

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 ● <http://www.documentimagingreport.com>

September 21, 2007

THIS JUST IN!

FCPA UPGRADES DEPT. SCANNER

Fujitsu Computer Products of America (FCPA) has upgraded its departmental line with this month's introduction of the fi-5530C2. The sheetfed-only model is rated at 50 ppm/100 ipm and offers a 43% speed increase over the original fi-5530C, which was introduced two years ago. The new scanner also features an upgraded software pack, including **Kofax VRS 4.1 Basic** and **Adobe Acrobat 8 Standard**. It carries the same list price as the original fi-5530C, \$3,995. This is the same list as the competitive **Canon DR-4010C**, and **Kodak i160** models.

Analyst Susan Moyses has projected a 25%-35% CAGR for the departmental (\$2,000-\$6,000) segment of the market from 2007 through 2011. FCPA and Canon are the leaders for traditional sheet-fed models. However, the departmental segment is also where most network scanners fall. At AIIM 2007, FCPA introduced its first network offering, the fi-6000NS [see *DIR* 5/4/07]. **Hyland Software** recently became the first ISV to write a direct integration from the fi-6000NS to its *OnBase* ECM system.

NSi introduces invoices app

Speaking of network scanning integration, **Notable Solutions, Inc. (NSi)** recently announced that its invoice processing application, *AutoStore for Accounts Payable* is available. The application was previewed at AIIM 2007. Rockville, MD-based NSi is the developer of the *AutoStore* capture platform, which has been integrated with MFPs and network scanners from **HP**, **Kodak**, **Kyocera**, **Ricoh**, **Sharp**, **Xerox**, and **Canon**. *AutoStore for Accounts Payable* is based on the **Océ Document Technologies'** *DOKuStar* toolkit.

For more information: <http://www.nsius.com>;
<http://www.fujitsu.com/us/services/computing/peripherals/scanners/>;
<http://www.onbase.com/english/interior.aspx?pageID=102161&newsID=131450>

Capture Conference Breaks New Ground

GLEN COVE, NY—**Harvey Spencer Associates'** annual Capture Conference continues to push the envelope. At this month's third annual event held at the Glen Cove Mansion and Conference Center, in addition to discussing proven trends such as the migration of the market toward transaction processing and away from batch capture and the advantages of electronic bill payments over paper checks, more cutting-edge topics were also covered. These included exporting captured data to XML standards, the importance of meta data, the evolving Indian market, and the importance of voice recognition technology in the emerging e-discovery market.

DIR Editor Ralph Gammon presented his rundown of the hottest topics in the document capture market and hosted a panel on "next-generation" distributed scanning solutions. Other conference highlights included a presentation by Eric Cohen, the XBRL [eXtensible Business Reporting Language] global technical leader for **Pricewaterhouse Coopers**. Cohen repeated one theme throughout his presentation—albeit one that was delivered with sarcasm. His mantra was "What's the great thing about standards?" To which the answer is, "There are so many of them."

Cohen's directive was to get the audience to throw their support behind a limited number of influential standards rather than supporting the continued dilution of potentially powerful frameworks like XML. **XBRL International, Inc.** (www.xbrl.org) consists of more than 500 organizations worldwide working to create XML-based vocabularies for business to simplify data exchange. XBRL is currently being adopted as part of financial reporting standards in the U.S., Japan, Canada, and Germany. It is also being adopted as part of pan-governmental reporting initiatives in the Netherlands and Australia.

"XBRL is gaining some real international momentum, and should pick up even more as organizations like the **SEC** start to push for its adoption," Spencer told *DIR*. "Because capture vendors are releasing information into

financial systems, standards like XBRL are going to be very important to them.”

India fertile ground for capture

The discussion on the potential of the Indian market drew some of the greatest audience response. Imaging systems integration specialist Prakash CV, founder and CEO of **Gradatim IT Ventures** (<http://www.gradatim.com/>), portrayed India as a rapidly growing economy with a population of 1.1 billion—half of whom are under the age of 25. “India is a very technology-savvy country, which is evidenced by the fact that it represents the fastest growing mobile phone subscription market in the world,” Prakash told the audience.

“With e-discovery...it's not a question of 'if' they get caught, it's a question of 'when' they will become involved in a lawsuit.”

– Priscilla Emery, ECM Scope

Prakash noted that the tremendous opportunity for imaging in India lies in three basic markets: The first is government, where there is national initiative that dictates 3% of government budgets must be used on e-government. He noted that microfilm was not legalized in India until two years ago, which creates a tremendous backlog of paper to be scanned. “E-governance initiatives are creating large scale projects for everything from passport applications, to complete birth and death records, to education management,” he said.

Not surprisingly, Prakash listed the second big market in India as financial services, where a rapidly growing economy has driven an explosive growth in the demand for loans and other banking services. Insurance is also a growth market. Government and financial services/insurance were also two of the largest early U.S. markets for imaging. Related to banking, check imaging is also an emerging market in India, as the use of paper checks continues to increase and the Indian central bank has initiated a movement toward electronic check truncation.

Prakash noted that a third big opportunity lies in capturing the paperwork associated with the growing mobile communications market. He added that the legal services and transportation industries are also ripe for imaging applications.

Addressing these opportunities appears to be a fairly wide-open game, as Prakash said there is only one major imaging distributor in the country, Redington (<http://redingtonindia.com>), which reported 47% overall growth in 2006. For anyone interested in doing business in India, Prakash stressed the importance of providing solutions and offering local support.

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

Areas we cover include:

1. Document Capture
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3. Forms Processing/OCR/ICR
4. Enterprise Content Management
5. Records Management
6. Document Output
7. Storage

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

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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
rckm@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

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5905 Beacon Hill Lane
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PH (412) 480-5116
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Spencer noted that increasing labor costs are creating opportunity for automated data capture in India's services dominated economy. "It used to be that you could count on inexpensive labor for data entry," he said. "However, as the Indian economy improves, there are more higher-paying job opportunities, and it's becoming harder and harder for service organizations to hold on to their trained personnel. This has them increasingly considering automation."

Spencer is currently exploring plans for an end-user focused conference in India. Vendors interested in participating should contact Erin Dempsey at erin.dempsey@hsassoc.com.

Spencer predicts strong growth, verticalization

As always, Spencer presented his annual state of the industry address. He reviewed his 2006 numbers, which estimated the worldwide market for document capture software at \$1.3 billion, which represented 17% growth. He also predicted a CAGR of 16.5% through 2010. "That's greater than the overall IT market, which is growing at about 8% annually," Spencer noted. "It's also greater than the

ECM market, which is growing 5-12% annually, depending on whom you talk to. It's my opinion that, as capture moves closer to the point of origin, where it has more value, it will increase as a percentage of overall IT spending."

Spencer noted that the growth in the first half of 2007 was not quite as strong as first-half growth in 2006, which was buoyed by huge growth (over 20%) in the second quarter. "I'll temper this by saying that I do not include smaller companies in my quarterly updates, and that most of the smaller companies I talked to seem to be doing well," he said. "I'll also say that the big second-quarter growth this year was more in services than products. This means we are starting to see more customized solutions. I think this is indicative of increasing demand for vertical market capture solutions. In fact, next year, I plan to break down the market more into vertical solutions."

Along those lines, Spencer did note there seems to be a direct correlation between adoption of e-business in a vertical and the adoption of automated capture solutions. "For years I've been saying that capture helps bring paper processes up to the speed of e-business," he stated. "I don't think it's a

BANCTEC FILES S-1

Last month, **BancTec** filed an S-1 with the SEC, registering some 46.5 million shares of common stock with an eye toward an IPO in the upcoming months. The S-1 lists a proposed maximum offering price per share of \$8, which would give the company a valuation of \$372.6 million, approximately equal to BancTec's reported 2006 revenue of \$379.5 million. 2006 represented a year of 10% growth for BancTec, which had seen its revenue decline by a total of 9% over the previous three years.

Through the first three months of 2007, BancTec reported \$92.7 million in revenue, or a 3% increase over the first quarter of 2006. The company showed a slight loss last year, but that was with an interest charge of \$20 million, which, from what we understand, has been eliminated through the sale of the company earlier this year, as the proceeds from the sale were used to pay off the debt that produced the interest [see [DIR 7/6/06](#)].

As BancTec has increased its BPO (business process outsourcing) holdings through some recent acquisitions, the "maintenance and other services" portion of its business has grown to where it represents almost two-thirds of the company's current revenue stream. This increase has been tempered somewhat by a decline in maintenance revenue related to BancTec's high-end sorting equipment. BancTec also has a significant third-party service agreement with **Dell**. The other third of its revenue is generated through sales of hardware and software solutions, primarily for document and remittance processing.

In 2006, U.S. sales made up approximately 60% of BancTec's revenue, down from 65% two years earlier. During those two years, U.K. sales increased 21% and other international sales increased 23%, while U.S. sales declined 4%. From what we understand, in the U.K. and other parts of Europe, BancTec has been enjoying tremendous success with its document processing operations using a business model it is now attempting to duplicate in the U.S. Currently, in the U.S., BancTec still relies more heavily on revenue from the check sorting and remittance markets, which are in decline due to the implementation of electronic payments. To bolster its U.S. revenue, in 2006, BancTec bought several service bureau sites from **EDS** [see [DIR 8/18/06](#)]. At AIIM 2007, BancTec debuted its new IntelliScan high-speed scanning hardware and software line [see [DIR 6/15/07](#)].

<http://www.sec.gov/Archives/edgar/data/318378/000104746907006209/a2179097zs-1.htm>

coincidence that manufacturing, which, according to the **U.S. Department of Commerce** has one of the highest rates of e-business adoption, is also leading the way in the adoption of automated invoice processing.”

The procure-to-pay solution

Spencer did a separate presentation on the most attractive quadrant of the document capture market—transaction processing. According to Spencer, as this segment moves from template-based to free-form applications, it will offer higher margins and faster growth than the rest of the market. Currently, as we detailed in our last two issues, invoice processing is emerging as the first killer app utilizing IDR (intelligent document recognition) for transaction processing.

Spencer discussed in detail a trend that we introduced last issue. That is the emergence of document imaging-driven procure-to-pay solutions. Up until recently, the term “procure-to-pay” was mainly the property of vendors with electronic payment initiatives. But, like the rest of the world, these vendors, as well as their customers, have come to realize that it’s very tough to eliminate paper. Hence, document capture is now being looked at as an integral part of these procure-to-pay systems, which address both AP and AR needs and potentially offer some tremendous cash management benefits.

Spencer showed a chart linking everything from CRM systems for order management to ERP systems for accounting management with capture systems, which are conceivably picking up information from a combination of purchase orders, invoices, payments/checks, and shipping documents. “When you put all this data together, it gives the CFO visibility into funds they have coming in vs. the funds they have going out, which enables them to optimize investments and payments,” said Spencer. “In a large organization, this type of optimization can create some significant increase in cash flow over the course of a year.”

Of course, Spencer acknowledged that not all end users are quite prepared to deal with such an increased influx of data. “I was talking to one company that had set up a capture system to improve invoice processing, which would conceivably enable them to take better advantage of early-pay discounts,” he said. “However, they told me they needed to go back to their vendors and negotiate some discounts.”

One of our favorite slides shown at the event was

a “hype cycle” graph presented by meta data expert Seth Earley. In the hype cycle, a peak of inflated expectations is followed by the “trough of disillusionment,” before things even out and a technology starts to get adopted. We definitely remember invoice processing going through this cycle, and suspect procure-to-pay will follow a similar path.

E-discovery, voice capture, emerging opportunities

The conference featured a segment on e-discovery, presented by Priscilla Emery of the consulting firm **ECM Scope** (<http://www.ecmscope.com>). “With regulatory compliance, businesses are doing a lot of weighing of the cost of getting in compliance vs. the risk and cost of being fined,” she said. “With e-discovery, however, the need is more urgent, because, especially with large companies, it’s not a question of ‘if’ they get caught, it’s a question of ‘when’ they will become involved in a lawsuit.”

Emery noted that classification is the key to creating an effective records management system that can be leveraged for e-discovery. “It’s not just a matter of putting things into your records repository, it’s being able to find them,” she said. “To accomplish this requires consistent methods of classification and taxonomy across all of a user’s document types.”

Emery acknowledged that the e-discovery market

HP OFFERS NEW EMBEDDED PLATFORM

HP has introduced a new platform for embedding applications in its MFP units. DXP is an XML-based platform being made available to ISVs for no charge. It is replacing HP’s earlier Java-based effort known as Chai.

“DXP is designed so that one development effort will allow ISVs to integrate with our entire line of network MFPs and Digital Sender network scanning devices,” said Phil Mount, partner development manager for HP image and printing group capture solutions. “The interface should look the same no matter which device a DXP application is being deployed on. We have begun working with all the folks we consider to be middleware providers, as well as some of the ECM vendors that want to reach down into the device.”

“There is no charge for ISVs to license the DXP SDK, or participate in the program, just a nominal fee for training materials. We do screen applicants to ensure they are substantial firms with sufficient resources to develop applications without extensive support from HP.”

Mount can be reached at phil.mount@hp.com

is very much still emerging, and to *DIR*, this means there is tons of opportunity for capture and document management vendors to establish themselves as early leaders. We plan to have more on this topic in upcoming issues.

Robert Weideman of **Nuance** co-presented with Emory and touched on the potential of adding voice data to ECM and records management applications. "When Nuance decided to expand from its original business in document imaging and OCR into speech, we saw a direct correlation between speech recognition and scanning," he said. "Recorded speech is like text on a page. Both are data that users are trying to capture."

Weideman noted that the market for transcribing recordings onto paper in the U.S. medical industry alone is worth about \$12 billion per year. "Nuance generates about \$300 million annually in this market with voice recognition software," he said. "It's important that capture vendors don't isolate their thinking based on media type. The value proposition of capture goes across media. The workflows for capturing voice or video data are similar to those utilized for paper capture. It's just that the adoption of speech recognition is about 4-5 years behind the adoption of OCR/ICR for paper capture."

Weideman gave demos that showed how Nuance software can search audio recordings for specific keywords and even find the specific spots in an audio file where those keywords occur. Example applications included storage of audio and video training materials for compliance with human resources regulations, and storing recordings of customer phone conversations for improved service, as well as discovery.

The new wave of distributed capture

The distributed scanning panel focused on the potential for tighter integration between capture software and hardware devices. The panel featured representatives from scanner vendors **Kodak** and **Visioneer**, as well as MFP vendors **HP** and **Ricoh**. Each is currently offering some sort of platform that ISVs can leverage to create simpler interfaces for launching document processes from the hardware.

The panel concluded that the market is transitioning from "push scanning" to "pull scanning." Push scanning requires less effort on the part of the end user, which is indicative of distributed capture becoming a front-office-oriented application. The biggest stumbling block to adoption of this new paradigm is the fact that each hardware vendor offers its own platform for integration. So, unlike TWAIN and ISIS drivers, which enable ISVs to integrate their applications tightly with multiple

hardware brands, the new breed of push-scanning platforms are mainly proprietary to a single vendor. The answer may lie in utilization of a middleware product by the likes of **eCopy**, **NSi**, **Omtool**, or even **Kofax** to go across platforms, but these vendors' business and/or pricing models would have to be adjusted to make this happen. This is still very much an evolving discussion.

The payoff

HSA Capture 2007 once again proved a great professional networking event with enough new educational material to give attendees plenty to talk about. Overall, more than 70 people attended, including a good number of C- and VP-level executives from all over the globe. Spencer is already making plans for next year's event.

For more information:

<http://www.hsassoc.com/documentcapture/index.html>

CVISION Upgrades Compression

QUEENS, NY—Compression specialist **CVISION Technologies** continues to upgrade its product line and is currently preparing to release version 4.0 of its *PdfCompressor* software for creating optimal size PDFs. CVISION, which has a rich legacy in JBIG2 technology, has improved its JBIG2 compression 30% in the latest version. It has also added improved segmenting and more capture options.

"Our JBIG2 compression technology has improved significantly in this latest release," noted Ari Gross, president and CEO of CVISION. "For most documents, where the previous JBIG2 release created files 65% to 90% smaller than the Group 4 compression used for most TIFFs and PDFs, the v.4.0 release offers an additional 30% file size reduction. The new release also features processing speed enhancements, with full support for multi-threading across multi-processor machines, improved OCR recognition rates, support for bar codes and ICR, and output to PDF/A."

CVISION has introduced an auto-segmentation feature with the ability to segment text and picture regions in full color scans, compressing each region type at different resolutions. "To preserve quality of text, a user might want to capture it at 300 dpi, while capturing photos at 150 dpi to create smaller files," said Gross. "We've employed the same type of segmentation technology to enable us to introduce background dropout in 4.0 as well."

CVISION, which was founded in 1997, has approximately 500 customers, including 100 Fortune 500 companies. One of the company's biggest deals

was an OEM partnership with **Adobe**, which packages CVISION's technology in its *PDF Scan Library* [see *DIR* 2/2/07]. "Adobe is a great partner, for a couple reasons," said Gross. "First of all, their customers are the large MFP vendors who create PDFs in real time, not a batch-processing mode, so do they don't cannibalize our business. Adobe's customers are also very demanding and give Adobe great feedback, which they pass on to us. This has helped us improve our technology especially in two areas: the way it runs in an embedded environment and the quality of our segmenter."

CVISION also has an OEM relationship with **EMC Captiva** and offers a module for integration with **Kofax Ascent**. "Captiva has been a very strong reseller," said Gross. "We are looking to form similar reseller agreements with other capture vendors."

CVISION, which is on pace for 30% growth this year, recently launched a professional services division. "CVISION's professional services are designed to integrate our technology tightly with existing document imaging workflows," said Gross. "For example, we see opportunities in areas like automated processing of semi-structured and unstructured documents, particularly where high recognition rates are required to replace current manual coding. We are primarily focused on markets for which automated recognition solutions are complex and some engineering may be required."

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

Kofax Reseller Deploys Innovative Distributed App

In the early days of distributed scanning, we liked to talk about the potential of the hub-and-spoke model. This involves businesses that have branch offices or agents in the field who have to send documentation to a central office (the hub) but also want to store their documentation locally (at the end of each spoke). This model seemed like the ideal place for the burgeoning desktop document management market to collide with ECM.

A few years ago, **Merrill Lynch** implemented just that sort of system at 800 branch locations utilizing **Nuance's PaperPort** desktop document management software and a **Documentum** ECM system. Since then, however, we haven't heard much about this type of implementation, and quite frankly, we've found it a bit annoying, as we hate to point out a market trend and see it go cold.

Last month, however, our hopes were revived

somewhat when we spoke to **Kofax** reseller **ISC Micro**, which was rolling out a hub-and-spoke capture solution at **UniGroup**. UniGroup is the St. Louis-based parent company of movers like Mayflower and United Van Lines. "UniGroup works with about 800 privately owned agents nationwide," said Bob Fortner, a senior account executive with ISC Micro. "For each move, these agents have several documents that have to be completed and signed. These include order cover sheets, inventory checklists, and invoices, to name a few."

"Historically, the movers would put this paperwork in a drop box or fax it to UniGroup's corporate headquarters, where it would be picked up by a centralized *Ascent Capture* implementation that we installed in 2003. UniGroup wanted to give its agents a third option of actually scanning the paperwork themselves."

The solution developed by ISC Micro leverages Kofax's *Capio* desktop document imaging software, as well as the *Ascent Collection Server (ACS)* to import documents into *Ascent*. "Agencies like this solution better than the drop boxes, because it enables them to maintain control over their documents, without having to make copies and give them to someone else to scan," said Fortner. "It also offers a faster turnaround time. While fax is also quick, it often results in poor image quality, which means documents have to be refaxed or data clarified over the phone."

Capio utilizes Kofax VRS to ensure higher quality images. *Capio* is also designed so meta data captured in *Capio* can be transferred through ACS to *Ascent Capture* and leveraged downstream. "We've designed the application, so it can be implemented in two ways," said Fortner. "If users have already invested in MFPs that they want to leverage for scanning, they can capture their images to a network folder and then import them into *Capio*. Even better, we are offering a **Fujitsu** fi-5120C workgroup scanner that utilizes *Capio* as the driver."

ISC Micro has set up a Web site specifically for UniGroup agents. It offers both a standalone version of *Capio* and a fi-5120C bundle. Both options come with phone support for the installation and future technical issues. Fortner estimated an installation takes about 20 minutes.

"We ran a pilot last year, in which we invited about 100 of UniGroup's largest agents to participate," said Fortner. "We now have about 70 agents on board with about 100 total installations, as some have multiple sites."

The potential of ICE

We view this UniGroup installation as a great example of some of the potential Kofax's ICE (intelligent capture and exchange) suite. The application leverages several components of Kofax technological portfolio, including image processing, distributed capture, and enterprise integration. It was also put together by a member of Kofax's reseller channel. In recent weeks, in fact, we have seen a number of announcements coming out of Kofax that indicate the company is succeeding in its efforts to move upstream and offer more transaction-oriented solutions.

For more information:

http://www.kofax.com/company/press_releases_details.asp?id=484

Conversion Services Support Canon's Solutions Business

It's no secret that the copier business, once known as the realm of "box movers" is transitioning to a solutions-based approach. In addition to hardware that has evolved from analog copiers to digital multi-function peripherals (MFPs), software is part of this new solutions strategy. In 2005, in an effort to make sure their customers were getting the most out of their integrated hardware and software, MFP market leader **Canon** introduced a professional services portfolio. This summer, as part of that portfolio, Canon USA introduced data conversion and capture services.

"Our initial thrust into professional services focused on solutions design and implementation, like delivering workflow analyses and document management systems, mainly to our national accounts," explained Dennis Amorosano, director and general manager of Canon USA's integrated business solutions division. "We found that we had a number of customers that rearchitected their workflows to drive departmental or organization-wide document management initiatives for day-forward documents. However, many had years worth of paper backfiles they also wanted to digitize. We launched our data capture and conversion services offering to fulfill their needs."

According to Amorosano, Canon has no plans to roll up a major service bureau business and will work primarily with partners for its document scanning needs. "We have some pockets of conversion services capabilities that we picked up in past acquisitions, and we will leverage them when we can," he said. "Generally speaking, we will work with a number of third parties who provide conversion services. This is not a core part of our business; it's more of an add-on, so we can offer our

customers a total solution. For Canon to pursue conversion services through acquisition, we'd have to see a huge market opportunity."

Initially, Canon's data conversion and capture services will be available to its national and government accounts. "National accounts represent about 100 of our select direct customers," said Amorosano. "National accounts and government are the two areas where our professional services offerings started out. Now, many have started trickling down and being sold through our dealer channel.

"Delivering services initially to direct accounts helps us better understand what our customers need, so by the time we roll them out to the dealers, we have perfected the offering. It's still too early to tell if conversion services will be widely used, or just a nice-to-have option for a limited number of customers."

Canon's professional services portfolio includes document production and workflow analysis, implementation, security, and customization services; and software development and support.

For more information:

<http://www.usa.canon.com/html/canonindex.html>

New CEO Vows Growth For Scan-Optics

Scan-Optics is in a growth mode according to new CEO Gideon Agar. Agar, who works for **Patriarch Partners**, the private equity firm that foreclosed on Scan-Optics in 2005, replaces Ramkumar Rajagopalan. Rajagopalan, who had been acting as CEO since the departure of Paul Yantus last year [see *DIR* 10-6-06], has joined Yantus at **Captaris**, a Seattle-based fax server and imaging and workflow software firm.

"Patriarch controls more than \$6 billion in assets, and we are sitting on a significant amount of cash," said Agar. "My role is to provide leadership for companies that fall into our information technology group. As part of this role, I have previously been the CEO of three other companies. I have also worked for large corporations like **Oracle** and **Cisco**.

"Scan-Optics has been reinventing itself over the past couple years. It's profitable, and it's my intention to grow it in a number of areas. Patriarch has some great resources and deep pockets. We plan to increase our investment in Scan-Optics and add some senior executive leadership. My focus is on the strategic planning needed to encourage

growth, and determining where the investments need to be made.”

Breaking down the business lines

Historically, the largest segment of Scan-Optics' business has been high-speed scanning solutions, which include hardware and software. This segment waned, however, during the company's final months as a public entity (prior to the foreclosure.) In the meantime, Scan-Optics' third-party scanner services business, **Access Services**, maintained its steady revenue of \$2.5-\$3 million per quarter and surpassed the hardware and software business. Under Yantus' leadership, Scan-Optics also launched a full-fledged BPO operation, which was on target for some \$6 million in annual revenue in 2005.

Through the first six months of 2005, BPO and Access Services accounted for more than two-thirds of Scan-Optics' business, which represented a significant change from previous years, when hardware and software made up at least 50% of the company's revenue. At AIIM 2007, there were signs that Scan-Optics could be turning its solutions business around, with the launch of a new scanner, the announcement that its revolutionary Onyx scanner was shipping, and the signing of a reseller agreement with **AnyDoc** [see *DIR* 6/15/07]. However, Agar would not offer any more insights into the current financials.

“Patriarch Partners tends to play its cards pretty close to the vest,” he explained. “We are currently going through our planning for the next three years and determining where we need to make our investments. We're not ruling out anything, and there may be parts of Scan-Optics we decide not to

invest in.”

As part of the management reorganization, Richard Lieberfarb has been promoted to senior VP and COO. “I took a look at the existing management team and had to make a decision whether it was something we could build around,” said Agar. “I had to question whether it had the energy and creativity to make it through the transition phase and into the growth phase. Or, had this team received so many body blows over the past few years that it had become unstrung?”

“I came to the conclusion that we have a very creative team with a lot of energy and ideas they'd like to see implemented. Richard and those under him in the financial area are very knowledgeable. Management in other areas is strong. We are only looking to fill a couple key roles in sales and business development that can help us accelerate our growth. Operationally, I think we have the infrastructure in place to scale the business.”

Ram moves on

We asked what type of hole Rajagopalan's departure would leave, as he was the VP of technology and frontman for the company over the past year. “Ram was a great VP of engineering,” said Agar. “He was brought in by Paul [Yantus], who had worked with him at previous companies. He and Paul had teamed up before, and I think they wanted to continue their partnership. We still have a strong engineering team at Scan-Optics and have been partnering recently to fill some of those needs as well, which we will continue to do.”

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

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