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

September 19, 2003

THIS JUST IN!

INTEL, XEROX INTRODUCE PROGRAMMABLE IP PROCESSORS

The days of hard-wired image processing (IP) circuits embedded in scanners and digital copiers may be numbered. This week at its developers' forum being held in San Jose, CA, **Intel** will demonstrate programmable digital media microprocessors optimized for the document imaging market. The devices were developed in cooperation with **Xerox** and are being marketed as the successor to the ASICs (application specific integrated circuits) typically installed in today's imaging hardware.

Continued on page 7...

TWO ACQUISITIONS ANNOUNCED

There were a pair of notable acquisitions announced last week. Scanner and image processing tools vendor **VisionShape** was acquired by **Peripheral Dynamics, Inc.** (**PDI**). Also, high-speed microfilm-to-image scanner specialist **Mekel Technology** was acquired by **Crowley Micrographics**.

PDI manufactures several types of scanning devices and will move the VisionShape hardware manufacturing to its Philadelphia facility. The VisionShape development group will remain in Placentia, CA, under the direction of current President Gie De Keyser.

Crowley acquired Mekel from the **HF Group**, formerly known as Houston Fearless 76. HF is divesting itself of its micrographics interests. Two years ago, HF struck a deal with the then newly-created **ASI** to market Mekel's products [*see DIR 9/7/01*]. However, ASI folded earlier this year. Joe Merkel has been retained by Crowley as GM of Mekel.

For more information: **VisionShape**, Placentia, CA, PH (714) 792-3612; **Crowley Micrographics**, Frederick, MD, PH (301) 631-6762. DIR

New COO Eyes Aggressive Growth For Westbrook

ERP veteran sees transition to Web services as potential inflection point in market.

Paul Lord believes document imaging technology could be reaching an inflection point in its lifecycle. It's Lord's view that adoption of Web services and open source computing is going to change the demands of the market. He sees this change as an opportunity for smaller document imaging vendors to gain an advantage over the established behemoths.

"I'm not saying that **FileNET** and **Documentum** won't be around," Lord told *DIR*. "I'm sure they have smarter people than me running their companies. However, I've worked for companies with hundreds of millions of dollars in revenue, and new technology can bring everybody back to zero. Unless big companies look at new technology carefully, they can easily miss it. They're often too busy worrying about other countries to dominate and new features and functions they should add to support their existing technology."

Lord went on to say that when large companies do adopt new technology, it's often comparable "to putting lipstick on a pig." "Typically, they have too much code to move entirely to a new platform," he said. "So, they end up offering some peripheral functions based on the new technology and run the bulk of their application on their old platform."

So, just who is Paul Lord and why should you care about what he has to say? Lord is a former top executive at ERP software vendor **Elevon**. He recently joined **Westbrook Technologies** as COO after Elevon was acquired this summer by **SSA Global Technologies**. Lord and Westbrook President and CEO Sean Donegan have a long history together, and Lord sat on the Westbrook board previous to joining the company.

A New Look For Westbrook

Lord's hiring was announced two months after Westbrook named a new CTO, Marshall Pimenta, who is focused on moving the company's technology to the

.NET Web services platform [*see* DIR 7/25/03]. "For many years Westbrook has been building a strong fold of partners, users, and reserves," Donegan told *DIR*. "Over that time, a lot of people have come and gone in the document imaging market, but we've stayed around. Now, we are beefing up our management team and preparing to launch our next generation technology."

Pimenta previously worked with Lord at Elevon. "The R&D dollars that I have at Westbrook are a little less than what I've had in the past," Lord told *DIR*. "So, I really need people with proven track records. At Elevon, Marshall managed the transition of our technology to .NET, so he's already done that once. I plan to bring in a couple more developers I've worked with as well."

"One of the reasons I'm here today is because I see a huge opportunity for Westbrook to provide a lot of the things that ERP and other business application vendors are looking for."

Paul Lord, Westbrook Technologies

According to Lord, the transition to .NET is so important because it will eliminate a lot of the application integration that has historically been needed to maximize the value of document imaging applications. "As users move to open application environments, it won't matter so much who partners with whom," said Lord. "Customers will be able to make decisions based on the merits of individual applications, not a vendor's partner list."

Lord knows first hand the value an integrated document imaging application can provide. Elevon embedded Westbrook's technology into its ERP application. "One of the reasons I'm here today is because I see a huge opportunity for Westbrook to provide a lot of the things that ERP and other business application vendors are looking for," he told *DIR*. "We have a high value-add application that these vendors can sell through their existing channels."

.NET COULD BE FUTURE OF IMAGING

Before embracing .NET as its next-generation technology platform, **Westbrook Technologies** considered Linux and other open source alternatives. "It's not clear right now which of those infrastructures is going to win," Paul Lord, Westbrook's COO, told *DIR*. "However, I'm prepared to bet the business on .NET, because I still see **Microsoft** as the leader in office infrastructure, which is where most document imaging applications run.

"As office infrastructure transitions from client/server to a zero-client, Web services model, .NET seems like a good bet. If I was still in the transaction processing game [which is more back office-oriented], it might be a tougher choice."

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. 18

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.

Westbrook is actually examining several options for increasing its distribution channel, without damaging its current network of 150 value-added resellers worldwide. "I've run sales and marketing channels that have become a nightmare because of conflicts," Lord said. "I think the document imaging market is big enough, and the technology can be sold in enough niche areas, that that can be avoided."

Last fall, Westbrook announced a nationwide marketing deal with **IKON Office Solutions**, which has improved the company's geographical coverage [*see DIR 11/15/02*]. "Some people say my middle name is 'Never Enough,'" joked Lord. "Seriously, one of our strategies over the next few months is to improve our margins in certain geographical areas."

Lord will also focus on continuing to increase the size of Westbrook's deals. "I think we proved in a recent deal with **AutoNation** through IKON, that it takes as much sales work to close a $160,000 deal as it does to close a $10,000 deal," he said. "The development of a zero-client, .NET-based platform will facilitate our movement upstream."

Lord compared the potential effect of users' migration to .NET to that of users' migration to client/server environments a number of years ago. "In 1976, a company called **MSA** was the leading ERP vendor in the world," he said. "When the world moved from mainframes to client/server, MSA nearly went out of business. **PeopleSoft**, meanwhile, shot to number three in the market because it embraced client/server architecture early on.

"The history of software is full of examples of inflection points, when, by embracing new technology, companies have been able to shoot to leadership positions."

Lord plans to increase both Westbrook's R&D and marketing spending. Westbrook is also considering adding complementary technology through acquisition. "The cash and investments that Westbrook has, along with the visibility we have into our current revenue stream, will allow us to be a little bolder with our spending," concluded Lord. "I want to do a bit more with our brand and image. I also think we can increase revenue from service.

"Right now, I see our software license revenue growing at least 50% over the next couple years. I see overall revenue growing even more as we turn on the service engines in the areas of consulting, education, and customized development work."

For more information: **Westbrook Technologies**, Branford, CT, PH (203) 483-6666, www.filemagic.com. DIR

Headway Chairman Weighs In On Capture Controversy

With his company smack in the middle of a war of words and software between image capture heavyweights **Captiva** and **Kofax**, **Headway** Chairman David Lewis has weighed in. According to Lewis, Headway began assisting Captiva with the development of its *InputAccel Express* (*IAX*) product when it became apparent Kofax was going to revoke the U.K.-based distributor's contract to resell *Ascent Capture*. At **AIIM 2003**, Headway announced its intent to replace *Ascent* with *IAX*, which began shipping last month [*see DIR 9/5/03*].

"We have a relationship with Kofax that goes back to when [Kofax founder] David Silver had three employees," Lewis stated in an e-mail to *DIR*. "Three years ago, Kofax was acquired by our competitor **Dicom**. At the time, they pleaded with us to keep selling [*Ascent Capture*] because the [Dicom] shareholders would not be impressed if the deal meant losing a substantial amount of business.

"I believe Dicom's strategy was to put obstacles in our way and hope our market share in Europe would gradually reduce down to an insignificant number and not pose a threat to Dicom. In fact, over the following three years, our market share did not decline, and we did become a threat to Dicom. As a result, our friends at Kofax were forced to terminate Headway's distribution contract."

Lewis added that Headway's familiarity with *Ascent Capture* gave it insights into the product's limitations that were passed on to Captiva. "We were able to set out the basis for a product [*IAX*] that would be very attractive for document input management," he said. "Our timing with Captiva was very good, and the day Kofax informed us that they would have to terminate our contract, we announced the new product."

Contributing to Headway's tight relationship with Captiva may be the fact that Mark Lewis, Captiva's VP of European operations, is the son of the Headway chairman. Prior to the merger of ActionPoint and Captiva, Mark Lewis had held a similar position with ActionPoint.

Headway continues to list Kofax's image processing product line—its Adrenaline scanner boards and VRS (Virtual ReScan) technology—on its Web site. However, as far as capture software goes, Headway's Lewis stated, "Headway is now 100% focused on *IAX* and no longer offers Kofax."

Lewis stated that he agreed with the numbers quoted by Captiva President and CEO Reynolds Bish on a recent conference call for investors. On that call, Bish indicated that Headway was responsible for $4 million worth of *Ascent Capture* revenue for Kofax. A Kofax representative called that figure “highly exaggerated” and said the actual revenue was just a fraction of that.

Bish indicated that as a result of Headway’s switch, within a year and a half, there was a good possibility that $4 million would be transferred from Kofax to Captiva. “We have many VARs across Europe who are very loyal to Headway,” Lewis told *DIR*. “The initial response to *IAX* has exceeded our expectations, and we are excited about the future. The $4 million figure is not based on every one of our VARs making a change. We estimate that maybe 50% will change (some already have), but the product also opens the door to new VARs and new applications. For competitive reasons, I do not want to disclose the exact number of VARs we had selling *Ascent*, but I can say we have been in business a long time and have established a lot of trade partners.”

For more information: **Headway Technology Group**, Farnham, Surrey, UK, PH (44) 1252 717071, e-mail: David_Lewis@acalplc.co.uk. DIR

CORRECTION

In our last issue we mistakenly stated that **Captiva** had acquired **ActionPoint** last spring. The deal was actually announced as a merger, with ActionPoint shareholders controlling 51% of the new company and Captiva shareholders 49%.

Xerox Beefs Up *DocuShare*

Latest version features upgraded workflow, collaboration, scalability, and integration capabilities.

The enterprise content management (ECM) space is rapidly becoming a battle of heavyweights. Over the past couple years, **IBM**, **Microsoft**, **Oracle**, and even storage giant **EMC** have thrown their hats into the ECM ring. To keep up, smaller companies like **Documentum**, **FileNET**, **Open Text**, and **Interwoven** have been on the acquisition trail. Now, let’s add Xerox to the list of giants contending for ECM business. Xerox’s latest release of its *DocuShare* software, version 3.1, represents a positive step towards the copier giant being considered a serious ECM player.

In addition to some infrastructure improvements building upon the vast improvements made in *DocuShare 3.0* (which was released last year), *DocuShare 3.1* offers enterprise workflow and collaboration options. It also features a set of software development kits (SDKs) designed for integrating *DocuShare* and its add-on modules with other enterprise applications. These are the types of features offered by most of the aforementioned ECM players and show that Xerox does not plan to be left behind.

Pushing Into Larger Installs

After being originally developed for internal use at Xerox, *DocuShare* was introduced in 1997 as a document management application targeted at workgroups. It is now being used by more than 3,000 customers, with 700 of those added last year. In 2002, Xerox’s revenue from *DocuShare* grew by 30%, after growing by 100% in 2001.

Colman Murphy, DocuShare product manager, Xerox.

“The biggest area of revenue growth for *DocuShare* has been in enterprise sales, which have more than 1,000 seats,” said Colman Murphy, Xerox’s *DocuShare* product manager. “We now have more than 200 installations fitting that description. A few examples of those are the **U.S. Navy**, which has 10,000 seats and plans to make *DocuShare* part of its e-business strategy; **Kaiser Permanente**, which has increased its user-base from 500 to 5,000 seats and is looking at growing to 15,000 seats next year; and **Cornell University**, which began with an installation to meet some HIPAA requirements and is now upgrading to a broader application.”

DocuShare 3.0 marked Xerox’s first serious attempt to go after the enterprise space. It featured a Java-based infrastructure designed to make the product more open and scalable. With the introduction of version 3.0, Xerox also began to actively recruit document imaging and management resellers. Last year, Xerox signed-up 30 resellers and that channel now generates 50% of Xerox’s revenue from *DocuShare*. “We have focused on the traditional document imaging and management resellers with **Kofax** and optical jukebox experience,” said Murphy. “We’ve also had a few VARs come over from **Documentum**. We offer an interesting, low-priced alternative for them.”

DocuShare lists for $3,500 for its server piece and $65 per named user. For security purposes, concurrent user licenses are not available. “A customer can get a 100-user system for under $10,000,” said Murphy. “We also recommend they plan on purchasing one to three days of professional services, which includes installation and training.”

New Features In 3.1

DocuShare 3.1 features an improved database and search engine, both designed to handle greater volumes. Xerox has also licensed **Dralasoft's** (Westminster, CO) java-based workflow application and embedded it in 3.1. "The Dralasoft workflow offers a broader range of business process management functionality," said Murphy. "This includes being able to interact with third-party applications, such as Kofax *Ascent Capture*. The Dralasoft workflow would enable a user to take an image from *Ascent Capture*, route it through a validation process, and then store it in *DocuShare* for intranet viewing."

Xerox has also added advanced collaboration tools that it is licensing from its Palo Alto Research Center. These tools have been branded *Interact*. According to Murphy, collaboration is already one of the most popular uses for *DocuShare*. "*Interact* makes it easy to do things like set up project pages, copy content from one workspace to another, capture meeting notes, and set up action items," said Murphy.

The final new feature of *DocuShare 3.1* are the SDKs. "They're designed to enable integration with any applications that might cross over into the document management space," said Coleman. "This could include CRM and image archiving systems. Xerox maintains its own connection modules for Kofax's *Ascent Capture* and **ScanSoft's** *PaperPort* applications, which we make available to our customers and resellers."

The new *DocuShare* workflow and collaboration modules start at $20,000 each. The SDKs are part of a development environment package that is available for an undisclosed annual subscription fee.

For more information: **Xerox**, Palo Alto CA, PH (650) 813-7334, e-mail: cmurphy@pahv.xerox.com, www.xerox.com/docushare. DIR

Doc Imaging Centerpiece Of New Health Care App

The health care market is definitely a hot area for document imaging. A combination of concern over HIPAA and a desire to improve efficiency is driving health care application vendors into this space. Last issue, we ran an article on $80-million **Allscripts** acquiring a document imaging software developer. Before the ink was dry on that story, we saw an announcement that $400-million **IDX** had introduced a new product featuring document imaging as a centerpiece.

IDX's new *Flowcast* software offers integrated document imaging as part of a business management solution for hospitals, integrated delivery networks, and large group practices. "*Flowcast* is a Web-based system that represents our next-generation architecture," Theresa Sullivan, product marketing manager for IDX, told *DIR*. "We view document imaging as part of that generation, because it's not very prevalent in our market yet."

IDX is a partner rather than a competitor with Allscripts. IDX's business-focused systems complement Allscript's patient records-focused systems. *Flowcast* is designed to aid in processes like sending bills and receiving payments. *Flowcast* is being offered as an upgrade to IDX's *IDXtend* application, which is currently installed at some 250 sites.

"*Flowcast* has a graphical interface, while *IDXtend* is character-based," explained Sullivan. "*Flowcast* leverages all the historical knowledge we gained with *IDXtend*, and we've infused it with technology like the Web, imaging, EDI, and high-level analytical tools."

According to Sullivan, both front-office and back-office users will benefit from *Flowcast's* document imaging functionality. "At the front-desk, administrative personnel are dealing with patient correspondence, insurance cards, and now HIPAA-related documents. With regard to HIPAA, all this paper lying around can be a scary thing. For efficiency, it's important to be able to reference documents like insurance cards and patient consent forms on-line.

"In the back-office, there are a lot of documents that need to be attached to health care claims when they are submitted to insurance companies. On the reverse side, it's important to be able to locate EOB (explanation of benefit) forms when there is a question. Some practices literally have warehouses full of these documents and have to wait for someone to retrieve them. Having all these documents on-line greatly reduces the time it takes to complete billing cycles."

Previous to *Flowcast*, IDX offered the *IMX* image management module for *IDXtend*. "With *Flowcast*, we are trying to highlight the capabilities of document imaging and make it a big part of the story," said Sullivan. "The tight integration we've achieved is one of the reasons we decided to develop our own solution rather than resell an existing imaging product. We felt that having a separate imaging system, which made users toggle back and forth between applications, wouldn't be as effective. With *Flowcast*, they can do stuff like index images on the fly and hit a button to be shown all the documents associated with a particular patient."

Sullivan estimated that less than 20% of all *IDXtend* installations use *IMX*. "The tight integration is going to increase imaging's ROI in relation to our system," she said. "The combination of HIPAA regulations and a desire to improve the turnaround time for receiving payments for claims is driving a lot of our customers to take a look at document imaging."

IDX introduced *Flowcast* at its recent National Users Conference in Boston.

For more information: **IDX**, Burlington, VT, PH (617) 519-2255, www.idx.com. DIR

Proven ROI, Recent Publicity Drive KVS Sales

Most of the North American attention on e-mail management has been centered on regulatory compliance. While this has become a big driver for **KVS'** business over the past 12 months, the majority of the company's European business is still driven by the principal the company was founded on: Better e-mail management reduces storage costs.

"The average ROI for one of our systems is four to five months," boasted Mike Hedger, CEO of KVS, which has its global headquarters in Berkshire, UK. "This is based solely on reducing storage for e-mails. Users typically can't quantify the time our system saves them finding e-mails, and the time their executives save by not having to manage their e-mails themselves.

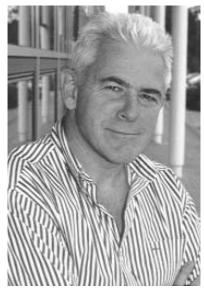
One major way of reducing e-mail storage is to eliminate duplicates. "Our system keeps one copy of a message, even though it may have been sent to a few hundred users who share the same e-mail server," said Hedger. "When you start working with companies that have 20 or 30 Exchange servers, this can produce pretty significant savings."

KVS has approximately 500 customers worldwide, including big names like **Audi**, **Philip Morris**, **Lehman Brothers**, **Datek**, **Vodafone**, and **Invesco**. "The great thing about e-mail is that it's a horizontal application," said Hedger.

According to Hedger, a KVS e-mail management installation runs approximately $30 per seat. "Our largest user is **Fidelity**, with some 35,000 seats," he told *DIR*. "Forty percent of our customers have less than 1,000 seats. The current trend is that we are selling systems with between 5,000 and 20,000 seats."

Forty percent of KVS' business currently comes in North America, a figure Hedger expects to rise to 60% next year. "Sixty-percent of all e-mail traffic takes place in North America," he said. "Also, legal concerns, and compliance, in the loosest sense of the word, are starting to drive North American sales."

According to Hedger, the publicity generated by mismanaged e-mails at high-profile companies like **Merrill Lynch** and **Enron** has done more for KVS than any advertising campaign could have. "It's really driven up the visibility of e-mail management," he said. "It's made it something North American corporations can't ignore when considering best business practices."



Mike Hedger, CEO, KVS.

This publicity has contributed to KVS' growth from 150 customers at the end of 2001 to its current total. In that same time, the company has increased its number of employees from 78 to 140. And KVS recently announced it had secured Series B financing worth $17 million.

The company was founded in 1999 by a team of developers from **Compaq** who had originally worked together at **Digital Equipment Corporation**. The initial version of KVS' flagship product, *Enterprise Vault*, was developed at Compaq. The latest round of financing is the company's fourth and brings its total investments to $37 million.

KVS will use part of the new financing to help it expand from e-mail into other forms of unstructured content. "E-mail was a good place to start, but there is a lot of other unstructured information floating around that we can start to index, manage, and store," said Hedger. "We have a very scalable repository."

That repository has the capability to import file structures as well as enforce records retention policies. KVS is considering licensing this repository to some large telco companies who could leverage it in an outsourcing service. "The telcos have the lines and the resources to manage that type of application," Hedger said.

KVS itself has introduced specific applications for legal discovery and compliance with **SEC** Rule 17a-4 that sit on top of *Enterprise Vault*. It also recently announced it had achieved **DoD** 5015 records management certification in a partnership with records management specialist **MDY**.

"We think our product offers a real value proposition to end users," concluded Hedger. "When we launched it, we already had a mature product that offers tangible benefits that other products launched during the dot-com boom do not."

For more information: **KVS**, Berkshire, UK, PH +44 118 9273800, www.kvsinc.com. DIR

INTEL, XEROX, FROM PAGE 1

The new devices are essentially generic microprocessors, which can be programmed by imaging hardware manufacturers before being installed in their products. They can be programmed in a variety of ways to service a broad range of products and even reprogrammed and tweaked until the desired performance is achieved. ASICs do not offer this type of flexibility.

"A general shift from hard-wired logic to programmable logic for IP is inevitable," explained Larry Lewis, lab manager for IP and advanced computing technology within the Xerox Innovation Group. "In essentially all cases, programmable platforms require more transistors than custom ASICs. However, as technology marches forward, and the amount of processing you can do with three cents of silicon continues to increase, you reach a crossover point when the silicon becomes so cheap that it makes no sense to try and conserve it.

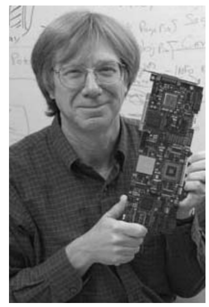
"This process is probably more of a general shift over a couple years, than something that happens at a precise time. We think we are now at the beginning of this general shift for IP."

The new IP-focused programmable digital processors have been named the Intel MXP5800 and the Intel MXP5400. The 5800 has eight mini-processors and the 5400, four. According to Lewis, up until now, most programmable media microprocessors have been focused on video processing. "Xerox helped Intel develop some algorithms specific to the IP market," Lewis told *DIR*. "Specifically, we helped design some function blocks, such as a block for JPEG compression."

Xerox plans to introduce hardware incorporating the MXP5000s next year. Intel has priced the 5400 at $51 in quantities of 10,000 and the 5800 at $68 in the same quantity. A digital media processor development kit is available for $2,995. According to Lewis, this kit includes an assembler, a debug environment, and tools for managing the control and configuration of the resources on the processor.

"Based on the initial pricing, these processors are a good fit for departmental and workgroup digital copiers," Lewis told *DIR*. "Eventually, they will also be a great fit for the desktop MFP/SOHO market, as their prices come down over the next few years."

Lewis pointed out that Xerox does not have a great deal of experience in that SOHO space, but that the chips will be available to other manufacturers, including Xerox competitors. "We believe this is going to be a commodity technology, which will help drive prices down," he said. "In fact, we want Intel to sell as many of these as possible to drive down what we are paying for them."



Larry Lewis, Xerox Innovation Group

Lewis said that Xerox has developed its own ASICs in the past, which it has also made available to other manufacturers. Xerox has designed several algorithms to work with the MXP5000s, some of which are proprietary and some of which are available for licensing. "The opportunity to get a head start designing our algorithms was one of the advantages we got from co-developing these chips with Intel," said Lewis.

Lewis concluded by saying that one of the main advantages of working with programmable processors over ASICs is that they offer a broader platform for IP development. "It gets very expensive to refresh your ASICs every time you release a new product line," said Lewis. "With programmable circuits, you can change the programming to suit a number of new releases.

"Also, having programmable processors enables a manufacturer to hold off on making a decision as to the exact functionality they want to include in their machines until closer to when the product ships. With ASICs, you typically have to make those decisions six months in advance, so they'll be ready when the product ships."

Lewis pointed out that the MXP5000s have the flexibility to be customized to produce images optimized for specific uses and programs, such as OCR. "These circuits even lend themselves to the idea of making the programming capability available to end users," he said. "I'm not saying Xerox is introducing any of this type of functionality at this time. I still think we are at the cutting edge of this market."

For more information: **Xerox Innovation Group**, e-mail: larry.lewis@pahv.xerox.com. DIR

SmartSource Introduces Fax-Based Capture Service

The move toward distributed capture has been one of the hottest topics in our industry over the past year. Scanner vendors have been rushing to market with low-volume, inexpensive workgroup and departmental scanners designed to cash-in on this emerging space. And capture software vendors have not been far behind, releasing products designed to meet the requirements of distributed applications.

High-volume fax specialist **SmartSource** has also heard the call for distributed capture. Instead of answering it with new products, SmartSource is offering its customers a chance to leverage their existing equipment—namely their fax machines—to capture electronic document images. Last month, the Burlington, MA-based service provider introduced PaperTrack, a service for converting incoming faxes to images and delivering them along with indexing information.

"We are offering customers a really simple way to implement distributed capture," Dave Tarrant, chairman of SmartSource, told *DIR*. "SmartSource can receive faxed images and convert them to PDFs or any other format customers would like. We charge between five and 20 cents per page, depending on volume."

PaperTrack was originally developed to meet the demands of an electronic medical records (EMR) specialist. "The EMR system had a need to capture doctors' handwritten notes," explained Tarrant. "At a care location, such as a hospital, doctors' might sketch out directions for a patient at the time of discharge. This document can be faxed into our system, converted and connected to the patient's electronic records. This way, someone like a therapist at an extended care facility, can access the patient's entire file in one place."

PaperTrack can leverage bar codes to perform automatic indexing. "We offer the option that customers can go to a Web site and key-in relevant data about documents they want imaged," Tarrant said. "They then print out a cover page with a bar code that will point us to that data when we receive the fax. This moves indexing to the remote office."

In addition to the health care market, SmartSource views markets with legal requirements for signatures as having good potential for PaperTrack. "PaperTrack offers an avenue for electronically filing documents that might be needed later for legal purposes," said Tarrant.

SmartSource currently has 15 employees and approximately 70 customers, including **KPMG**, **Janus Funds**, and **Dun & Bradstreet**. Tarrant concluded by saying that PaperTrack offers a cost-effective alternative to installing document scanners in highly distributed applications. "The beauty of leveraging fax machines is that everybody already has a fax and knows how to use it," he said. "Signing up for PaperTrack is a lot simpler than getting everybody to put scanners in their offices and training them on document imaging."

For more information: **SmartSource**, Burlington, MA, PH (781) 785-3375, www.smartsourceonline.com. DIR