, Chapter 11 bankruptcy.

The bankruptcy proceedings and the sale of some assets helped the company erase all but approximately $45 million of its debt. Most of this erasure was accomplished through the cancellation of the company's common stock and the reissuing of 30 million new shares of common stock to senior note holders and company officers. A little more than 10% of those shares remain in reserve to be paid out when all claims against Lason are reconciled.

In Lason's quarterly report for the first three months of 2003, the company also reported close to $25 million in cash and cash equivalents, which is considerably more than it carried during its heyday. Lason was also almost profitable, reporting a net income before interest of $406,000 on $44 million worth of revenue. An interest expense of $756,000 reduced that to a net loss of $350,000.

According to Risher, approximately 55% of Lason's revenue currently comes from imaging conversion services. "Aside from the M-R Group, we didn't divest of any of our imaging businesses," Risher told *DIR*. "We still have approximately 30 imaging centers in the United States. We also hung on to all our offshore data capture operations in Mexico, China, and India. In addition, we have three output centers. We also have approximately 30 customers with whom we have on-site contracts."

In total, Lason has more than 2,000 services customers and another 2,000 that purchase imaging supplies, such as microfilm, from the company. Going forward, one of Lason's challenges is evolving from its roots in the microfilm business. "Many of Lason's acquisitions were micrographics-based companies," said Risher. "Micrographics is a dying market. Historically, Lason was so focused on making acquisitions, it never concentrated on digitizing the businesses of the companies it had already acquired."

Risher estimated that micrographics currently makes up 25-

**Document Imaging Report**

Business Trends On Converting Paper Processes To Electronic Format

*DIR* is the leading executive report on managing documents for e-business. Areas we cover include:

1. Scanning
2. Forms Processing/OCR/ICR
3. Integrated Document Management
4. Content Management/XML
5. Document Output
6. Storage
7. E-Commerce

*DIR* brings you the inside story behind the deals and decisions that affect your business.

***Vol. 13, No. 15***

**Editor:** Ralph Gammon
4003 Wood Street
Erie, PA 16509
PH (814) 866-2247
FX (412) 291-1352
ralphg@documentimagingreport.com

***Managing Editor:***
Rick Morgan
PH (814) 866-1146
rickm@scandcr.com

***Publisher and Circulation Manager***
Larry Roberts
RMG Enterprises, Inc.
5905 Beacon Hill Lane
Erie, PA 16509
PH (412) 480-5116
FX (412) 291-1352
larry@rmgenterprises.com

***DIR*** is published 24x per year, on the 1st & 3rd Fridays of the month, by:
RMG Enterprises, Inc.
5905 Beacon Hill Lane
Erie, PA 16509
PH (412) 480-5116
**Web**: www.documentimagingreport.com



**Subscriptions:** $597 (electronic) or $670 (paper) per year

30% of Lason's revenue. "Two years ago, it was probably 50%," he said. "We've already been hit hard, and we expect the decline as a result of lost micrographics business to be less and less every year. We have to make up for this decline by increasing our revenue from digital services."

According to Risher, Lason's revenue rate in 2002 has essentially been flat compared to 2001. To help improve on this, the company recently announced a new marketing strategy designed to evolve Lason into the broader business process outsourcing (BPO) space. "We are focusing on areas like processing invoices for accounts payable, processing insurance claims, processing mortgage loans, and processing medical records," he said. "These are applications where we have a good deal of experience and accounts that we can reference."

> **"Historically, Lason was so focused on making acquisitions, it never concentrated on digitizing the businesses of the companies it had already acquired."**
>
> **Ron Risher, CEO, Lason**

As part of its evolution, Risher expects Lason to more fully leverage its offshore assets. "We want to offer more than just data entry with those parts of our business," he told *DIR*. "Our Indian subsidiary, for example, started life as a software developer and integrator. We have leveraged its resources to launch a pilot in which we are performing healthcare claims adjudication. Potentially, we can perform several processes around healthcare claims, including using our output centers to print the checks and EOBs associated with paying the claims."

In 2002, Lason's Indian subsidiary, **Vetri**, contributed almost $30 million to Lason's top line. Risher expects revenue generated from Lason's Chinese and Indian operations to grow "significantly" in the next five years. In addition to 3,000 North American employees, Lason has approximately 1,500 full-time "offshore" employees and another 3,300 independent contractors.

Lason also has a hosted document repository it can offer customers. Last summer, Lason signed a deal with **Mobius** for software to manage that repository. "We are focusing on applications that have a lot of document flow associated with them," Risher told *DIR*. "We are tying to incorporate as many of our tools and assets as possible into servicing these applications. We want to grow from servicing just a small segment of an application to providing more complete BPO services."

Lason's efforts to move into the BPO space represent an attempt to follow a trail blazed by the successful BPO-giant **ACS**, which also has roots in the imaging and data capture markets. "We compete every day with ACS," commented Risher. "We tell customers that because we are a smaller organization, we can be more flexible in terms of customizing their applications."

Risher said that Lason's financial situation is always something that is addressed up front with its customers and prospects. "Typically, we are dealing with large organizations that know, or will certainly find out, that we've been through Chapter 11," he said. "We explain to them how our balance sheet has improved, and that we have enough working capital to ensure that we can service them every day."

As Lason moves forward with its BPO strategy, we asked Risher if acquisition could again become part of the company's strategy. "We're not interested in acquiring any more micrographics businesses," he said. "We've already established a national footprint of imaging services centers. If a new type of technology or application becomes available that has synergies with our existing model, then we might be interested. However, to make any acquisitions, we'd first have to expand our capital. So, no, acquisition is not a strategy we are aggressively pursuing today."

For more information: **Lason, Inc.,** Troy, MI, PH (248) 526-1800. DIR

## High Margins Fuel INSCI Turnaround

Like **Lason**, **INSCI Corporation** is working its way back from the edge. With a $17.5 million net loss in 2001 on revenue of $10 million, INSCI looked very much like a candidate for the notorious dot-com deadpool. And in many ways, INSCI had a dot-com business model to blame for its misfortune. Unlike many dot-coms, however, INSCI also had a quality product that had sustained its business for 10 years prior to the Internet boom and bust. By returning its focus to this core product, INSCI has constituted a turnaround and is now looking to grow it presence in the ECM market.

INSCI's 2003 gross revenue numbers [INSCI's fiscal year ends on March 31] of $9.2 million may not seem all that impressive. But, they do represent a 9%

increase over its 2002 revenue, even though they are still 8% below 2001 revenue. What is impressive about INSCI's 2003 report are some of the numbers that appear a little further down the page. These include an operating income of $1.78 million—which constitutes an operating margin of 19%. After you subtract an interest expense of $690,000, and add in a one-time extraordinary gain of $289,000, the company's net income of $1.38 million still represents a healthy 14% of revenue. This compares to an operating margin of 10% in 2002, with a net income of $368,000.

### *ARCHIVE SOFTWARE SALES ON THE RISE*

***High-volume document archiving specialists INSCI and Mobius both enjoyed solid fiscal 2003s. For the year ended March 31, both companies reported an increase in software sales of greater than 35%. (Revenue in millions of US dollars.)***

| Company | INSCI | Mobius |
|---|---|---|
| Revenue | $9.20 | $82.70 |
| Revenue Growth | 9% | 22% |
| Software Growth | 36% | 37% |
| Operating Margin | 19% | 5% |
| Basic EPS | $0.026 | $0.23 |

Turning the page, the balance sheet appears equally improved. First, in 2003, INSCI increased its cash from $412,000 to $771,000. More importantly, through restructuring its debt, paying off a good deal of receivables, and converting of a portion of its debt to preferred stock, INSCI was able to reduce its working capital deficit from $6.2 million to a more manageable $1.9 million. "We see the willingness of one of our primary lenders to convert its debt to stock as a clear indication of a third-party getting a warmer feeling toward our company," Henry Nelson, president and CEO of INSCI, told *DIR*.

Nelson is the man responsible for INSCI's turnaround. He joined the company in May 2001, shortly after it had closed its InfiniteSpace.com ASP operations and taken a related $8.9 million restructuring charge. InfiniteSpace.com had been launched as an electronic statement presentment (ESP) outsourcing service and had distribution agreements with the likes of **Standard Register**, **Intuit**, **Bisys**, **Xerox**, and **Bell & Howell**. For a brief period of time, INSCI even changed its name to insci-statements.com.

With pundits predicting greater than 40% compound annual growth rates for the ESP and related EBPP (electronic bill presentment and payment) markets, not to mention the tremendous hype the whole ASP delivery method was receiving, INSCI watched its stock value soar from less than a dollar per share in late 1998 to more than $9 per share in early 2000.

INSCI's days of an inflated market cap were short lived. A combined net loss of $27 million in 2000 and 2001 wiped out INSCI's limited assets and plunged the company deep into debt. With a pile of former high-flyers, INSCI watched its stock plunge to levels below $.25 per share. The company then dumped all the assets associated with InfiniteSpace.com and hired Nelson.

A technology veteran from the Boston area, Nelson said two things attracted him to INSCI. "First off, INSCI has a world-class customer base," he told *DIR*. "INSCI has 270 active customers, mostly in the Fortune 1000 range. And half its revenue comes from maintenance contracts with those customers.

"The second attraction was the product. It had been on the market for a number of years and had won some awards. One of INSCI's previous executives had worked with me years back, so he gave me some of the lowdown. I was not coming into a situation where we were going to have to spend all sorts of R&D just to go to market."

Nelson, in fact, cut R&D expense from $5.8 million in 2001, to $1.7 million in 2002. He also cut general and administrative costs from $4.9 million to $2.1 million, and sales and marketing costs from $3.2 million to $2 million. And, wouldn't you know it, after three years of escalating losses, INSCI was profitable in 2002.

"I had to make some hard decisions when I arrived," recalled Nelson. "We had to move our cost structure around and invest more in customer support. We really needed our customer base. So, we brought in new management in that area and turned over about half the staff."

With a new support team in place, services accounted for 67% of INSCI's sales in 2002. In 2003, with INSCI increasing its combined sales and marketing and product development expenses by 14%, the company realized a 36% gain in software sales. Ironically, one of INSCI's strongest areas of growth was in ESP applications.

"Over the past two years, we've implemented ESP capabilities for 75-100 customers," said Nelson. "A lot of them were existing customers in the financial services industry that are now making statements available to their customers. To help them do this effectively, we had to re-architect the entire back end of our product. This type of application requires the ability to deal with large spikes in traffic during specific dates and times, such as between 6 p.m. and 10 p.m., during the last few days of the month."

In addition to helping INSCI grow its business with banks, a market where it has always been strong, Nelson said the company's ESP functionality is helping INSCI expand into the healthcare market. "Health insurance companies like ESP functionality for distributing EOB (explanation of benefit) statements," he said. "And, we recently signed a large deal with a healthcare provider that is leveraging ESP to distribute reports."

Nelson spoke about how INSCI's success with ESP is indicative of its evolving market. "Our technology started out as COLD storage, a true back office report management application," he said. "With the advent of client/server technology, our software was used to push documents like invoices and purchase orders out to customer service representatives for internal use. Now with ESP, and the emergence of Web technology, we are being utilized at the consumer level. These developments have helped us grow horizontally within our customer base."

INSCI has also pushed this horizontal growth from within by developing e-mail archiving, records management, and digital asset management extensions of its core product. "We are expanding our set of ECM capabilities," said Nelson. "This enables us to offer a myriad of products to customers. Once you make a sale to one part of a Fortune 1000 company, the easiest way to increase software sales is to move into other parts of that company."

Nelson estimated that 70% of INSCI's software is sold to existing customers. He added that an increasing focus on regulatory compliance has also played into INSCI's strengths. "Obviously, there is an increased focus on storage of certain types of information," said Nelson. "There is a desire to track and control access to that information. Our product has the capabilities to satisfy many of those emerging demands."

To better position itself in the compliance space, INSCI recently formed a partnership with **EMC**, which, like INSCI, is headquartered in the Boston-area. Since last year, EMC has been attacking the compliance market with its Centera archive storage system. "We just completed our certification on Centera six weeks ago," said Nelson. "Currently, both companies are working on educating their sales forces and coming up with some joint solutions that will leverage the combined products. **Unisys**, who is our biggest reseller, is an EMC partner as well. So, it's kind of a troika."

Unisys, in fact, accounted for more than 10% of INSCI's 2003 revenue, while **Xerox**, another INSCI reseller, was close behind. "Given some of the challenges INSCI faced over the past couple years, it made more sense for us to focus on indirect sales," said Nelson. "Now that we have achieved profitability, we have some cash to put into a more aggressive direct marketing approach. Over the next year, we plan to increase our focus on direct solutions sales, try to increase our brand awareness, and implement some telemarketing."

Nelson concluded by saying that INSCI is in a great position to ride the growth of the burgeoning archiving market. "At the end of the day, our core strength is our archiving engine's ability to ingest very high levels of information, archive it, and present that information," he said. "Folks that are coming into archiving from the document management world don't have our scalability. Our archiving technology is a real jewel that we need to continue to leverage."

For more information: **INSCI**, Westborough, MA, PH (508) 870-4000. DIR

## Mobius Grows Software Revenue 37%

**INSCI** is not the only high-volume archiving specialist that had a good fiscal year in 2003. **Mobius Management Systems**, which boasts 60% of the Fortune 1000 as its customer base, recently reported a 22% growth in annual revenue, including a 37% growth in software sales. On gross revenue of $82.7 million, Mobius reported income from operations of $4.2 million. This compared to a net loss from operations in 2002 of $9.8 million on $67.9 million in revenue.

***Mitch Gross, chairman and CEO, Mobius.***

Chairman and CEO Mitch Gross credits Mobius' turnaround with a Four P program the company has put in place. "Four P represents the equation: people, products, and productivity equal profits," Gross told *DIR*.

Gross has certainly backed up his talk with action:

■ **People**: "We knocked out the bottom tier of our sales staff," Gross said. "We scrubbed and added and changed and deleted the appropriate people across the board." Indeed, while Mobius' revenue was increasing 22%, its sales and marketing expenses were decreasing by 9%.

■ **Product**: "We added three new products over the last year, through a combination of acquisitions and development," said Gross. "We believe we now have the most comprehensive set of content management tools on the market."

■ **Productivity:** "Because they have a larger bag of tricks, our sales people have been able to increase the average size of their sales and close a higher percentage of deals," said Gross. "It makes it easier for them to solve the needs of a greater number of departments within the large enterprises where we typically sell."

Like INSCI, Mobius began life in the high-volume report management space. The company's Web site now advertises approximately a dozen different solutions. In the past year, Mobius acquired a Web content management software vendor, introduced internally developed workflow technology, and introduced a version of its ABS audit and balancing tool targeted specifically at Sarbanes-Oxley compliance needs.

"We now have a set of products that starts with the capture of content at any level. This includes low volume, all the way up to 50 million pages of content per day," said Gross. "We can present this content on any platform, thick or thin client, all the way to managing its display on a Web site. On top of that, we offer auditing and balancing to ensure that all the content being posted is correct."

According to Gross, Mobius had a big year in 2003 developing solutions to port content to intranet sites for internal use, and Web sites for customer self-service. "All of a sudden, people seem to be waking up and discovering the value of making content available on the Internet," said Gross. "And I don't mean **Vignette's** version of content. I'm talking about content like purchase orders and shipping documents that can be used to reconcile disputes involving million-dollar invoices."

Gross estimated that 80% -90% of Mobius software sales are to existing customers. Mobius' success in the electronic statement and bill presentment and payment (ESP & EBPP) space illustrates the manner in which Mobius leverages its customer base. "At some point in time, every single credit card transaction in the world touches our software," said Gross. "As on-line demand for credit card bills and statements has increased, we've been providing more EBPP and ESP technology to our customers."

Overall, Gross said, ECM is a hot market. "We are starting to see the IT budgets of our customers open up a bit. As the saying goes, 'the anaconda has swallowed the pig.' The pig is the engorgement on ERP systems and Y2K-compliance that occurred in 1997-1999. Many of those expenditures were amortized over three to five years. So, while our customers' IT budgets may not be expanding, some of the money is starting to come free. Because of this, we feel pretty good about our prospects."

For more information: **Mobius Management Systems**, Rye, NY, PH (914) 921-7200.

***FROM ARCHIVING TO AUDITING***

How does an archiving specialist get into auditing and balancing applications? We asked Mitch Gross, the chairman and CEO of **Mobius Management Systems**, which recently released an auditing and balancing system targeted at Sarbanes-Oxley compliance.

It turns out, Mobius originally developed the technology for balancing data from ATM transactions. "The conversation that takes place between a bank customer and an ATM machine replaces a check as a record of a bank transaction," observed Gross. "As a natural extension of archiving records for those transactions, we began offering auditing and balancing services. Currently, our technology is used to audit and balance the three billion transactions per year that are processed by e**Funds**. eFunds manages the debits and credits for ATM transactions involving multiple banks."

# IBM Simplifying XML For Content Management

To date, XML has mostly proven to be a complex way of simplifying things. Touted as the universal document language, proprietary implementations of XML have made it anything but universal. The fact is, to get one XML system to talk to another typically requires customized scripting. This requirement extends to enterprise content management (ECM) systems, which often receive documents from several diverse sources and applications.

"**IBM** has designed *Content Manager 8* to handle a broad range of data modeling for indexing, search, and retrieval functionality," explained Jim Reimer, chief architect for IBM content management applications. "XML is capable of representing all the data that *Content Manager* works with. However, users typically need to write custom programs to map the data from their XML documents into *Content Manager*."

To solve this problem, IBM is developing a graphical XML-based data mapping system it has code-named Cinnamon. "*Content Manager* enables users to set up hierarchies for their content," said Reimer. "This can include a folder structure, which, in an insurance application, might have the customer name as the top folder. Under that might be a list of folders for that customer's different policies. Under the auto insurance policy folder might be a list of folders for different types of documents such as police reports and payment information.

"With the latest release of *Content Manager*, we've added some more advanced data modeling capabilities like the ability to attribute multiple values, such a list of names, to an item or a folder. We can also account for links and relationships that are expressed within documents."

***Jim Reimer, chief architect, IBM content management applications.***

According to Reimer, although XML document fields can ostensibly be designed to map directly to corresponding hierarchies within a content management system, in reality, this is seldom the case. "The different DTDs [document definition types] that are used when creating XML documents don't typically correspond with the XML data types defined in a content management hierarchy. A field in an XML-document, for example, might be defined as "customer," whereas in the content management system, the corresponding indexing value could be called "insured." This doesn't sound like a big deal, but it is enough to require that custom links be written for every XML document with a different DTD."

This problem escalates as businesses expand their content management applications from line-of-business systems to enterprise-type applications. "Even as standardized versions of XML and DTDs are developed for certain industries, those standards keep evolving," said Reimer. "Not all DTDs are based on the most current versions. Of course, in an enterprise application, you are dealing with DTDs and flavors of XML from multiple industries. Users do not want to write code for the individual profiles of every type of DTD they receive. They want to be able to accept content from different sources and have it mapped easily into their XML-based content management systems."

That's where Cinnamon comes in. "Cinnamon provides a graphical method of mapping the data from DTDs to a content management hierarchy," said Reimer. "All the user needs to do is click on a field within the DTD and then link it to the appropriate value within the CM database."

Cinnamon is designed to simplify the previously complex process of mapping XML data from a DTD to a content management repository. It is this type of development that helps move technology from the early adopter to the mainstream stage of its lifecycle. "As industries move to XML as a standards-based method for interchanging documents, we are getting more and more requests for services to handle the ingestion and automatic indexing of XML documents in our content management application," related Reimer.

Cinnamon is still in the developmental stages and is targeted for release some time next year. "It is based on technology we've already deployed within our DB2 database," said Reimer. "Integrating this technology into *Content Manager* involves expanding it to work with more complex data modeling."

For more information: **IBM**, San Jose, CA, PH (408) 463-4175, e-mail: jreimer@us.ibm.com. DIR

## Hyland Launches Back-Up Services Program

When was the last time you tested your backup? There's probably a good chance it was the last time your system failed and you needed to use it. Running backup is mundane enough, but testing it? Who's got the time?

**Hyland Software** does. The document management software developer recently introduced a suite of data verification services to ensure that its customers' backups are working properly. "Typically, something like a hard drive goes bad 36 months into an installation, forcing a customer to utilize its backup," said George Angelato, VP of Quality Control at Hyland. "Throughout the life of a system, a customer might perform 10 restores without anything going wrong. However, between the 10th and 11th time, maybe an IS person installs a new backup agent without telling everybody. Everything may look like it's been backed-up, just the same as always ... But, when it comes time to run that 11th restore, something goes wrong."

Preventing this type of disaster recovery disaster is why Hyland has released its aptly named Backstop suite. Backstop is currently being marketed to Hyland's user base of 3,500 customers running its *OnBase* document imaging and management suite.

Backstop services are being made available on five levels. The most basic one involves Hyland testing and verifying end users' backup databases on a regular schedule. "Most of our customers run some sort of tape backup powered by either standard SQL or NT backup tools or software from vendors like

**Veritas** and **Computer Associates**," said Angelato. "We've installed a wealth of hardware to handle all the different tape formats they use. We've also installed the appropriate software to run restores.

"Our Backstop customers send us a copy of the backup databases from their *OnBase* applications. We will run some utility checks against them. We make sure the offsets are correct, and that bytes aren't missing in big chunks. We also make sure the databases can be properly accessed and that there aren't any anomalies."

According to Angelato, the fact that Hyland wrote *OnBase* is a big advantage in determining if the backup database is flawed. "We know what our customers' database structures should look like and where the tables should be," he said. "Who better than the developer of a system to validate and verify it? There are other companies that perform similar tests on databases, but they don't know our structure like we do. This is a natural complementary service to offer our software customers."

As of late July, Hyland had signed up three customers for Backstop. This included **MassHousing**, a leading provider of affordable housing in the state of Massachusetts. By the end of the year, Angelato has a target of 20 Backstop customers.

"Backstop is targeted at our whole customer base, from top to bottom," he told *DIR*. "MassHousing is one of our larger customers, and it has very strict policies and backup procedures in place. However, when we ran our first test for them, there were issues that we had to fix. We are also targeting smaller customers that might not have as solid a set of procedures in effect and maybe don't have the IT resources to be as conscientious about their backups."

According to Angelato, all *OnBase* customers are instructed in proper backup procedures and testing when they purchase their systems. "But after awhile, the person in charge of backups may quit and all the information might not get passed along," he speculated. "As a result, the procedures might not be followed correctly. There are a lot of things that can interfere with proper backup. We just want our customers to give us the opportunity to identify their problems before they turn into emergency situations. We look at Backstop as insurance.

"Our motives are also a little bit selfish," he added. "When something does go wrong, whose technical support team do you think gets the call?"

In addition to database validation, Hyland is offering to store its customers' backups for them and validate their image backups from disks. Hyland is also offering three levels of emergency recovery services.

Pricing for Backstop begins at $1,800 per year for monthly verification of a 20 GB database. Hyland also offers services on a quarterly basis.

For more information: **Hyland Software**, Cleveland, OH, www.backstopdvs.com, e-mail: info@backstopdvs.com, PH (440) 788-5000. DIR