

# Document Imaging Report

Business Trends on Converting Paper Processes to Electronic Format

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## THIS JUST IN

### **DOCUWARE TO TRANSITION LEADERSHIP**

There will be changes at the top for **DocuWare** at the end of the year. Last week it was announced that the ISV's co-presidents, Jürgen Biffar and Thomas Schneck, will be stepping down. Biffar co-founded DocuWare in 1988 and is in charge of product and finance. Schneck joined in 1990 and runs sales. They will be replaced by Dr. Michael Berger, the current CTO, and Max Ertl, the current Chief Revenue Officer.

Under Biffar and Schneck, the company grew to more than \$50 million in revenue in 2017, which represented a 20% increase over 2016. Founded in Germany, DocuWare strengthened its U.S. position with the 2001 acquisition of a business partner—the DMS division of ALOS Micrographics. DocuWare pioneered the idea of selling ECM software through an MFP dealer channel and in recent years has been very successful with cloud sales. In 2012, DocuWare received funding from **Morgan Stanley Expansion Capital LP** to fuel expansion, and in 2013 it acquired competitor Westbrook Technologies.

For more info: <http://bit.ly/DocuWareMgt>

### **New ScanSnap model**

**Fujitsu** has announced the successor to its wildly successful ScanSnap iX500 model. The new iX1500 was announced earlier this month. At a rated speed of 30 ppm, it's slightly faster. It also features a 4.3-inch color touchscreen for easy interaction with jobs. It includes the new ScanSnap Home software, which features automatic file naming recommendations based on the text of scanned documents. At \$495, the iX1500 carries the same list price as the iX500.

## ABBYY's Growth Reflected in Expanded Tech Summit

LAS VEGAS—For years, **ABBYY** has been best known as a leader in OCR SDKs, acting as an OEM partner to many vendors in the capture space. However, over the past two years, under a new CEO and leadership structure, the Moscow headquartered ISV has started to carve out its own niche in advanced capture. This was reflected in 40% growth in FlexiCapture sales in 2017 and an expanded group of partners and users in attendance this month at the sixth annual ABBYY Technology Summit held at the Cosmopolitan.



Ulf Persson, ABBYY Group, CEO

"At the end of the day, our focus is on making the processing of hard and difficult documents, easy," said Ulf Persson, ABBYY's CEO, during his keynote presentation. "Our products are focused on the digital transformation use cases that we see emerging rapidly around us. You are going to hear a lot about ABBYY's intelligent content going forward. That's really the marriage of AI and content with the goal of making that content actionable and available—making structured data from un- or semi-structured content, and making it intelligent."

Persson was appointed CEO in January 2017 and has served on the company's board of directors since 2002. "2017 was a year of change for ABBYY," he told conference attendees. "We completed a corporate and management restructuring and made some key new hires and promotions. That helped us grow significantly, which we expect to continue in 2018."

Overall, Persson reported that ABBYY grew 26% in 2017. "We had a stellar fourth quarter last year and, continuing down that path, we expect to grow 20-25% in 2018," he said. "We've set a goal of growing around 20% annually."

Persson noted that ABBYY is also profitable and uses those profits to invest in its future. "We've had a 38% increase in development investment from 2016 to 2018 and now have 315 people on our R&D staff," he said. "We are competing in a changing market. We are now seeing competitive threats emerging from areas like AI and other areas of digital transformation that we didn't see in the past. We need to develop our technology fast, because if we don't, someone else could beat us to it. That could make us irrelevant, and I have no intention of becoming irrelevant."

### ***A Three-Pronged Approach***

Persson sat down with *DIR* editor Ralph Gammon and discussed ABBYY's three primary areas of market focus. "First off, we have our core OCR technology, which we sell to ISVs and OEMs; that is not a business we expect a lot of growth from," he said. "We have a high market share already and we keep grinding away, but it's a pure technology business, and there are all kinds of newer technology that chips away at the market."

"In document capture, we've seen very strong growth, primarily driven by FlexiCapture sales, especially for invoices. We've developed a strong channel partner network, and we've also increased our enterprise focus. We've broadened our global footprint and have increased sales in Europe, Asia, and especially North America."

"Our third area of focus involves growing on the back of our partners' digital transformation businesses in areas like RPA and BPM. These are slightly different use cases than traditional capture."

Persson discussed how cloud and mobile technologies run across all ABBYY's product lines. "Our OCR SDK in the cloud is our fastest growing product," he noted. "With the recent release of FlexiCapture 12.2, we now have capture in the cloud. We do a lot with mobile both in our applications and SDKs. Although we have good capabilities in both areas, in 2019, we plan to redouble our efforts in both mobile and cloud platforms; they are very high on our list of priorities."

Persson also discussed how ABBYY's NLP technology, which it originally brought to market as its own product, is now being folded into the company's other product lines. "[The former NLP product line] Compreno was a technology-driven development effort, which is the wrong way to start," said Persson. "So, it doesn't exist as a product anymore. But, there are a lot of capabilities in NLP that can be used for indexing across our portfolio, primarily in FlexiCapture. It's going to make FlexiCapture smarter. Going forward, in the digital transformation market, using NLP is going to be very key."

Persson concluded by saying that ABBYY will continue

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

Areas we cover include:

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

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to focus on organic growth and that M&A is not a big focus. "We are always looking at opportunities, but we are not interested in buying market share," he said. "We might look at complementary technology, products that can help our core businesses grow."

### ***The RPA Connection***

We also caught up with Jupp Stoepetie, ABBYY's Chief Marketing Officer and Bruce Orcutt, VP of marketing. "We really started driving FlexiCapture sales in Europe a couple years back," Stoepetie told *DIR*. "We've now caught up in the U.S. market."



*Jupp Stoepetie, Chief Marketing Officer, ABBYY.*

Orcutt explained how ABBYY's partnerships with RPA (robotics process automation) and BPM vendors are starting to pay off. "One of the advantages we have over other capture vendors is that we are still independent," he said. "So, we are a safe choice for our partners. There have been a lot of consolidations of our competitors, and they are now owned by vendors that have competitive technology in many cases."

It was at last year's Tech Summit that we first became aware of some of the synergies between capture and RPA. At the time, ABBYY was in the early stages of a FlexiCapture partnership with **UiPath**. Last month, ABBYY announced a similar partnership with **Blue Prism**. This gives ABBYY advanced capture partnerships with two of the three "leaders," as listed in **Forrester's** most recent RPA wave. [**Automation Anywhere** is the other leader, and it has a partnership with **IBM** for Datacap.]

In addition, ABBYY has partnerships to incorporate the FineReader OCR engine in several other leading RPA products. "Our conversations with RPA vendors really started four to five years ago, when they started licensing our FineReader engine," explained Bill Galusha, director, product marketing, for ABBYY. "In fact, something like 10 of the top 12 RPA vendors now have a relationship with ABBYY. They often use our OCR for digitizing documents and screen scraping processes.

"In the last year-and-a-half, a lot of them have begun starting to try and leverage basic OCR for more complex document automation, around areas like financial processing. That is

where we are arriving now, where FlexiCapture is proving to be the right solution for a lot of these challenges and business cases."

Stoepetie noted that the UiPath relationship has already helped ABBYY get into several larger deals. "Most of the RPA deals where FlexiCapture is brought in are enterprise-level," he said.

"Having established the partnerships with UiPath and Blue Prism and laid the ground work, we are very excited about our growth potential in RPA deals next year."



*Bruce Orcutt, VP of marketing, ABBYY*

FlexiCapture can be applied in a couple different ways in RPA implementations. It can be embedded within a process that is kicked off by a robot, or it can incorporate robotic processes within its capture workflow. To date, invoice processing has been the most popular application integrated with RPA.

On the BPM side, Orcutt indicated that ABBYY's **Pega** partnership is currently more mature than its **Appian** relationship, but that he is expecting to see increasing revenue from both partnerships going forward.

Stoepetie concluded by discussing ABBYY's success with its cloud and mobile platforms. "Our OCR SDK on the cloud is primarily being licensed by smaller businesses; this includes more modern buyers like internal IT shops and ISVs with cloud offerings," he said. "We are also seeing a lot of cloud companies looking to incorporate OCR within their own clouds, which has led to some strong growth for the Linux version of our SDK. Finally, we see FlexiCapture on the cloud as an alternative delivery model driven by requests from end users.

"As far as mobile, it's the preferred channel of end users, and we are the only vendor that offers any option the customer needs. If you need image processing tools on the device, we can provide that; onboard automated capture, we can do that. You can also do it on the server. Mobility is so strategic to our customers, it's an important investment for us."

### ***Expecting continued success***

In six years, attendance at ABBYY's Tech Summit has grown from 25 to 150. I'm not saying the ISV itself is growing that fast, but, still 20-25% annual growth in a market growing at

not even half that rate is impressive.

ABBYY has always been a great technology company, and Persson's leadership seems to have it on the right track in terms of globally-focused sales, marketing, and organization. Acquisition-related changes that have taken place at traditional advanced capture market leaders over the past three years, have also helped open the door. In fact, ABBYY has been on an aggressive hiring plan lately and has brought onboard plenty of personnel with experience at market leaders.

In addition, ABBYY has a keen eye for the future, as evidenced by its being early to jump on the potential market synergies between RPA and capture, as well as its aggressive development of cloud and mobile platforms. ABBYY is also keeping a close watch, as well as working itself, on technologies like machine learning and AI that can be used to further automate the processes that ABBYY's technology is already addressing. Its advanced NLP technology is another arrow in its quiver.

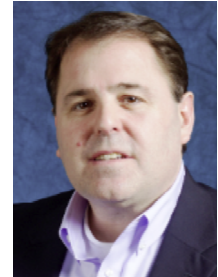
In many ways, ABBYY's positioning as one of the last independent capture vendors is refreshing. It enables them to be nimble, focused, and open to partnerships that more encumbered vendors can't as easily embrace. ABBYY's global footprint is also an advantage when dealing with enterprise customers and global ISVs. We will continue to look for bright things from ABBYY in the future in markets like document capture and process automation, as well related areas like mobile, cloud, AI, RPA, and whatever else should pop up on the horizons as a natural extension of the company's expertise in core capture.

For more information: <http://bit.ly/TechSummit18PR>

## Square 9 Showcases Growth and Innovation

NASHVILLE, TN—**Square 9 Softworks** is looking to get back to its roots. In recent years, the mid-market focused ECM and capture ISV has seen the price and complexity of its average deal increase. At its recent Encompass Conference held at the Gaylord Opryland Hotel, the vendor was promoting a new wave of pre-packaged offerings, as well as a new architecture to enable reusable configurations—designed to help simplify ECM implementations.

At the event, *DIR* caught up with Square 9 co-founders CEO Stephen Young and CTO Brian Banet. We discussed the company's current market position, its strategy for continued growth, and its long-term vision for the future. "Our growth rates have slowed a little," noted Young, whose company was ranked number 2,387 in the 2016 *Inc. Magazine* list of the 5000 fastest growing privately held companies in America. "But, we are still seeing double-digit annual growth.



Stephen Young, CEO,  
Square 9 Softworks

"One factor has been that it's harder to grow by as high of a percentage as you get larger. Another factor is an increasing number of cloud implementations, which should increase our recurring revenue streams, but reduces our up-front income. The final factor is that as our functionality in capture and workflow has increased and we've started to drive further upstream, we're losing some of the smaller customers that we used to sell to. That's part of the incentive for us to try and create products that are easier to sell and deploy."

Young noted that Square 9's average deal size has doubled in the last seven years. "In our early years, \$8,000 deals were common," he said. "Now, we are looking at typical deal sizes closer to \$25,000-\$30,000."

Young feels this has alienated some of Square 9's reseller partners. "The fact is that they are used to selling hardware," he said. "They want something they can include in their price books, like finishing or saddle stitching options on an MFP. They want to get an answer from the customer right away—so they can book the sale and get paid."

Young noted that larger sales have also been putting a strain on Square 9. "Let's face it, most of our channel partners are just not equipped to handle complex professional services engagements, so they end up calling us in," he said. "Our professional services revenue is increasing 36% YOY and while we like the business, it's putting a strain on us. We want to maintain our focus on being primarily a software development company."

To address these trends, Square 9 has launched what it is calling a series of QuickStart templates. These are pre-configured solutions addressing common horizontal and vertical



processes that Square 9 has seen its customers utilize its software for. The initial QuickStart templates are in the horizontal areas of invoice processing and HR and vertical markets of county government and K-12 education. There is also a "Business Essentials" pack.

"We have assembled a business solutions team that analyzes different markets and talks to our customer base about how they are using our products," Banet told *DIR*. "We are building our QuickStart solutions based on their findings. The goal is to be able to push out deployments to customers in a matter of hours and not months."

"We want our channel to be able to take back delivery of our products," said Young. "We think that even the good dealers only have about a 1% penetration rate of ECM in their customer bases. We are trying to get deeper penetration at the lower end."

### **Technical improvements**

The QuickStart solutions were enabled by a recent re-architecture of Square 9's GlobalSearch ECM platform. "We've created total solution portability," explained Young. "You can basically take all your indexing fields, folder structures, and workflows [similar functionality was due to be released in GlobalCapture shortly after the conference] and move them from one location to another. For end users, this is great for distributed applications. For resellers partners, it creates the opportunity to create re-usable solutions that they can sell to multiple customers. Our plan is to create something like an app store where our partners can advertise solutions that they've created leveraging our software and their own intellectual property."

Square 9's QuickStart solutions are available for download or they can be run in the GlobalSearch C2 cloud environment. "The cloud is always discussed with our customers, but we are still only seeing about 15-20% of new licenses being deployed on it," said Young. "That said, cloud sales are growing at about 240% YOY, and we have some large customers who have gone with the cloud, even when it would have been cheaper for them to go with an on premises license."

To better enable its cloud solution, one of Square 9's development initiatives has been to create parallel capabilities between its Windows and Web clients. "We've had a three-year initiative to create like-for-like functionality

in both clients across all our product lines, ECM, capture, workflow, and Web forms," said Young. "This is what the market has been demanding and, in the December/January timeframe, we will have a new Web client coming out that should close the gap the rest of the way.



*Brian Banet, CTO,  
Square 9 Softworks*

"That said, we remain committed to our desktop client, which is reflected in our move to upgrade it to a 64-bit architecture."

### **Innovative integration**

One of the ways that Square 9 is able to increase functionality on its browser client is through the use of what it calls its "Extension" products. "There are just certain things you can't do natively in the browser, like launch a Word document, make changes, and save them," said Banet. "So, we have an Extension for that. We also now have an ImageExchange Extension, which basically enables GlobalSearch to collect data from third-party applications. This enables functionality like key-free indexing and opens up the possibility of introducing RPA to automate some indexing."

Square 9 has also created an Extension to enable driverless browser-based scanning from its GlobalForms application. This involves integration with **Fujitsu's** new fi-7300NX networkable scanner. Square 9 has actually done two integrations with the fi-7300 NX. The first is with Square 9's capture technology and enables users to capture and index different classes of documents to a GlobalSearch application through the interface on the scanner. This is a conventional "push" scanning application, where the scanner is used to push images into the software.

More unconventional is the "pull-scanning" integration that has been created with GlobalForms. As its name suggests, GlobalForms is electronic forms software, which is part of the Square 9 suite. Square 9 has worked with Fujitsu to set it up so that when a form requires supporting documentation that can be captured through a scan, such as a copy of a driver's license or tax return, a process can be launched from the form that will pull the required document through the scanner after it has been loaded on the feeder of the 7300NX.

This is the type of application that truly unlocks the potential of the fi-7300NX, which was only launched last month [see [DIR 9/28/18](#)]. Banet strongly encouraged resellers to consider the potential of the integration between the 7300NX and Square 9's products and come up with applications that would make sense to their customers. He even went so far as to say, "If you can sell it, I can make it work."

### ***Improving cloud functionality***

Square 9 also continues to increase its cloud functionality. "We are going to introduce tenancy into the software that we make available to resellers so they can host it in their own environments," said Young. "GlobalSearch C2, which we host on AWS, has it now, but it's not easy to deploy."

Banet is also working on enabling multi-tenancy in GlobalCapture so that Square 9 can eventually deploy its capture software on the cloud. "We feel it's cost prohibitive to run cloud capture in a siloed environment," he told us. This has to do with the architecture of the product, which runs different processes in different nodes. For example, classification might be done in one node and PDF conversion in another. "That means that each of those components would live as different services in the cloud," Banet continued. "They would scale up and down based on demand. We just have to make sure we maintain control of the overall processing to avoid risking impacting other customers."

As we mentioned, with the release of

#### ***PLUSTEK SHOWS GLOBALSEARCH INTEGRATION***

Fujitsu is not the only scanner manufacturer with an integration into **Square 9's** software. At Encompass 18, we caught up with **Plustek's** Johnson Yang, VP of sales, and Mark Druziak, sales manager, who showed us an integration between their A250 networkable scanner and GlobalSearch, including the cloud-hosted C2 offering.

Leveraging a Square 9 eConnector, users can leverage the device's color touchscreen to select document type, as well as enter indexing information, which can be facilitated through drop down menus. Individual log-ins with custom pre-sets are available.

Plustek has set up an individual SKU for the Square 9 integrated product. The 250, which is a 30 ppm/60 ipm rated device, lists for \$999, with a MAP of \$899.

<https://plustek.com/eu/products/network-scanners/escan/index.php>

GlobalCapture 2.1.1, which was scheduled for earlier this month, capture templates and processes are going to be able to be re-used. This means that capture applications will start showing up on the QuickStart menu. Banet indicated that some of the work that Square 9 is currently doing internally with technologies like machine learning and AI could be incorporated in pre-packaged modules.

"We could use AI and machine learning, for example, to set up a capture process for a specific type of unstructured document, like an invoice that doesn't have a template, and then make that process available to users or resellers to incorporate in their applications," said Banet. "Our goal is to create discreet pieces that can empower our customers. Our strategy is to reduce the friction in creating value with our software."

### ***Compliance functionality coming***

Square 9 is also looking at creating pre-packaged functionality for compliance. "Compliance is becoming more and more prevalent, and we are gaining a better understanding of the requirements all the time," said Young. "We've seen it ourselves, when we were suddenly inundated with a number of 'vendor risk assessments,' each of which took us several hours to complete."

According to Young, Square 9's R&D team has undertaken a compliance initiative that should be available to users in 2019. This includes functionality like revision-controlled templates for creating and managing essential compliance policies; automation to enforce policy reviews; and auditing capabilities, so users can prove that they have acted in a compliant fashion. "The goal is to create products that will enable our customers to better comply with the increasing number of regulations in the market," said Young. "Our focus is to improve the overall customer experience and reduce users and channel partners' reliance on professional services."

### ***Focus is strength***

Square 9 seems to have a good idea of who they want to be. Launched as a mid-tier ECM ISV looking to sell through the MFP channel, Square 9 has done a good job building on that base, while steadily moving upstream by improving and increasing its offerings. Capture, cloud, and potential white label offerings are all great avenues for potential growth, as well as complementary to the ISV's core business.

The QuickStart solutions are a good way to keep pace with the market, as their primary competitor **DocuWare** has also moved this way [but DocuWare's Kinetic Solutions are only available as cloud offerings, see [DIR 6/22/18](#)]. Utilizing QuickStart to better address the underserved lower-end of the market, and also serve as an easier-to-sell option for MFP dealers, could really pay off.

The latest Encompass event was significantly larger than Square 9's past conferences. There were 14 sponsors from a combination of hardware, software, and services businesses. Square 9 is attractive to partners and end users because of its consistency. As Square 9 continues to attack the mid-size ECM space, we expect to hear plenty more about its efforts in this relatively fertile market.

<http://www.encompassconference.com/2018-recap/>

## TIS Adjusts Cloud Strategy, Re-Invigorates eFLOW

It has been a while since we've heard from **Top Image Systems** (TIS). It wasn't until May that the publicly-traded capture vendor finally announced its year-end 2017 results. Since then, it hasn't followed up with any 2018 numbers. *DIR* recently caught up with CEO Brendan Reidy, who explained the lack of filings, and discussed the progress TIS has been making on execution of its growth strategies, which he laid out for us last year [see [DIR 9/1/17](#)].

"We had some difficulty complying with new revenue recognition guidelines, which has delayed our filings," Reidy told *DIR*. "I take some of the responsibility for that because I cut our financial team from 12 people to 7, and with the onset of the new regulations, that was probably too deep. However, I have always followed the words of one of my mentors who told me that you can't make a living on overhead. So, I tend to run with leaner financial teams."

Reidy added that as a foreign issuer of shares trading on a U.S. exchange (Nasdaq), TIS is only required to file six-month reports. This week TIS announced it would be filing a report on the first half of 2018 on Wednesday after the market closes. "We are in full compliance with what the SEC requires, but we not are providing the best optics for investors," Reidy explained. "That said, starting with our 2018

year-end filing in 2019, we will be filing as a domestic entity, so we will be required to follow domestic requirements."

For some background, TIS was founded as a capture ISV in Tel Aviv, Israel, in 1991. In 2014, it bought Dallas-based eGistics (where Reidy served on the board), which offered hosted remittance and document management solutions [see [DIR 9/18/14](#)]. Although the company's headquarters remain in Tel Aviv, gradually more of the management functionality has been moved to the U.S., including Reidy being named CEO in 2016 [see [DIR 9/23/16](#)].

Historically, TIS' primary geographic market for its flagship capture offering, eFLOW, has been Europe, with eGistics' services being sold mostly in the U.S. In 2015, TIS hired a number of former ReadSoft executives with the plan of targeting invoice processing applications in SAP environments, which culminated in last year's release of a cloud offering aimed at mid-market SAP Business One users [see [DIR 11/3/17](#)].

Unfortunately, the Business One space proved unable to support such an offering and TIS has since pulled back. It is now re-engineering its cloud offering to address a more general capture market. "We found that the typical Business One customer just does not have the critical mass to justify purchasing the capabilities we were offering," Reidy told *DIR*. "We had a lot of interest from SAP channel partners, which is how we planned to go to market, but I'll never forget sitting with the CEO of one of these partners who suggested that we needed to gray-out some functionality because it was scaring off customers. Basically, most Business One users only have a handful of people in their A/P departments and only a couple may be doing invoice processing part-time. The ROI for automation is just not there."

TIS has plans to roll out its re-architected cloud offering by the end of the year. "It will include more general capture and recognition capabilities," said Reidy. "This will include invoice processing, but it will be able to address other types of documents as well. Also, when the offering was originally designed, we used certain tools from **Microsoft** that made us highly dependent on Azure. The new version will be data center independent, which will open up the possibility of having partners host our software on their clouds."

Reidy indicated that he wasn't anticipating

any substantial revenue impact from cloud sales in 2018, so the repositioning shouldn't affect financial projections. "Because we will now be targeting higher volume applications, the cloud business should ramp up more quickly, as we will need fewer customers to meet our projections," he said.

TIS is also working on a refresh of eFLOW. "The capture capabilities in eFLOW have been the bread-and-butter of TIS almost since it was founded," Reidy told *D/R*. "Prior to my arrival, our development resources had been almost completely directed away from this core platform and into our A/P platform. I found that the core product was getting stale, and we have changed our resource allocation to really improve on it."

Reidy indicated that eFLOW 6 is being targeted for release in Q1 '19. This will be the first new full version of the product in more than five years. "About a year ago, I brought in a new SVP of engineering, Arvind Sharma," he said. "This is the third company at which we have worked together. To date, every product delivery we have done together has been on time and on budget, so we have a good track record. The primary change with eFLOW 6 will be a more modern UI that will facilitate ease of use."

Reidy indicated that eFLOW is already in beta with a "large multi-national customer, who is currently deploying it in the U.S." TIS also has its first three North American implementations of eFLOW for A/P in production. "We are currently seeing strong momentum in the U.S., where the A/P market is probably the largest of anywhere in the world," he said. "We found three highly collaborative customers that are live and getting very good results. We feel like we have addressed localization issues with the product and are now ready to really move forward in the U.S. market."

In Europe, Reidy indicated that while sales of eFLOW for A/P have been strong, digital mailroom installations, a formerly big market for TIS, have been flat to declining. "Our sweet spot for A/P is typically very large customers with geographically dispersed organizations," he said. "That's where our strength in multi-language, multi-currency applications really pays off. In digital mailroom opportunities, we still win our share of deals, but we just haven't seen an abundance of RFPs."

TIS recently announced a win with U.K.-based **Allied Bakeries**, a subsidiary of the multi-billion

dollar **Associated British Foods Group**. TIS will be implementing an SAP-integrated invoice processing system at the company's Liverpool shared services center. It will initially be handling 100,000 invoices per year received in a variety of formats. "We spent over a year pursuing that deal, and they analyzed almost every product on the market, as well as professional services and the ability to deploy the software on a global basis. This is a very strategic win for us."

Reidy indicated that TIS has also enjoyed recent success on the eGistics side of the house. "eGistics had a history of signing long-term contracts, but after it was acquired by TIS, there became a tendency to offer month-to-month or annual contracts," he said. "Well, we recently had a healthcare customer, that had been paying month-to-month, sign a renewal for three years. We had another customer that was going on one-year contracts go through a competitive bid process and select us for what we believe will be a five-year renewal."

"We've also recently added ACH capabilities, which we historically have not had. We are now offering that as an additional service to our customers."

### ***Striving for valuation***

For 2017, TIS reported revenue of \$29.7 million, \$1.9 million less than the previous year and about \$10 million less than the combined trailing revenues of eGistics and TIS when they merged in 2014. For 2017, TIS also reported an adjusted EBITDA loss of \$2.8 million, which brought its cash on hand to dangerously low levels. TIS countered by signing an agreement with one of its investors for up to \$3 million of senior debt financing [see *DIR* 6/1/18].

With a current market capitalization of around \$15 million, TIS remains very lightly valued for a business with \$30 million in annual revenue, but its inability to show consistent profits continues to hold it back. Reidy has implemented some significant changes in the way TIS is doing business, and they seem to be paying off in the invoice processing and remittance services businesses. If the cloud strategy proves successful, perhaps that, along with more controlled operational expenses, will finally drive the company consistently into the black and get it to a market cap more commensurate with its revenue and position in the capture market.

For more info: <https://www.topimagesystems.com/>