

# Document Imaging Report

Business Trends on Converting Paper Processes to Electronic Format

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September 17, 2004

## THIS JUST IN!


### **KVS GETS 10x REVENUE FROM VERITAS**

We knew e-mail archiving was hot, but this hot? **Veritas** recently agreed to pay \$225 million in cash to acquire **KVS**, a U.K.-based company whose roots are with **Compaq**. KVS' 2003 revenue is being reported at just \$23 million. Of course, when you consider that **Legato** paid some \$300 million for \$65 million **OTG** a few years back [see *DIR* 3/22/02], the KVS price tag doesn't seem that far out of whack.

Ironically, **EMC**, which eventually acquired Legato and is one of Veritas' biggest competitors in the storage software space, is also one of KVS' primary hardware partners. It's been reported that KVS' software is the number one application driving sales of EMC's Centera magnetic WORM storage.

KVS, which has some 200 employees, will operate as a division of Veritas, with its headquarters remaining in Winnersh Triangle, near Reading, England. KVS has over 925 customers with 7.5 million users. Its customer list includes **Audi, Philip Morris, Clifford Chance, Lehman Brothers, Datek, Vodafone, Invesco, and Sony UK**. When we spoke with KVS CEO Mike Hedger a year ago, the company had just closed a \$17 million round of financing, brining its total investment capital to \$37 million [see *DIR* 9/19/03].

To justify the deal, Veritas is quoting a **Gartner** estimate that e-mail archiving will have a CAGR of 57% through 2007. There is speculation that Veritas, which at the end of the second quarter listed more than \$2.7 billion in cash and short-term investments on its balance sheet, could be interested in further ECM-related acquisitions.

For more information: <http://www.kvsinc.com>,  
<http://www.veritas.com> 

## Dicom To Acquire Communications Specialist

*With roots in high-end fax solutions, Topcall brings upscale customer base and sales channel, as well as multi-format input/output technology to Kofax parent.*

The **Dicom Group** has announced plans to become the latest business to try to combine the information capture and output processes. On the final day of August, Dicom, a Swiss-based document imaging distributor and the parent of U.S.-based capture technology developer **Kofax**, announced plans to acquire **Topcall International AG**. Topcall, which is based in Vienna, Austria, is advertised as competing in the unified communications market.

Topcall develops software which takes input from several sources, including faxes, e-mails, and voice lines, and delivers it to business applications such as ERP and CRM systems. It can also manage the delivery of responses generated from those systems. Dicom is touting the acquisition as its entrée into the business process automation (BPA) space.

"Topcall's technology has the same paradigm in an enterprise as Kofax's and Dicom's," said Anthony Macciola, Kofax's VP of marketing. "All three companies focus on the collection, transformation, and delivery of information. While we have traditionally focused on delivering documents to ECM systems, Topcall delivers information directly to ERP and CRM applications. Also, while Kofax and Dicom have traditionally been more batch-oriented, Topcall is more transaction-oriented."

Dicom has offered 40.5 million Euro (\$48.9 million based on the Sept. 7 exchange rate of 1.2 Euro per U.S. Dollar) in cash to Topcall's shareholders. The offer is unanimously supported by Topcall's managing board. The deal is expected to close in the next two months but must be approved by Topcall's shareholders. Until it officially closes, Dicom officials are reluctant to discuss too many details about their plans for Topcall.

Topcall and Kofax already have a partnership, whereby

Topcall leverages Kofax's document capture technology in some installations. A couple examples of Topcall's use of capture software can be found on the company's Web page at <http://www.topcall.com/industries>. Both insurance industry stories talk about claims processing applications that leverage imaging.

### A good buy

Topcall reported 2003 revenue of \$33.8 million, with sales down 6% through the first six months of 2004. Topcall's revenue has been on a steady decline since 2000, when it reported \$45 million in sales. This decline can likely be attributed to Topcall's legacy as a fax-based business.



**"Topcall doesn't even use the term 'distributed capture,' because all its input comes from distributed devices like faxes and phones."**

**— Anthony Macciola, Kofax**

Topcall has an installation base of 4,000 sites and in 2003 reported an EBITDA of \$4.1 million and an EPS of \$.145. In its heyday, in 1999, Topcall's EBITDA was \$9.8 million and its EPS was \$.54.

"Topcall's roots are in fax," admitted Macciola. "But most of its new opportunities involve data streams like voice, e-mail, and EDI. Like most of its competitors, Topcall has had to expand its offerings. Some of its competitors have focused on input; some on output. Topcall has done a good job with both."

Macciola pointed to Topcall's relationship with **SAP** as part of the value it will bring to the table. "We are just beginning to work with invoices, while Topcall has been delivering them to SAP ERP systems for confirmation for quite some time," he said.

Because Topcall's cash balance of \$21 million is included in the deal, the net acquisition price is approximately \$28 million, or just over 80% of Topcall's 2003 revenue. The general consensus is that this is not a particularly steep price for Dicom to pay for a profitable company with complementary technology.

"There are many instances where there is a need to integrate input and output," said document capture industry analyst Harvey Spencer. "I worked with Topcall's technology a few years back at a trading company. The customer had multiple forms coming in and going out. The Topcall software acts as a middleman. Kofax's *Ascent* will provide the paper capture element Topcall was lacking."

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

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3. Integrated Document Management
4. Content Management/XML
5. Document Output
6. Storage
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### **BPA is not the same as BPM**

Spencer did express concern that Topcall's technology could infringe on the BPM (business process management) market where many of Kofax's document management software partners play. "Kofax is starting to get into its customers' internal processes," said Spencer. "This has not been Kofax' business in the past and is probably not something it should get into. Kofax does not want to start competing with the likes of **FileNET**."

Macciola pointed out that there are some significant differences between BPA and BPM. He referred us to **IDC** and **Gartner** for details. The best we can surmise is that BPA is about automating a single step in a process, such as confirming that an order has been received. BPM is more about automating all the steps it takes to actually fulfill the order. In this scenario, BPA would actually be complementary to BPM.

In our opinion, Topcall's experience and technology could be particularly valuable to Kofax in the emerging distributed capture market. "Topcall doesn't even use the term 'distributed capture,' because all its input comes from distributed devices like faxes and phones," said Macciola.

### **The input/output trend**

John Richardson, projects director for the European-based analyst firm **Strategy-Partners**, pointed out that the acquisition represents the latest of several recent document input/output combinations. "We have been seeing significant synergies between capture and output in recent times," Richardson told *DIR*. "Examples of recent activity include **ISIS Papyrus's** acquisitions of **Mantech SEEL** and **IMPROX, Beta Systems'** recent takeover of **Kleindienst**, and **ReadSoft's** launch of EDI-like secure e-mail output for its *Invoices* application. These partnerships work because in many cases the buying point is the same for capture and output—and the reasons for buying are similar. They are driven by operational needs rather than IT strategy. As such, there is a significant opportunity for Dicom and Topcall to cross- and up-sell into their respective user bases."

Richardson doesn't even mention the North American input/output combinations that we have featured in *DIR*. These include **Adobe's** work with PDF and e-forms and **Cardiff's** marketing of the *AudienceOne* technology it acquired from Adobe in 2000. Service-oriented entities such as **Lason**, **IKON**, **SourceCorp**, and **Fidesic** have also all tried their hands at combining input and output. The addition of document scanning on digital copiers and the **AIIM** show's co-location with output event **On Demand** in recent years are further examples of

this convergence.

It's our opinion, however, that to date, most of these efforts have met with limited success. What makes Dicom think it can succeed where others have failed? Well, maybe failure (in most of the aforementioned cases at least) is too strong a word. Perhaps, the input/output thing is still in its early adopter stages. After all, when it comes down to it, both markets are focused on the same concept—the more efficient management of documents and transactions. As the concept of an overall document strategy becomes more en vogue, input and output will naturally drift together. Dicom appears to have the size and stability to wait out this market evolution.

### **Channel could be an issue**

That's not to say this acquisition's success will be a slam dunk. Reynolds Bish, president and CEO of **Captiva Software**, Kofax's chief competitor, feels Dicom has totally missed the mark. "Overall, I'm not at all threatened," said Bish who, in recent months has made no secret of a desire to do his own acquisitions. "I believe it taps out Dicom and limits its ability to do other acquisitions that may be more directly competitive. It also diverts their attention."

There are also some questions about how well Dicom will be able to integrate Topcall's primarily direct sales force with Kofax's partner friendly model. "This type of expansion could bring Dicom into competition with some of its partners," observed Spencer. "Kofax's competitors will probably attempt to exploit this."

Macciola cautioned us to remember that the deal is a Dicom Group, and not a Kofax, acquisition. This is important because Dicom already acts as a systems integrator in regions outside North America, and Kofax's business has not markedly suffered as a result. It is probably worth noting, however, that over the past year, Captiva has claimed success converting some European resellers to its *InputAccel Express (IAX)* channel-targeted product through the efforts of European distributor **Headway**. Headway has cited competitive conflicts with Dicom as its reason for replacing the Kofax' *Ascent* line with *IAX* [see *DIR* 9/19/03].

### **Topcall helps Dicom move upstream**

Richardson takes the view that Topcall's sale force and channel could actually be a shot in the arm for Dicom. "The vast majority of the Kofax channel is essentially low-end, which limits the size of revenue and sophistication of product that Kofax can put through its channel," Richardson told *DIR*. "Kofax's **Neurascript** partnership was a casualty of this—the channel simply could not handle a product as

complex and powerful as Neurascript's. And Neurascript could not support the Kofax/Dicom channel effectively. Captiva's paths to market are much stronger at the higher end of the market.

"Topcall, on the other hand, is a product company that has built a strong, high-end solutions capability over the past two years. It sells a lot directly, has global reach through its own offices and through distributors, and has built strong relationships with high-end service providers, such as **IBM Global Services** and **Siemens**. This gives Dicom access to a new level of channel and customer interaction from which it was largely excluded previously."

This move into the upper echelon of services and sales may actually be the most important element of the deal for Dicom. Throughout its evolution, Dicom's strategy has been all about moving into higher margin/higher growth markets. In the past decade, the company has transitioned from a general computing distributor, to a specialized distributor, to a developer of its own technology. With Topcall, it will gain the means to directly take its technology into larger accounts and deploy it more widely. This should help Dicom continue the steady, profitable growth its investors are accustomed to, even as the lower-margin distribution elements of its business decline.

For more information: <http://www.kofax.com>  
[http://www.dicomgroup.com/en/investor\\_relations](http://www.dicomgroup.com/en/investor_relations)  
<http://www.harveyspencer.com>  
<http://www.strategy-partners.com> **DIR**

## LuraTech Moving Forward After Management Buyout

**After a successful run in Germany, compression specialist is taking its tools worldwide.**

JPM is not dead. In fact, in the eyes of **LuraTech** Managing Director Carsten Heiermann, the life of the document imaging-specific JPEG 2000 compression format is just beginning. Heiermann is part of a management buyout team that recently acquired LuraTech and its JPEG 2000 compression business from German technology holding company **Algo Vision**. They are now attempting to duplicate some of the success LuraTech has had in its homeland throughout the rest of the world.

"We have had good success in Germany and some parts of Asia introducing our technology to customers through service bureaus," Heiermann told *DIR*. "Almost every service bureau in Germany has a contract with us. We are also working with

ISVs and resellers who are integrating our tools into their scanning and document management applications. We don't typically work directly with end users. Our plan is to expand our current sales model throughout the rest of the world."

LuraTech has been in the image compression business for quite some time. In 2000, we covered the introduction of its proprietary LuraDocument (.ldf) format. After limited success with that product, LuraTech has migrated its technology to the more widely recognized PDF format, as well as the ISO-approved JPEG 2000 Part 6, or JPM, format that was finalized last year.

"The .ldf format is outdated," said Heiermann. "Files created with our newest JPM tools are even smaller than .ldf files. We still support customers using .ldf, but don't generate any new business with it. Our current document imaging business is divided evenly between PDF and JPM."

### Sorting out MRC, PDF, and JPM

LuraTech's specialty is creating highly compressed images. For document images, LuraTech achieves this by working with mixed raster content (MRC). Working with MRC involves separating images into textual and graphical segments or layers and compressing each division with the optimal technology. For graphical areas, this can be JPEG or JPEG 2000, for textual areas, it is typically Group 4 or JBIG2. This type of advanced compression is especially valuable when dealing with color document images, which can be large and hard to manage when compressed with traditional methods.

Adobe introduced segmenting options into PDF last year. Segmenting is also included in the JPEG 2000 Part 6 format, a committee-created alternative to PDF. PDF is primarily controlled by **Adobe**. While PDF tools are fairly commonplace, as far as we know, LuraTech is the only vendor marketing tools to create and view JPEG 2000 Part 6 files.

According to Heiermann, the main advantage that JPM offers over PDF is flexibility. "For example, LuraTech has an insurance customer, the **BKK Group** in Germany, that is using JPM tools to capture 18,000 images per day," he said "BKK uses our segmenting technology to separate the text on these images from the background. This improves the accuracy of their OCR application. After the OCR process is complete, BKK is compressing the text layer of the images with Group 4 and the background with JPEG 2000 to create manageable color document images. That type of complex processing is not possible with PDF.

"Also, our JPM viewer enables more flexibility to

work with individual layers. We are currently involved in a large project with the **Japanese National Archives**, in which there are some cultural heritage document images as large as 5 GB, even when compressed. These images can be displayed with JPM but not with Adobe's PDF reader."

Heiermann acknowledged that because of the universal penetration of the Adobe viewer, PDF is a better fit for customers that have images being accessed outside their organizations, such as through public Web sites. "One thing nice about PDF technology is that it has a shorter sales cycle," he said. "JPM usually comes into play when there are more complex requirements. In those cases, it can take months to come up with a proposal and implementation."

Another advantage PDF has had traditionally over JPM is that it is better at handling full-text OCR information related to document images. As a member of the JPEG 2000 committee, LuraTech recently introduced an amendment to JPM dealing with "hidden texts and annotations." "When the JPEG 2000 Part 6 standard was created, the committee created boxes for meta data and annotations," said Heiermann. "It classified OCR as an annotation, but that's not the way it should be handled. Currently, we can include full-text OCR results in our JPM files, but there is no guarantee that every JPM application will recognize it. The amendment is designed to secure interoperability of full-text OCR information."

### **Expanding on a proven concept**

Document compression is not LuraTech's only line of business. The company also markets a wavelet compression product, *LuraWave*, used primarily to produce JPEG 2000 Part 1 files. This product makes up about 75% of LuraTech's overall revenue. It is marketed primarily to the medical and GIS markets. In the management buyout, both of LuraTech's lines were acquired from Algo Vision, which has struggled financially in recent years.

"The MBO was not what we had planned when we originally acquired LuraTech," said Heiermann, who was part of Algo Vision when the company acquired LuraTech in 2002. "Nonetheless, it represents a critical step in LuraTech's development. When Algo

Vision first purchased LuraTech, it was a company that had done a good job on product development, marketing, and promotion, but a poor job managing spending. At Algo Vision, we restructured the business and proved the concept of running a profitable operation primarily focused in Germany. When Algo Vision decided to move in another direction, the LuraTech management team decided to continue with the plan to expand LuraTech's sales model to other regions."

**"The BKK Group...is using JPM tools to capture 18,000 images per day. BKK uses our segmenting technology to separate the text...from the background. This improves the accuracy of their OCR application."**

**Carsten Heiermann, LuraTech**

According to Heiermann, LuraTech considered acquiring U.S.-based document imaging tools specialist **TMSSequoia**, which was recently acquired by **Pegasus Imaging** [see *DIR* 9/3/04]. LuraTech will

continue to base its U.S. operations in Redwood City, CA. As of our deadline, it was looking for a CA-based sales manager.

On the technology front, at last week's **DMS Expo** held in Germany, LuraTech introduced JBIG2 compression tools. JBIG2 is a bi-tonal compression method which can create files 30-40% smaller than Group 4, the most common compression currently used in document imaging. JBIG2 is supported by both PDF and JPM.

LuraTech also continues to improve the speed of its technology—an area which has historically been an issue in the advanced image compression market. "Segmentation adds an extra step to the imaging process, so advanced compression is always going to be slower than straight compression," said Heiermann. "However, advancements in computing power continue to make this less of an issue. We've also made considerable improvements in our tools. Just this spring, we made a 30% improvement in the speed of our JPEG 2000 compressor."


On the sales front, LuraTech recently announced that, starting in October, Taiwanese document scanner manufacturer **Avision** (<http://www.avision.com>) will be bundling LuraTech's PDF compression technology in three of its own-branded workgroup scanner models. In North America, Avison primarily sells through OEM agreements with **Kodak** and **Visioneer**—both of which already have PDF partners, **I.R.I.S.** and **ScanSoft**, respectively.

LuraTech also recently licensed a copy of its toolkit

to **Canon**, which is testing it for possible applications. Jim Rile, editor of <http://www.planetdju.com> and historically a reseller of **LizardTech**'s DjVu document compression technology, has also licensed LuraTech's document tools. Finally, Heiermann told *DIR* that LuraTech recently licensed its JPM tools to **The Library of Congress** of the United States.

"Our business has been growing monthly since Algo Vision completed its initial restructuring of LuraTech," said Heiermann. "This growth has come in parallel to the adoption rate of JPEG 2000. On the document imaging side of the house, as color continues to gain traction, so will our technology. Recently, a Japanese service bureau told me that two to three years ago, only 5% of the regular business documents it saw were color. Today, that figure is 30-40%."

"If users have a choice between a color image and a black-and-white representation of the same document—if the file sizes are the same, they will choose to keep the color because it's a more accurate representation. That's exactly what happened in our installation with BKK."

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## Interwoven Latest To Add Records Management

**Interwoven** has become the latest ECM player to add records management to its technology base. Last month, the WCM and EDM specialist acquired the assets of physical records management application vendor **Software Intelligence, Inc.** Interwoven plans to begin offering an integrated electronic and physical records management module for its *WorkSite* EDM suite before the end of the quarter.

"More and more, records management is becoming a must have in an ECM platform," said Dan Carmel, VP, legal and enterprise compliance solutions for Interwoven. "As regulatory compliance concerns have increased, so has users' interest in records management. In the past, we've met this demand through partnerships. While those relationships will continue, the tight integration of our own records technology with our existing document and e-mail management capabilities will surpass the functionality we could offer through partnerships."

According to Carmel, one of the key differentiating

features of *Interwoven Records Manager* will be its ability to handle electronic documents, e-mail, and physical records in one platform. "One key to a successful records policy is that it's consistently applied," he told *DIR*. "It should not matter what sort of media a document is stored on, even if it's written on a napkin."

"We recognize that the rapid growth of electronic records, particularly e-mails, is one of the biggest issues facing businesses today. However, many companies, particularly in the legal and professional services market where we have one of our biggest install bases, already have physical records management systems. These include boxes of paper. Our customers are looking at us and saying 'you already own my electronic document repository and e-mail management, why can't you just manage my physical documents as well?'"

According to Carmel, Interwoven has been preparing for some time to introduce records management functionality into *WorkSite*. "The Software Intelligence application will act as the control tower for setting records policies," he said. "It will handle the full management of paper records and integrate with our repository. Our EDM application will provide electronic records functionality like security and lockdown."

*Interwoven Records Manager* is scheduled to be tested for DoD 5015.2 compliance in early 2005. "We've already earned DoD certification three times with different partner products," said Carmel. "Some of those partners have since been acquired by competitors. We will continue to work with independent vendors **MDY** and **Accutrac**. However, we think these smaller independents are going to have a tough time competing with the much larger ECM players who have recently moved into their space." [Editor's note: Over the past two years, **IBM, Documentum, Open Text, Hummingbird, Stellent, IMR, LaserFiche, Vignette, FileNET**, and now *Interwoven* have all added records management functionality to their ECM suites.]

Interwoven will pay \$2 million for Software Intelligence, which brings an install base of 100 customers—40 of which are in the legal services space. Software Intelligence's development team, which had been based near Denver, will be integrated with the former iManage development team in Chicago. iManage is the EDM vendor that was acquired last year by WCM specialist Interwoven [see *DIR* 8/22/03].

For more information:  
[http://www.interwoven.com/company/features/records\\_manager/index.html](http://www.interwoven.com/company/features/records_manager/index.html)

# Imaging Momentum Driving Wholesale Lockbox Success

With the much-publicized Check 21 legislation set to go into effect next month, interest in imaging in financial institutions seems to be on the rise. Omaha, Nebraska-based **DMP** recently announced it had completed 25 imaging-based wholesale lockbox installations in 25 months. DMP, which has been offering wholesale lockbox solutions for more than 12 years, has built a reputation as a leader in that space. It also recently announced a deal with **Mellon Bank** to install its *integraPAY* flagship application at seven locations.

“The last couple years have been very good to us,” acknowledged Mike Reynolds, senior VP of sales and marketing at DMP. “We now have about 40 customers who use our wholesale lockbox technology at 75 sites. They range from smaller sites processing less than 10,000 items per month, to banks processing more than two million items across several sites.”

Wholesale lockbox is focused on business-to-business payments. Overall, the volume of consumer-to-business, or retail, lockbox payments is greater. However, wholesale lockbox transactions typically involve a greater monetary value and their processing is more complex. “There is a lot of specialized data entry associated with the variety of invoice and remittance documents you receive in a wholesale environment,” said Reynolds.

Because of their value and complexity, wholesale lockbox transactions are typically handled by banks, which account for 70% of DMP’s customer base. This includes 15 of the largest 50 banks in the United States. “For most of our customers, wholesale lockbox makes up a more significant portion of revenue than retail lockbox,” said Reynolds.

## **From Humble Beginnings...**

DMP developed its first image-based wholesale lockbox application in 1992 as a joint development effort with Chicago-based **Northern Trust**. In its original system, DMP imaged only the checks and used a key-from-paper process to enter data from the invoice and remittance documents.

In 1996, DMP developed its first system that leveraged document scanning and Web-based delivery of images. “Our biggest strength is probably the open and modular architecture of our software,” said Reynolds. “*integraPAY* is tightly integrated with **Microsoft** XP and SQL. This enables data transfer between our application and other Microsoft-based programs. In addition, our customers can choose

only the modules they want. These include options like advanced data entry functionality, Web delivery of images, mail and error tracking, and archiving. Of course, our 12 years of experience is also a benefit.”

Today DMP works with several document scanner vendors including **IBML**, **Kodak**, and **Fujitsu**. “In high-volume applications, we support scanning checks and documents together through the IBML devices,” said Reynolds. “In lower-volume installations, where most document scanners can’t read MICR, we’ll scan the check on a check scanner and the invoice or remittance documents on a document scanner. We marry the images and data through various workflow, data entry, and indexing techniques. And everything is typically integrated with the customer’s payment application.”

DMP partners with **Mitek** and **ScanSoft** for recognition technology used in automated data entry. “We have the ability to set up templates that can be reused for recurring document types,” said Reynolds. “We also leverage rope-and-zone key-from-image techniques.”

According to Reynolds, Web delivery has become one of the most popular modules offered by DMP. “Online access to images is a valuable service for banks to offer,” he said. “Eventually, similar to the way Check 21 promises to eliminate the need for banks to receive paper checks from other banks, Web delivery will eliminate the need for businesses to receive paper invoices from their lockbox operations. Today, there is still a comfort level associated with receiving the paper, even as a follow-up to posting on the Web.”


## **Toward Electronic Transactions**

According to Reynolds, electronic check and document truncation is part of an evolution toward electronic transactions. “Checks are not going away in the short term, or even the medium term—especially when it comes to corporate payments,” he said. “Corporate payments are behind the curve due to the nature of the corporate procurement process. Banks and corporations utilize systems like account reconciliation and positive pay, which are based on checks.

“However, initiatives like Check 21 and ARC (accounts receivable conversion) represent steps toward electronic payments. To accommodate electronic payments, we’ve architected our solution, so it can interface with electronic payments systems. We can pull in electronic data, parse it, and add it to conventional wholesale lockbox transaction systems. That way, our customers receive a single, unified deliverable, no matter what the source of the transaction.”

Analyst Harvey Spencer of **Harvey Spencer Associates** likes to say that the emergence of electronic transitions is putting increasing pressure on paper processing specialists like DMP to turnaround their customers' data faster. Electronic transactions, after all, remove any time lag associated with transporting paper and capturing data from it. "Getting information and images faster helps our customers accelerate their cash posting processes," said Reynolds. "One of our goals is to

put ourselves in position to capture payment information as close to its source as possible. It doesn't matter if that information comes from a paper, an electronic, or some sort of hybrid transaction. We add value by delivering it where it needs to go as quickly and efficiently as possible."

For more information: <http://www.dmpinc.com>, [mike.reynolds@dmpinc.com](mailto:mike.reynolds@dmpinc.com) 

### GERMAN MARKET DEMANDS SIGNATURES FOR IMAGING

**Kodak's** recent agreement to integrate **AuthentiDate's** digital signature technology for document imaging into its capture software applies only to the German market. AuthentiDate, which was featured in our Aug. 22, 2003 issue, is a German software developer that has a product which helps businesses comply with the German Signature Law as it pertains to document imaging. AuthentiDate's software is designed to certify that the information on scanned images matches the originals, and that the images have not been altered since they were captured.

In August, compliance with this signature law became mandatory for German businesses doing document imaging related to health insurance. This includes service providers. "To remain competitive in that market, it

was necessary to integrate AuthentiDate's technology into our capture platform," said Kodak spokesperson Ann Moscicki.

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

### Kodak Acquires CIS Technology

While we had her on the phone, we asked Moscicki how Kodak's recent acquisition of **National Semiconductor's** imaging business might affect Kodak's document scanner business. National Semiconductor specialized in development of CIS (contact image sensor) technology used in consumer devices such as digital cameras and camera phones. Kodak-manufactured document scanners have traditionally relied on internally developed CCD (charged coupled device) imaging.

Because CIS cameras are typically less expensive to manufacture than

CCD cameras, CIS document scanners have become popular in recent years in the lower-end of the market. **Canon**, for example, has had success with CIS scanners in the workgroup, departmental, and low-volume production segments. Kodak has historically used OEM products to compete in these areas, although two years ago, it introduced a CCD scanner in the low-volume production space [see *DIR* 6/21/02].

Although the acquisition initially would appear to address Kodak's consumer lines, Moscicki said it is not unusual for Kodak to leverage technology throughout several business units. She cited the document imaging group's current use of technology originally developed for specialized government imaging systems. Moscicki indicated that no definite plans for CIS document scanners have been announced however.

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