

# Document Imaging Report

Business Trends on Converting Paper Processes to Electronic Format

4003 Wood Street ● Erie, PA 16509 ● PH (814) 866-2247 ● FX (800) 507-8981 ● <http://www.documentimagingreport.com>

September 8, 2006

## THIS JUST IN!

### HSA CAPTURE 2006 SET FOR OCT. 3-4

**Harvey Spencer Associates'** second annual Document Capture Conference is set for next month at the Glen Cove Mansion in Glen Cove, NY. Spencer is promising an even bigger and better event than last year's affair, which drew representatives from some 30 companies to the Long Island resort [see *DIR* 9/23/05]. Things get underway with a welcome reception and networking dinner on Tuesday evening, Oct. 3; conference sessions will be held Wednesday, Oct. 4.

Scheduled presenters include Spencer, who will share a plethora of information pertaining to capture market size and trends; Adrian Lannin and Avijit Sinha of **Microsoft**, who will present on XPS; Ron Sielinski of Microsoft, who will present on *SharePoint*; Dexter Holt of the **Boston Federal Reserve**; and Peter Roden, the acting director of technology development at **OASIS**, who will focus on XML.

Once again *DIR* editor Ralph Gammon will be on hand to cover the conference, network, and moderate a panel. This year's panel topic will be similar to last year's—a discussion on the question of when to use MFPs for scanning vs. when to use dedicated document scanners. Representatives from **FCPA**, **Ricoh**, **Canon**, and **HP** are scheduled to participate.

"The conference addresses important issues in government and industry that are going to affect the document capture industry," Spencer told *DIR*. "This includes products, such as those being introduced by Microsoft [*last year both Oracle and Sun presented in this vein*], as well as regulations like Check 21 and ARC [accounts receivable conversion], which are driving the remittance and document capture worlds together."

<http://www.documentcapture2006.com/documentcapture/index.html>

## McMahan Out As Visioneer Shifts Gears

To hear President and CEO Murray Dennis tell it, Don McMahan's departure from **Visioneer** represents the next natural step in the evolution of the company. McMahan, who only a year-and-a-half ago joined Visioneer as senior VP of sales and marketing, resigned last month officially "to pursue other opportunities." In his wake, McMahan leaves a channel of more than 1,000 VARs, which Dennis said will now be shepherded toward the company's evolving "solutions sales" approach. Bill Kouzi, who had previously served as Visioneer's lead sales rep for the southwest region of the U.S. (and was recognized as the company's sales executive of the year), has succeeded McMahan and been promoted to senior VP of sales and service.



Don McMahan,  
Chairman of the Board,  
AIIM.

"When we hired Don, we knew he was a big proponent of building a VAR channel," Dennis told *DIR*. "We had developed products targeting the channel, but were facing the challenge of actually creating that channel. When Don left **FCPA** (Fujitsu Computer Products of America) last January, we jumped at the opportunity to leverage his background and experience to build and recruit a VAR channel.

"And Don did a great job in that area. We now have more than 1,200 VARs and expect to finish the year with close to 1,500."

So, why did he leave? "We really feel the time was right to promote Bill, who has more of a background in software, to lead our channel," said Dennis. "Quite frankly, the market is changing. Despite the fact that the workgroup [sub-\$2,000] segment continues to grow 30-40% in revenue each year, it is becoming

harder to make money in that space selling just hardware. The phenomenal growth has attracted a lot of attention, and it is becoming a very crowded space. The average price per scanner is falling. Any company that continues to compete on price and not vertical market solutions is destined for failure.”

### **Software supercedes hardware**

At this point, Dennis felt it was important to review some history to explain Visioneer’s current direction. “We didn’t begin seriously competing in the workgroup document scanner space until June 2004 [see *DIR* 3/26/04],” Dennis told *DIR*. “Up until that point, our only workgroup model was a simplex scanner with an ADF and a flatbed.”



**“When Don left FCPA last January, we jumped at the opportunity to leverage his background and experience in building and recruiting a VAR channel. Don did a great job in that area.”**

**— Murray Dennis, Visioneer**

Because Visioneer was trying to gain ground on established leaders, it moved aggressively. This included bundling **Kofax** VRS and pricing its scanners lower than products from workgroup segment leader FCPA [see *DIR* 12/3/04]. In 2005, Visioneer watched its North American workgroup market share rise from less than 10% in 2004, to slightly more than 15%. This put it in third place behind FCPA and **HP**, but ahead of players like **Kodak, Panasonic, Canon**, as well as several smaller companies. According to the analyst firm **InfoTrends**, Visioneer also went from almost no market share in the departmental segment in 2004, to almost 15% in 2005. This was based on sales of the **Xerox** DocuMate 262, which is a borderline workgroup/departmental model. The bottom line is that Visioneer showed significant share gains in the document scanner market in 2005.

So far in 2006, Visioneer has introduced a new desktop model, a departmental model, and has announced plans to expand into the low-volume production space. “We now have a whole line of scanners to offer our resellers,” said Dennis. “This extends from our sub-\$500, DocuMate 510, up to a sub-\$5,000, LVP model.”

However, as Visioneer has extended its line, so have many of its competitors. Canon, Kodak, Panasonic, HP, and FCPA have all introduced new workgroup models in the past year with features and prices very competitive with the Visioneer models. According to Dennis, market pressure has forced Visioneer to reinvent itself.

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

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2. Image Processing
3. Forms Processing/OCR/ICR
4. Enterprise Content Management
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**Editor:** Ralph Gammon  
4003 Wood Street  
Erie, PA 16509  
PH (814) 866-2247  
FX (800) 507-8981  
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

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5905 Beacon Hill Lane  
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<http://www.documentimagingreport.com>

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## A new direction

Dennis said Visioneer's evolution began last year when it purchased TWAIN driver specialist **JFL Peripherals** [see *DIR* 9/9/05]. "One of the differentiating features on our line of scanners is our OneTouch functionality," said Dennis. "This enables users to launch a process and an application by pressing a single button. This feature is going to become even more important as we move toward marketing vertically targeted solutions. Fifty-percent of the engineering budget for Jon Harju's [Visioneer's senior VP of engineering and previously the president and CEO of JFL] is now being spent on software.



*Bill Kouzi, senior VP of sales and service, Visioneer.*

"We have a number of announcements planned for our upcoming partner conference in January that are going to reflect our investment in creating OneTouch links with document imaging applications." [Dennis concurred with our assessment that the OneTouch integration developed in conjunction with ISV and systems integrator **Daybreak ICS** for **EMC/ Documentum's eRoom** collaboration software provides an example of what to expect. For more on this integration, see *DIR* 11/2/05].

And that's where Kouzi's skill set and experience come into play. Prior to joining Visioneer two-and-a-half years ago, Kouzi was the VP of sales at VAR-focused document imaging ISV **LaserFiche**. "We are now fully ready to leverage Bill's experience in software solutions," said Dennis. "Three factors had to come together before we could do that. Those were building a VAR channel, broadening our product line, and increasing development on OneTouch. Now that those elements are in place, we are ready to take our next step."

For his part, McMahan bears no outward ill will toward Visioneer, although you would have thought the company could have continued to leverage his channel skills and experience, while at the same time bringing Kouzi more to the forefront for developing ISV relationships. "I'm very proud of what Rusty [James, Visioneer's former VP of channel sales who joined the company with McMahan after also leaving FCPA. James resigned from Visioneer on the same day as McMahan] and I accomplished at Visioneer," McMahan told *DIR*. "We hit a lot of milestones that we set out to hit in the areas of sales and distribution. We helped take the company places where it had never been.

"We helped Visioneer take its VAR program from

zero to more than 1,100 VARs. We also put in place a lot of processes that Visioneer can build on. This includes things like implementing new forecasting tools and establishing a VAR blog. We also helped Visioneer start a channel event, which it couldn't do before, because it didn't have a channel. I also think some of the recognition I received from places like *Computer Reseller News* and being named Chairman of **AIIM** reflected positively on the company. We really set up a solid infrastructure at Visioneer, and it was fun watching the success grow out of that while I was there. I expect to continue to watch Visioneer enjoy success in the future as a result of its infrastructure."

## Looking at the bottom line

Likewise, Dennis had only positive things to say about McMahan and his tenure at Visioneer. However, putting the pieces together, it seems the bottom line in McMahan's departure may have been the bottom line. Visioneer, after all, is a company with a recent history of profitability—and at this year's AIIM event, Dennis boasted of having achieved 16 consecutive quarters in the black.

It's no secret that McMahan increased Visioneer's marketing and sales expenditure significantly to recruit those 1,100 VARs. Two obvious examples were the first-rate accommodations at Visioneer's initial reseller conference this January [see *DIR* 2/3/06], as well as the company's greatly increased presence at AIIM in May.

Based on their experience, there is also no doubt that Dennis and James commanded significant salaries. The fact that they were not replaced with new hires, but rather with promotions from within, indicates that Visioneer has reduced its payroll. John Dexter has been promoted to director of business development, and Dawn Stratton has been promoted the director of distribution sales. In addition to Dennis and James, a handful of other employees also reportedly left Visioneer.

"In general, every company is looking to operate more efficiently," Dennis told *DIR*. "You are always looking for ways to improve your bottom line. However, growing a business involves driving top line growth as well. With our new team, we are looking forward to doing this by driving vertical market solutions through our channel."

## Maintaining the channel

Kouzi's job, of course, is to convince the channel that working with Visioneer is in their best interests, even in the wake of the departure of the executives who helped recruit them. One of McMahan's selling points to VARs was always that he could be trusted, because he had delivered on his promises to

resellers while with FCPA. "I have a lot of respect for Don and Rusty, and they did a tremendous job building Visioneer's channel program," said Kouzi. "I have also been a channel person, and while I'm making the transition to my new position, I have been in contact with most of our major resellers. I have made myself available to answer any questions they have.

"At the end of the day, what VARs want to know is whether or not Visioneer is committed to the channel. I have told them we have more than two years invested in developing a VAR channel. This includes developing an organization, product line, and infrastructure designed to support resellers. We have made a major commitment, and we are not going to walk away from it. I have assured our VARs that we are committed to our 20/20 Perfect Vision program. This seemed to put a lot of their concerns aside."

The proof will be in the pudding, as many of these resellers have long and close ties to McMahan and James. It's going to take plenty of hustle from Dennis, Kouzi and their sales team to ensure their resellers' commitment doesn't slip in the wake of Visioneer's management changes.

Meanwhile, McMahan is currently marketing his services as a consultant specializing in the VAR channel. "I have a couple opportunities I'm looking at now, and I may be doing some work related to software," he said. "However, that doesn't mean that some day I won't get back to doing what I've been doing for a living for the past several years." McMahan can be reached at 'don\_mcmahan@mail.com'.

For more information: <http://www.visioneer.com/>;  
<http://www.visioneer.com/2020/>

## ECM Vendors Add Information Rights Management

*It seems information rights management (IRM) has reached the position where records management was a couple years ago. That is, it is being absorbed into the ECM (enterprise content management) infrastructure.*

Lost amidst the big **FileNet/IBM** news last month was a pair of announcements from ECM software vendors regarding IRM. The first was **Stellent's** acquisition of IRM software developer **SealedMedia**. The second was **EMC's** announcement that it had fully integrated the

technology it acquired with IRM specialist **Authentica** this March into its ECM and records management platform.

That fact that these announcements occurred within a week of each other reminded us of a day in 2002 when both **IBM** and **Documentum** announced records management acquisitions [see *DIR* 11/15/02]. Within the next year, almost every major EMC vendor followed suit with a records management build or buy announcement. Are we now going to see a similar trend with IRM?



Dan Ryan, COO,  
Stellent.

"IRM is the next step in a progression for ECM customers," said Todd Price, VP of product management and marketing for Stellent. "By installing ECM, customers have taken the first step of putting all their content in a secure system and assigning rights as to who can access it. However, when that content is downloaded or e-mailed to someone, our customers lose control over it—and keeping control was the reason they put in their ECM systems in the first place. Customers are now asking for a security model that extends outside their ECM repositories."

### Moving control offline

At *DIR*, we are going to define IRM as the B2B version of digital rights management (DRM). We'll reserve DRM for talking about consumer applications, such as video and music downloads. IRM is designed to provide users with control over files no matter where they are. "It's fairly straightforward to apply records management controls, such as access limitation and retention and disposal dates, to documents sitting on a server," said Lubor Ptacek, EMC's director of content management marketing. "However, as soon as files are downloaded, users can do anything they want with them. Our customers have been asking us to provide capabilities to protect their information after it leaves the Documentum repository."

"As an ECM provider, it's our job to provide customers with secure access to, and control over, their documents," said Dan Ryan, COO of Stellent. "IRM enables seamless control of both online and offline information. If, under your records management policy, you want to disable access to a file after 30 days, or even after 7 years, with IRM, you can do that, no matter where that file is sitting."

### IRM: an emerging market

According to Ptacek, as ECM becomes more of an

infrastructure play, rather than mainly a line-of-business implementation, features like IRM become more important. "Part of the expectation of an ECM infrastructure is that it ensures a customer's information is compliant and secure," said Ppacek. "While records management technology has been around for quite a while, it has really hit a boom over the past couple years as part of the ECM infrastructure.

"The emerging demand for IRM is related to an increase in electronic collaboration. It used to be, if you wanted to collaborate, you'd send each other faxes, and there was no way to control what happened to that paper on the other end. Now, as people move to electronic collaboration, they are sending e-mail and attachments back and forth. This presents an opportunity to leverage IRM to apply some more control."

Ryan acknowledged that the IRM market is still in its early adopter stages. "Frankly, based on the size of companies like SealedMedia and Authentica, and the mission-critical nature of their technology, I'm surprised they were able to sell to as many organizations as they did on their own," said Ryan. "SealedMedia's list of impressive Fortune 1000 customers attests to the demand for this type of technology."

Stellent acquired SealedMedia for \$10 million in cash and a contingent consideration of up to \$5 million. SealedMedia is based in London, and its founder and CTO, Dr. Martin Lambert, as well as 30 other employees, have joined Stellent. According to Ryan, almost \$50 million of investment capital was poured into SealedMedia, whose annual revenue he estimated at less than \$3 million. "I expect big changes in the IRM market in the next year or two," Ryan said.

Ryan expects the integration between SealedMedia's and Stellent's technology to go smoothly. "SealedMedia's IRM technology fits well with our universal records management platform," said Ryan. "Our records management application is built around the premise that a file does not have to sit in our repository for a user to apply controls to it. We have a federated technology that can work across e-mail archives, *SharePoint*, and other repositories and file systems. SealedMedia's IRM technology should extend that control even further."

In addition to technology, Stellent also gains control of SealedMedia's extensive patent portfolio related to DRM. This includes patents

in the areas of enabling full-text indexing and search of encrypted documents, distributing IRM technology between a client and a server, and storing and accessing secure files from mobile devices.

Stellent is exploring various channels for marketing IRM, including through its OEM base of approximately 400 licensees of the *Outside In* universal viewer technology. "SealedMedia already has applications in which it has done integration with ECM platforms from vendors like Documentum, **eRoom**, **Open Text**, and even **Microsoft** [*SharePoint*]," Ryan said. "Its technology has also been used by some customers primarily to manage e-mail attachments."

Both Ryan and Ppacek concurred that demand for IRM is across industries. "SealedMedia's current customers include organizations in the government, financial services, retail, telecom, and, investment banking markets," said Ryan. "We also see opportunities in areas like manufacturing, energy, bio-tech, and software development."

Added Documentum's Ppacek, "Compliance with Sarbanes-Oxley is definitely a concern for public

#### **STELLENT ADDS CONTENT CLEANSING TECHNOLOGY**

In addition to **SealedMedia**, last month **Stellent** acquired **Bitform**, a content cleansing software developer. Bitform's technology is designed to prevent embarrassing gaffes, such as the one suffered by the **DoD** last year regarding the online posting of redacted documents. It turns out that purportedly hidden information in some files related to the conflict in Iraq was able to be retrieved through a simple copy and paste [see *DIR* 5/20/05].

"There is a ton of information hidden in documents that are exchanged or posted online today," said Dan Ryan, Stellent's COO. "Bitform's technology can provide users with a list of this information and offer them the option of deleting it. This includes material like comments, tracked changes, and notes. Primarily, Bitform's technology is designed to work with **Microsoft Office** and PDF documents, although we plan to extend its filters out to other formats that can be accessed through our *Outside In* universal viewer."

Stellent paid \$1.2 million for Chicago-based Bitform, which was founded in 2003 by former Stellent developers. There is also a \$1.3 million contingency payment based on financial performance. In addition to being offered as part of the Stellent ECM infrastructure, the Bitform technology will be marketed as a tool within *Outside In*.

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

companies and IRM will help with that," he said. "But, even before SOX, Documentum had customers in industries like life sciences, energy, and aerospace that have serious compliance concerns IRM can help alleviate. We also see opportunities in government, where document security is a big concern, and manufacturing, where collaboration between different organizations is very important."

For more information:

<http://www.stellent.com/en/index.htm>;  
<http://www.sealedmedia.com>; <http://www.authentica.com>;  
<http://software.emc.com>

## Datacap Adds Intelligent Classification

**Datacap** has become the latest capture vendor to enter the advanced auto-classification market through a partnership with Reston, VA-based **Content Analyst**. Content Analyst is a contextual search specialist that has primarily worked in the government intelligence space. Datacap has integrated Content Analyst's patented Latent Semantic Indexing (LSI) technology into its *Taskmaster Web Service* architecture. [For more on *Taskmaster Web Service*, see *DIR* 6/2/06.]

At this spring's AIIM show, the companies demonstrated a solution in which Content Analyst's technology was used to classify resumès as relevant to different departments within the human resources hierarchy. "We have taken a technology developed for something else and applied it to the document capture space," said Scott Blau, president and CEO of Datacap. "Contextual search turns out to be a great tool for classifying documents."

As used within *Taskmaster*, the LSI technology takes OCR results from scanned documents and compares the text with text from previously captured and classified documents. "LSI is more advanced than keyword search, because it has the ability to analyze text around the keywords to come up with higher levels of relevance," said Blau. "In addition, based on context, it can match up documents that might not even contain the specified keywords. In a patent search, for example, it would be able to correctly identify a patent containing the term 'two-wheel motorized vehicle,' as being related to a document using the term 'motorcycles.'"

Bob Liscouski, president and CEO of Content Analyst, said his company's search technology differs from competitors, because it doesn't rely on pre-populated auxiliary dictionaries. "We basically create our own 3D matrix of terms based on

relevant documents," said Liscouski. "This optimizes the performance of our system, as well as making it more flexible, because we are only considering text specifically relevant to a particular application."

"We try to replicate the thought process of a human looking through a pile of paper and sorting documents into smaller piles. They might come across one they aren't sure of, but whose classification will be cleared up as they get further down the big pile. We account for this type of learning as well."

Content Analyst was founded with technology originally developed by **SAIC**, where some of the company's executives hail from. Liscouski, a former Homeland Security officer with extensive experience in private industry, was brought in to help expand Content Analyst into the commercial market. "We view ECM as a natural market for our technology," said Liscouski. "Datacap is our first partner in this area. We were very impressed with their forward thinking technology, especially their work in the area of SOA."

Initially, Blau and Liscouski discussed applications such as processing documents related to mortgages, legal services, taxes, and surveys. However, Blau views big things beyond these obvious applications. "We think Content Analyst's technology represents a great on-ramp into any ECM system," said Blau. "Any document submitted to an ECM system has to be indexed. Content Analyst offers a great way to do that, whether it's for a document image, an e-mail, or another type of electronically created document."

Liscouski added that his company's indexing capabilities even work well on lower-quality images. "We don't necessarily require 100% accurate OCR to do a good job with classification," he said. "Even data degraded as low as 80% seems to work well enough."

### **Partner is a proven quantity**

Blau added that while Datacap was not yet feeling competitive pressure to add intelligent classification to its repertoire, he has been having more discussions regarding it. "I think advanced classification is where invoice processing was 4-5 years ago," Blau told *DIR*. "The application still needs to be refined, but if you're not in the market now, you're going to be playing catch up down the road."

We asked Blau why he chose to partner with someone new to the industry, rather than an auto-classification vendor with more established capture credentials. He pointed out that the market is still in its early stages and the two most obvious dance

partners, **Mohomine** and **SWT**, have already been acquired by competitors. On top of that, a third potential partner, **Autonomy**, owns another capture competitor—**Cardiff**.

“SWT really doesn’t do contextual search anyway,” Blau added. “When combined with our rules features, Content Analyst’s technology gives us some very interesting possibilities. We can do things like multi-level classification by submitting a document once, applying rules based on the results, and then resubmitting it for further classification.

“By partnering with Content Analyst, we are taking a mature technology and applying it in a realm that we hold near and dear—ECM. We view this as a very efficient partnership and not anything highly radical.”

For more information: <http://www.contentanalyst.com/>; <http://www.datacap.com/>

## Interwoven Sees Solutions As Path To Prosperity

When **IBM** announced its intention to acquire **FileNet** last month for \$1.6 billion, we commented that a new ECM landscape was emerging. With giants like IBM, **EMC**, **Microsoft**, and **Oracle** steadily increasing the breadth of their ECM plays, it seemed the market was going to get a little rougher for mid-sized players like **Open Text**, **Interwoven**, **Vignette**, and **Stellent**. Apparently, we aren’t the only ones who have made that observation. In fact, according to Interwoven’s VP of marketing, Kevin Hayden, his company has been preparing for this “bifurcation” for some time and already has implemented a strategy to deal with it.

“A year-and-a-half to two years ago, we realized this bifurcation was going to occur,” Hayden told *DIR*. “This was confirmed by the reports we saw coming out of analyst firms like **Gartner** and **Forrester**. I mean, how are we going to compete against giant vendors offering ECM infrastructure for as little as \$49 a seat? We recognized that our path to prosperity lies in creating deep domain solutions and working closely with platform and infrastructure vendors.”

### Vertical focus

According to Hayden, Interwoven’s solutions approach has its roots in the company’s acquisition of **iManage**, which took place three years ago. At the time, we observed that the coming together of a leading Web content management (WCM) vendor, Interwoven, with a large electronic document management specialist, iManage, was creating

another strong ECM platform player [see *DIR* 8/22/03]. However, Hayden noted that the acquisition of iManage’s strong practice in the legal services market was also a key element in the deal.

“iManage had installations in some 1,500 law firms, and we have continued to grow in that market,” Hayden told *DIR*. “We have evolved our legal offering, so that we now have a matter-centric collaboration solution. We also made a big announcement last year that we were teaming with Microsoft to attack the entire professional services industry. This not only includes legal services, but areas like accounting services, property management, and human resources consulting. Legal services represents the headpin; we are now looking to knock down additional pins in the professional services space.”

In addition to professional services, Interwoven has launched a separate practice focused on the financial services market. “This practice is being built around an acquisition we did last year of a company called **Scrittura**, which was founded by ex-bankers and focused on automating over-the-counter derivatives trading,” said Hayden. “This is the type of deep domain expertise that differentiates us. We are currently developing similarly focused solutions leveraging their experience in banking.”

Interwoven has also combined its software in areas like WCM, digital asset management, and multi-channel publishing to develop a practice in the area of customer experience management. This basically involves ensuring consistent and accurate content is published across all of a businesses’ customer-facing material. This material includes Web sites, e-mails, brochures, and even signage displayed in retail stores. Interwoven’s big-name customers in this area include **Avaya**, **Cingular**, **Staples**, and **Blue Cross Blue Shield of MA**.

### Teaming with the giants

“IBM is a good partner for us, and IBM Global Services is one of our top systems integration partners,” Hayden concluded. “We don’t expect the acquisition of FileNet to change that much. FileNet focuses on automating back-end processes, which is very different from what we do. The content we deal with is typically forward facing, and we rarely run into FileNet as a competitor.

“In addition to IBM, we expect to partner with the likes of **BEA**, Microsoft, and Oracle. We are positioning our software as a solution that can run on any of these platforms. That is the combination that is going to work best for everybody.”

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

# Nuance Upgrades Converter

Since entering the PDF market back in 2003, **Nuance Communications** has sold more than one million copies of its *ScanSoft PDF Converter* line. According to the company, this has positioned it as the number one alternative to **Adobe Acrobat** worldwide for creating PDF documents. Nuance recently began shipping *PDF Converter 4*, which includes upgrades in speed, user interface, compression, file format compatibility, and collaborative tools.

"This fiscal year, we will do more *PDF Converter* than *PaperPort* business," said Chris Strammiello, director of product marketing for Nuance. "By 2008, we could be selling more *PDF Converter* than any of our imaging applications. Sales of the line really started to take off with the introduction of *PDF Converter 3*, about 14 months ago. That's when we introduced a viewing client with editing and collaboration functionality. At that point, we had most of the tools that business users want in a PDF solution—for one-third to one-fourth the price of an *Acrobat* application."

Strammiello noted that many of these tools will be lacking in the upcoming release of **Microsoft Office 2007** (scheduled to ship in Jan.), which will include out-of-the-box PDF. "There are already a lot of simple PDF printers available for free," noted Strammiello. "And Microsoft's functionality will only apply to *Office* documents. On top of that, 60% of our *Converter* revenue is driven from our *Professional* version, so there is obviously a demand for the features it includes over our basic *PDF Converter*. Adobe reports similar numbers, with 70%

of its *Acrobat* sales coming from its *Standard* and *Professional* editions, vs. the simpler *Elements*."

Microsoft's new XPS format, which has been dubbed by some as the "PDF killer" and will be incorporated into the new *Vista* operating system (also due out in Jan.), does not worry Strammiello either. "The proliferation of XPS is only going to increase demand for software for converting XPS to other types of files; this type of conversion is a core expertise for us," he told *DIR*. "While we do not have explicit support for XPS in *PDF Converter 4*, we have worked closely with both Microsoft and **Global Graphics** and will be one of the first vendors out of the gates with XPS support."

According to Strammiello, the majority of *PDF Converter's* success has come in sales of between one and 25 seats at a time. "We haven't introduced any server capabilities yet, because we see the majority of dollars still being spent on the desktop," he told *DIR*. "We have generated a pretty solid corporate licensing business and gained headway into some of the largest law firms in the country. To help us further penetrate the legal market, we have introduced integration with content management systems from **Hummingbird** and **Interwoven**."

One feature that Nuance has not introduced into *PDF Converter* is scanning capability. "Generally, we've found that people who want to do scan-to-PDF go with our *PaperPort* or *OmniPage* solutions," he said. "We have not been losing deals to Adobe because of a lack of scanning functionality in *PDF Converter*. If users' preferences change, we are in prime position to adjust."

<http://www.nuance.com/pdfconverter/>

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