

Document Imaging Report

Business Trends on Converting Paper Processes to Electronic Format

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September 22, 2006

THIS JUST IN!

ACQUISITION GIVES HYLAND A DEGREE IN HIGHER LEARNING

No, **Hyland Software** is not planning on eliminating its channel by continuing to acquire partners and fleshing out its direct sales force. Rather, its recent acquisition of reseller **Matrix Imaging** represents an effort to further expand the successful vertical market strategy the Cleveland-based ISV has implemented in recent years. Matrix, a Detroit-area based reseller, was Hyland's primary partner in the higher education market.

"Since launching our vertical support strategy, we've had tremendous success in the markets we've focused on," said Bill Priemer, executive VP and COO for Hyland. "This has included the banking, healthcare, public sector, and insurance spaces. To date, we haven't really done too much to help our resellers in higher education, aside from supporting our key partner in that area, which was Matrix. Matrix will bring us some vertical expertise that we will now leverage throughout the rest of our channel."

Over the past six years, Matrix has installed more than 30 Hyland *OnBase* systems in colleges and universities. Its customer list includes marquee names like **Columbia, Princeton, Stanford, Indiana University, R.I.T., Syracuse, the University of Alaska, U.C. Davis, Case Western Reserve, and the University of Memphis.**

Hyland will maintain support of Matrix's existing customer base, as well as its direct sales force. Approximately 15 Matrix employees have joined Hyland, and they will continue to work out of the



Bill Priemer, executive VP and COO, Hyland Software.

Removing The Mystery From Forms Processing

Making automatic recognition technology work correctly is often referred to as a "black art." Brad Paxton, CEO of **Advanced Document Imaging (ADI)**, knows better. While OCR/ICR may look like magic to some, a mathematics professor like Paxton sees through any smoke and mirrors. Paxton, in fact, has come up with a formula for determining optimum settings in forms processing applications utilizing OCR/ICR.

Paxton, a former professor at **R.I.T.**, developed this formula while working as a consultant for the **U.S. Census Bureau**. In 2000, the Census Bureau implemented OCR/ICR-based data capture for the first time. "Initially, the Census Bureau was very skeptical," Paxton told *DIR*. "I went down to Washington and presented several times, but could tell they were not really buying into it."

The Census Bureau, however, changed its tune after testing and a dress rehearsal proved out some of the labor savings an OCR/ICR-driven system offered over the mark-sense and key-from-image operation used for the 1990 Census. According to Paxton, the actual results of the live system, which was implemented by **Lockheed Martin** with the help of several subcontractors, as well as ADI, were even better than predicted. The Census Bureau decided to include OCR/ICR technology once again in the 2010 Decennial Response Integration System (DRIS) [see *DIR* 8/20/04]. ADI is also acting as an advisor for DRIS, and Lockheed has been selected as the primary contractor [see *DIR* 10/21/05].

"I think I've been spoiled working with the Census Bureau," Paxton told *DIR*. "Those guys are some of the biggest data junkies on the planet. They fuss over every piece of information. They are very familiar with the data coming in and have all sorts of lists to compare it to, to improve the accuracy of the OCR/ICR."

"The work Lockheed does in data capture is also

Continued on page 8

very sophisticated. In addition to the 2000 U.S. Census, Lockheed has used the same team for U.K. and Canadian censuses, and it is now working on its second U.S. census. Lockheed is improving its techniques all the time. When I started working with commercial clients, their technology was nowhere near what I was used to. The good news is that this presents a tremendous opportunity for ADI."

The differentiating factor

Some of the basic improvements Paxton noted that could be used in many commercial operations include improved forms design, doing field-level metrics and analysis vs. character-level, properly utilizing dictionaries to look-up results, and checking results against context. These are all concepts familiar to most advanced forms processing technology vendors and integrators. Where ADI differentiates itself is with the introduction of a model for determining the optimum confidence-level settings for OCR/ICR.

"I've had businesses tell me there is no cost attributable to capturing incorrect data. My response was to ask why they didn't just set their confidence levels at zero and fire all their data entry personnel."

— K. Bradley Paxton, Ph.D., CEO, ADI, LLC

Confidence-level settings determine the number of fields and/or characters that will be sent to data entry operators for quality assurance (QA) and/or keying. Confidence settings are typically manifested in percentage numbers. For example, if you set your confidence level at 98%, any character or field that the engine is not at least 98% sure it has identified correctly, will be sent to an operator. Typically, the lower you set your confidence levels, the fewer items will be sent to these operators. In the above example, if you reduced your confidence level to 90%, you would lower your "reject rate," and thus reduce your manual labor costs.

However, setting confidence levels lower also increases the potential that incorrect data will be captured and sent to business processes. "It's a classic trade-off between cost and quality," said Paxton.

The hidden cost of bad data

The key to ADI's model is weighing the costs of data errors vs. the cost of ensuring that data is captured correctly. "The cost of capturing data factors in software and hardware, as well the costs for manual operators," Paxton told *DIR*. "The data error costs can vary, depending on the nature of the application.

"U.S. Census data, for example, is used to determine everything from the alignment of seats in the House of Representatives, to how many computers should be bought

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

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3. Forms Processing/OCR/ICR
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for schools. So, incorrect data can be very expensive in the long-run. In a financial services environment, incorrect data can cause the wrong funds to be deposited in the wrong places, so errors can also be very costly. In contrast, the cost of mistakes might be lower in an application involving survey results.”

Paxton stressed that it’s important for any business doing data capture to realize that their mistakes cost money. “Our model makes no sense if you don’t calculate the cost of errors downstream,” Paxton told *DIR*. “I’ve had businesses tell me there is no cost attributable to capturing incorrect data. My response was to ask why they didn’t just set their confidence levels at zero and fire all their data entry personnel. Obviously, it didn’t matter if their data was correct or not, so what good are the operators?”

The model in action

In summary, the ADI model goes something like this: As you increase confidence levels, your reject rates increase, as a result, more documents are sent to operators, and your capture costs goes up. As you decrease confidence levels, your capture costs go down, but your costs for downstream mistakes rise. Of course, techniques like the “basic improvements” mentioned above can also be implemented to reduce reject rates without sacrificing confidence levels.

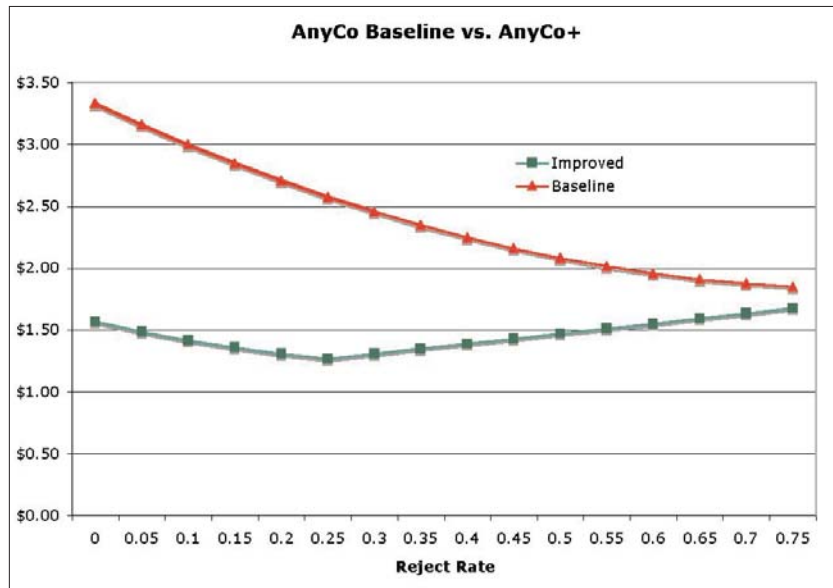
For example, in the earliest version of the 2000 Census processing system, with confidence levels set at 98%, ADI determined that approximately 37% of the documents being processed would need to be sent to human operators. After making some improvements to the application, at a 98% confidence level, the reject rate dropped to less than 5%. Once this improved system was in place, ADI began experimenting with higher confidence levels, which increased the reject rate, but guarded better against faulty data being passed downstream.

“For the Census, we figured the cost of errors to be 50-100 times the average cost of capturing data from the document,” said Paxton. “It might have been closer to 1,000x, but we took a stab at it and came up with 50-100x.”

Finding the sweet spot

Using those numbers, ADI plugged in different

confidence levels and their subsequent reject rates. The highest reject rate shown on the chart Paxton shared with us was 80%, which equated to a cost per document of approximately \$4.00. As the confidence level was decreased, the reduction in cost for operators outweighed the cost for the increase in downstream mistakes until confidence levels were lowered to the point where there was a 20% reject rate. After that, as the confidence level



This chart displays the cost-per-document in a forms processing environment, when taking into account the cost of capturing incorrect data. The top line (red) represents AnyCo’s legacy forms processing system, while the bottom line (blue) represents an improved system. Because of the inefficiencies of the legacy system, the optimum cost-per-document can only be achieved when its OCR/ICR settings are tuned to create a reject rate of some 70%. With the improved system, those reject rates can be reduced to around 25%, which creates a savings of approximately \$.50 per document. (Source: ADI, LLC)

continued to decrease and the reject rate sank below 20%, the amount of bad information going through caused the overall cost per document to shoot up sharply.

Thus for the 2000 Census, confidence levels set to produce a 20% reject rate proved to be optimum, creating a cost per document of approximately \$2.50. This contrasted with a cost of around \$4.00 for an 80% reject rate and \$5 for a less-than-1% reject rate. “The cost savings between setting your confidence levels to create a reject rate of 30% and 25% may only be \$.50 per document, but when you’re doing 100,000 documents per day, that adds up pretty quickly,” said Paxton.

Utilizing test decks

One special ingredient that ADI uses for creating its cost-per-document model, especially for applications that involve forms with hand-printed information, is its patented Digital Test Deck (DTD) technology. DTDs can be used to electronically create simulated hand-print filled forms [see *DIR* 8/19/05]. “One big

advantage of a DTD is that, because you created the data on each form, you know what the correct results should be," said Paxton. "So, you can measure exactly how many errors you are making."

Paxton concluded our conversation by showing a slide charting work ADI is currently doing with an unnamed customer. With its current forms processing implementation, as this customer's reject rate increases, the cost per document always goes down. In other words, the current version of the application is basically useless, because if it had a 100% reject rate, meaning all documents were being keyed, it would achieve its lowest cost per document. Obviously some improvements need to be made.

In its lab, ADI made some of the "basic improvements" we discussed earlier. With the old system, when the confidence level was set at 99%, the customer had a reject rate greater than 75%. With the new system, with the same confidence level, the reject rate was closer to 25%. ADI then set about finding the optimum confidence level and reject rate. The 25% reject rate proved to be the sweet spot, with the cost per document coming in at around \$1.25. With its previous system, the lowest cost per document that could be achieved, with reject rates set at around 80%, was \$1.85 [see graph on page 3].

Innovations on the rise

ADI's scientific model for determining optimum confidence levels, as well as its DTDs, are the latest in a series of innovations that are reducing the hocus-pocus factor related to forms processing. Recently, we've also done stories on technology from vendors like **A2iA** [see *DIR* 8/18/06] and **Orbograph** [see *DIR* 7/21/06] that similarly refines processes related to automated data capture. This is on top of the all the un- and semi-structured document processing technology we've seen introduced and improved over the past few years.

No, forms processing technology will never be for everyone, but with the increasing number of tools available to complement OCR/ICR engines, as well as improving engines themselves, we expect to continue to see an increase of satisfied customers well into the future. Annual capture software market growth of 15-20%, as tabulated by analyst firm **Harvey Spencer Associates**, is reflective of this.

Assembling solutions

The biggest challenge we see in the market right now is getting the right technology into the right applications. Despite its continued growth, the capture market remains very fragmented, with several vendors owning strengths in different

technologies and verticals. The state of the legacy system installed at ADI's unnamed customer is certainly not an isolated example. Too often, customers are not getting a true forms processing solution—but rather a piece of software that may or may not meet their data capture needs.

As the demand for forms processing technology increases, so must qualified manpower to service this demand. We encourage vendors to step up their reseller education programs in order to clean up forms processing's reputation once and for all. Now that tools for solid automated data capture processes are finally in place, let's make sure everybody knows how and when to use them. If we achieve this, then the potential ceiling for the capture market will continue to rise.

For more information: <http://www.adillc.net/>

AnyDoc Preps For Renewed Growth

The last time we spoke with **AnyDoc Software** executives Charles W. Jackson and Sam Schrage, they were very excited about the company's new data workflow platform. The recently renamed *Infiniworx* software [which was preliminarily called *Apptivity*, see *DIR* 7/7/06] is designed to manage data-centric processes, including, but not restricted to, data capture. In addition to launching *Infiniworx* as a means for capturing and classifying unsorted batches of documents, AnyDoc is exploring other markets where the platform makes sense.



Sam Schrage,
president, AnyDoc.

To better manage this sort of evolution, AnyDoc has undergone a restructuring, in which CEO Charles W. Jackson has transferred his efforts to R&D. "I'm going back to my first love, which is software development," Jackson told *DIR*. Before founding AnyDoc as Microsystems Technology in 1989, Jackson founded another software developer, **Collier-Jackson** that was sold to **CompuServe** in 1987.

"Especially over the past two to three years, day-to-day administration and control was consuming 80-90% of my time," said Jackson. "Only now and then did I have a chance to get involved in product development. In my new position, I promise that we will have better products. Not that our current products are bad, but I want to get back to being the leader of the pack. Of course [because of recent

market consolidation], that pack is not as big as it once was."

The day-to-day operations will now fall under the control of Schrage, who has been promoted to president of AnyDoc, after most recently serving as VP of marketing, operations, and international sales. The heads of recently defined divisions in customer care, sales and marketing, administration, and international operations will report to Schrage, while Merit Greaves, who has been named director of development, and Steve Mandel, director of research, will report to Jackson.

"In many areas, we've formalized an informal structure we've had in place for some time," Schrage told *DIR*. "As far as Chuck's new role, he is the ultimate entrepreneur, while my background is as more of a numbers guy. That's doesn't mean I'm afraid of risk and can't act on gut feel; it will be my job to use all these skills to plan our sales and marketing attack going forward. With Chuck driving our developers, we will certainly end up with top products to help the company reach above and beyond what we've accomplished so far."

To date, AnyDoc has become a \$10-20 million document and data capture specialist with a strong reseller channel based primarily in North America (which accounts for 85% of sales). "We are now set to return to the kind of explosive growth we saw seven to 10 years ago," said Schrage. "The last four years, we've seen steady growth, but with Chuck driving development, it should get us back on a timely refresh cycle, which helps keep our customers happy. With the launch of *Infiniworx*, and through the efforts of the rest of the company, we are looking for a very successful ride over the next five years. I expect to hit a 20-25% growth mark in 2007."

When we asked Schrage where he expected this growth to primarily come from, he indicated he was in negotiations with some large resellers. "You're going to start to see some big players pick up our product," he told *DIR*. "I can't say yet who they are, but there should be at least one announcement coming up shortly. We will also be announcing a program aimed specifically at higher-level partners. It will be designed to bring new partners on board, as well as give our current smaller and medium-sized partners something to aspire to."

Schrage added that it is not AnyDoc's goal to flood the market with resellers. "One of the problems we

see with **Kofax** is that they have hundreds of resellers stepping all over each other," he said. "We are very comfortable with controlled growth."

M &/or A on the way?

As far as growth goes, we asked Schrage if the reorganization is a sign that AnyDoc is feeling pressured by some of the recent M&A activity involving competitors like **Captiva** and **Kofax**. His answer made it sound like he views Captiva's acquisition by ECM giant **EMC** as a more prudent path than Kofax's strategy of acquiring smaller capture companies.

"I think the acquisition by EMC will eventually

help Captiva, because it brings stronger management and a more concentrated direction to the company than they may have had in the past," Schrage told *DIR*. "With a strategy like Kofax's, you have to shake everything up just to figure out what you have. Especially with software companies, assimilation takes time."

Schrage concluded by saying there is a seismic shift occurring in the data capture market, as it becomes subsumed into the BPM space—a shift which *Infiniworx* is designed to address. "No one is talking about capture or forms processing," he said. "You don't even hear the term 'free-form' anymore. It's all about improving business processes, and that is where this whole group of capture vendors is headed."

For more information:

<http://www.anydocsoftware.com>

TIS: A Leader In IDR

Top Image Systems (TIS) continues to make its mark in the European forms processing market, especially with its IDR (intelligent document recognition) technology. The Tel Aviv, Israel-based software vendor recently reported another record quarter with revenue approaching \$5 million. Forty-three percent of that was generated in Europe, including 19% of overall sales coming in Germany. "We are not the biggest player in the market," said Gideon Schmucl, TIS' VP of sales and marketing "but we are growing nicely [almost 20% through the first six months of 2006 over 2005], and if you look at our IDR sales, we are near the top."

DIR has written a lot about TIS's success in the



"In my new position, I promise that we will have better products...I want to get back to being the leader of the pack."

— Charles W. Jackson, AnyDoc

invoice processing market. Most recently, TIS announced a deal with the world's "leading metal producer," for a system now being used to process some 450,000 invoices annually. The system was installed at the customer's shared services center in Eastern Europe and handles invoices in five different languages coming from eight countries. Captured data is being exported into **Oracle Financials** and **BasWare** accounting systems. The customer plans next to roll out the application in its Australian and U.S.-based service centers.

"The majority of our invoice wins include more than just capture these days," Schmucl told *DIR*. "Customers want workflow features, like the ability to do parking and approval and integration with their ERP systems. It used to be, we only sold capture and someone else brought in the workflow. Now, we are more focused on being a one-stop shop. As a result, our average invoice processing deal has grown to \$150,000-\$200,000, with some going as high as \$400,000."

Another IDR market where TIS is succeeding is mailroom classification. "We consider ourselves the leaders in this market," he said. "Others have been

talking about it, but not doing much. We had four mailroom classification wins last quarter and have about a dozen overall implementations in that area. These are big deals that with services can bring \$500,000."

TIS mailroom classification wins have come in several markets including insurance, banking, utilities, and government. "The common thread is that our customers operate in the B-to-C world," he said. "They have large customer bases, which send them correspondence. We have a telecom customer, for instance, that has 10 million subscribers. They receive everything from complaints, to change-of-address forms, to service changes. Overall, we've set up 180 different classes for this customer.

"One key to our success is the fact that we treat classification not as a separate product, but as a module within our capture platform. This means that once you classify a document, with the same software, you can also do data capture—from structured, semi-structured, and unstructured forms."

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

HISTORICAL RECORDS SPECIALIST INSTALLS INDICIUS

AncestryDPS (Digital Preservation Service), which captures some 100,000 document images per day related to family histories, recently installed close to \$1 million worth of **Kofax Ascent** software. Ancestry, which is a part of **MyFamily.com**, is headquartered in Provo, Utah, and for 10 years had been using an in-house developed system for document and data capture. It recently added an Ascent platform that includes Kofax's *Indicius* data capture technology.

Ancestry collects documents from various governments around the world and has compiled a database of some five billion images including census, birth/death, military, and immigration records, as well as community directories. Some of its records are close to 300 years old, and the majority are captured from microfilm. "One unique aspect of the application is that Ancestry is so

interested in preserving historical accuracy, that it typically captures images at a higher dpi than most businesses," said Brandon Groom, CTO of **Doxtek**, the Orem, Utah-based reseller that installed the system. "The image processing routines you run for bi-tonal business documents don't work for Ancestry.

"In addition, most businesses deal with the same types of documents over and over again. With Ancestry, every time they get a new set of books, they are dealing with a new type of document."

Shawn Reid, development director at AncestryDPS, acknowledged that the flexibility of *Ascent* and *Indicius* was one of the attractions. "We process dozens of document types each year, and when we finish with one, we may never see it again," he told *DIR*.

Ancestry processes a combination of forms, for which specific index fields are captured, and paragraph-formatted documents, for which full-text OCR/ICR is applied. *Indicius*'

OCR/ICR capabilities are currently being utilized on the machine-printed forms, which Reid estimated account for 5-10% of Ancestry's overall volume. "On those forms, we have reduced our processing costs by as much as 10 times, because of the reduction in manual key entry," he said. "In addition, *Indicius* has helped streamline our key-entry operations. It helps us set up screens, so our operators can more readily find data. It also helps us build rules to automate some of our validation."

Now that its *Ascent* infrastructure is in place, AncestryDPS has opened up its business to external customers. "We are offering services for any sort of digitization, whether that is for state and local governments or commercial entities," said Al Viera, sales and marketing manager for AncestryDPS. "We plan to drive considerable growth from these services in the future."

For more information:
<http://www.kofax.com>; www.ancestrydps.com;
<http://www.doxtekinc.com/>

Adobe Introduces New Acrobat Family

Adobe is announcing the latest version of *Acrobat* this week. *Acrobat 8* includes upgrades in areas like the user interface, collaboration, document merging, e-forms, OCR/ICR, and redaction. Adobe is also introducing a new member to its *Acrobat* family—*Acrobat Connect*. *Connect* is the former *Breeze* Web conference product line, acquired with **Macromedia** last year.

One cool new feature in *Acrobat 8* is the ability to drag and drop several files into a PDF wrapper while maintaining their original format, including features like encryption or digital signatures. To help the user accomplish this, as well as other tasks, Adobe has vastly improved the *Acrobat* user interface. “We focused on the key 20% of functionality that people use 80% of the time,” said Randy Swineford, a senior product manager for Adobe. “We removed tools from the dashboard that were not being used and made the interface more customizable.”

One of our favorite new features is the ability to create fillable electronic forms with exportable data, from existing, static *Office* or PDF forms, as well as scanned paper. To help create forms from images, as well as identify text from any image, *Acrobat 8* leverages the **I.R.I.S.** OCR/ICR engine, an upgrade from previous versions. At **AIIM 2006**, Adobe announced that it had signed an agreement with I.R.I.S. to include its technology in the Adobe *PDF Scan Library* [see *DIR* 6/16/06], which is presumably used in *Acrobat*.

For the first time, Adobe has also introduced serious redaction tools into *Acrobat*. If you remember, there have been some problems in the past with organizations mistakenly believing they have posted properly redacted PDF documents, only to discover that a simple cut-and-paste was able to reveal hidden text [see *DIR* 5/20/05].

Acrobat’s commenting tools have also been improved, including the introduction of a comment server. “The server is not an extra piece of software,” explained Swineford. “It can be hosted in a shared folder, a network folder, or some type of Web folder. It enables everybody to view everyone else’s comments on a file, which can reduce overlap.”

Connecting in a Flash

Acrobat Connect leverages Macromedia’s *Flash* technology. Like Adobe’s *PDF Reader*, Adobe boasts about the ubiquity of *Flash* on the desktop. “The

new *Acrobat Connect* release is based on *Flash 6*, which was released three-and-a-half years ago,” said David Slater, a senior product marketing manager, who joined Adobe from Macromedia. “Approximately 98.6% of desktops are estimated to run *Flash 6*.”

Connect is designed to do for presentations what traditional *Acrobat* does for documents. “Both products are targeted at knowledge workers who are creating, consuming, and analyzing information,” said Marion Melani, a group product marketing manager for Adobe. “Most people think of documents, meetings, and presentations as boring. At Adobe, we get excited about them, because to knowledge workers, the information in these documents and meetings is important. A contract, for example, might seem boring to most people, but for an attorney, it represents their livelihood.

“*Acrobat* has a history of helping knowledge workers cross boundaries to share information. These boundaries can be created not only by geography, but by technical issues like diverse operating systems, firewalls, and document formats. *Connect* is designed to bring the same characteristics to presentations and meetings that *Acrobat* has traditionally brought to documents.”

According to Slater, there are already 3,000 enterprise and medium-to-large business users of the *Connect* technology. One of the new features of *Acrobat Connect 6* will be the ability to deploy it in the SMB space to handle meetings of less than 15 people. This version of the product is being made available as a hosted service from Adobe for a fee of \$39 per month. This puts *Connect* in line with the rest of the *Acrobat* distribution model, which is scalable from the SMB through the enterprise.

The Cadillac of PDF

With *Acrobat 8* and *Acrobat Connect 6*, which will both be available in November, Adobe continues to push itself forward in the collaboration space. While a host of other vendors have also been successful with PDF solutions, *Acrobat*, although more expensive, continues to be the Cadillac in this market, with the most innovative features—albeit for a bit of a premium in price. Adobe’s work with *Connect* is also intriguing, because it shows the company’s multi-media vision that extends beyond the document-centric business world of today and into the future, where businesses will clearly take advantage of more diverse means of communications.

For more information:

<http://www.adobe.com/products/breeze/>

<http://www.adobe.com/products/acrobat/>

HYLAND/MATRIX, FROM PAGE 1

Bloomfield, Twp.-offices where Matrix was located. We asked Priemer if this might create conflict with Hyland's VAR channel, which historically has been the lifeblood of the company's business. "Balancing our direct sales efforts vs. our channel is something we have to be aware of in all our vertical practices," he said. "We think we've done a pretty good job so far, which is one of the reasons we have been able to develop good long-term partnerships with resellers like Matrix. Of several hundred sales this year, I think the number of direct sales is in the 'teens.'"

In fact, one of the reasons Hyland bought Matrix, instead of launching its own higher education practice, was so Matrix wouldn't feel threatened. "Aside from Matrix, we really didn't have any partners focusing on higher education," said Priemer. "I think about 28 other resellers have found their way into a college or university, most likely based on geographical proximity. To the extent they succeeded, it was without application expertise or assistance from Hyland. We will now be able to better support all our partners in this market. This should fairly dramatically increase the chances that they will win more higher education business."

Priemer said that within 6-12 months, Hyland would introduce higher education modules into the OnBase line. "Matrix has developed a solid niche in enrollment services," he told *DIR*. "This involves recruiting, admitting, and onboarding students. Matrix has developed good, repeatable processes for online application review and counselor input, through to financial aid and registration. It's no

coincidence that some of the most selective schools in the country have chosen Matrix to automate their enrollment services. Once Matrix gets a foot in the door, its team is good at expanding the OnBase solution to cover additional departments. This includes the development office, the chancellor's office, accounts payable, and even facilities management."

Exploring the opportunity

We asked Priemer just how big a market the higher education space represents. "It's not the size of financial services or healthcare, but none of our major competitors really focuses on it, and higher education is a market willing to spend money on IT," he said. "I've seen statistics that put college and universities annual investment in IT at close to \$7 billion. Now, only a portion of that is earmarked for software, but still, it's an area where we think we can quickly emerge as a leader and be successful by getting a bigger piece of a smaller pie."

Although Matrix represents Hyland's first-ever acquisition, Priemer indicated it would not be the start of a trend. "The acquisition is part of our ongoing effort to enhance our vertical market expertise," he said. "We are still growing 25-30% annually organically, so we don't need to do acquisitions to impact growth. Also, we are really prejudice toward developing our own technology, so we're not likely to do an acquisition in that area. However, if we have an opportunity to round out our business in a vertical or geographical market, we would consider an acquisition for that purpose."

For more information: <http://www.onbase.com>;
<http://www.matrix-imaging.com/>

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