Document Imaging Report

Business Trends on Converting Paper Processes to Electronic Format

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Marching Towards Process

Listening to parts of **ABBYY's** Reimagine event this past Tuesday and I was struck once again how much this industry has evolved.

While capture vendors were always a piece of a business process, workflow/process automation companies and capture vendors continue to merge into one. RPA and process mining will follow. Don't know about all of you, but curious as to what label the various analyst companies will slap on this in a few years.

Regardless, a high-level overview of the ABBYY event starts on page 14 -- the task mining capabilities look particularly interesting related to gaining even more insights into a business process than process mining alone.

On a personal note, it's my one year anniversary of realizing how serious COVID-19 was -- seeing the empty grocery store shelves is what did it for me (thankfully I had recently stocked up on toilet paper). It's been a challenging year for all of us, but a good one for this particular industry, all-in-all.

It's also right about this time last year that Ralph Gammon called me out of the blue to discuss moving into his spot as editor-in-chief, which helped me start turning the corner on my career again.

Hopefully we're beginning to turn the corner on this pandemic, with better days ahead for all of us. I look forward to enjoying them with you.

Thanks for reading,

Bryant Duhon

Editor-in-Chief, Document Imaging Report

bdu@info-source.com

Comments, criticisms, and witticisms welcomed.

# North America Scanner Market 2020 Review

Overall, in 2020 the North American scanner market declined 6% YOY from FY 2019 shipments. The pandemic impacted both the distributed and production scanner segments. Distributed scanner shipments fell 6% YOY from 948,680 units in 2019 to 941,788 units in 2020. The majority of decline was within the Departmental segment where shipments dropped 9.5% YOY. While the pandemic impacted all scanner segments in 2020, some fared better than others.

For example, the Personal segment declined only slightly (1.2%) YOY as many new remote workers purchased scanners for their work-from-home transition. **Xerox**, **Canon**, and **Epson** all gained market share in this segment. Mobile scanners a were common solution for remote office users providing a small, easy-to-work with scan solution. Popular models included Xerox's Duplex Travel Scanner and Epson's ES 50/ES 60W, series while Canon's growth can be attributed to the success of its imageFORMULA R40, a personal color scanner the company introduced in early 2020.

While the distributed scanner market declined in 2020, **Infosource** reported a rebound in all segments from Q3 shipments as the economy began to improve and the vaccination process began.

NA Distributed Scanner Shipments (2017-2020)

Legend: ■ 2017 ■ 2018 ■ 2019 ■ 2020
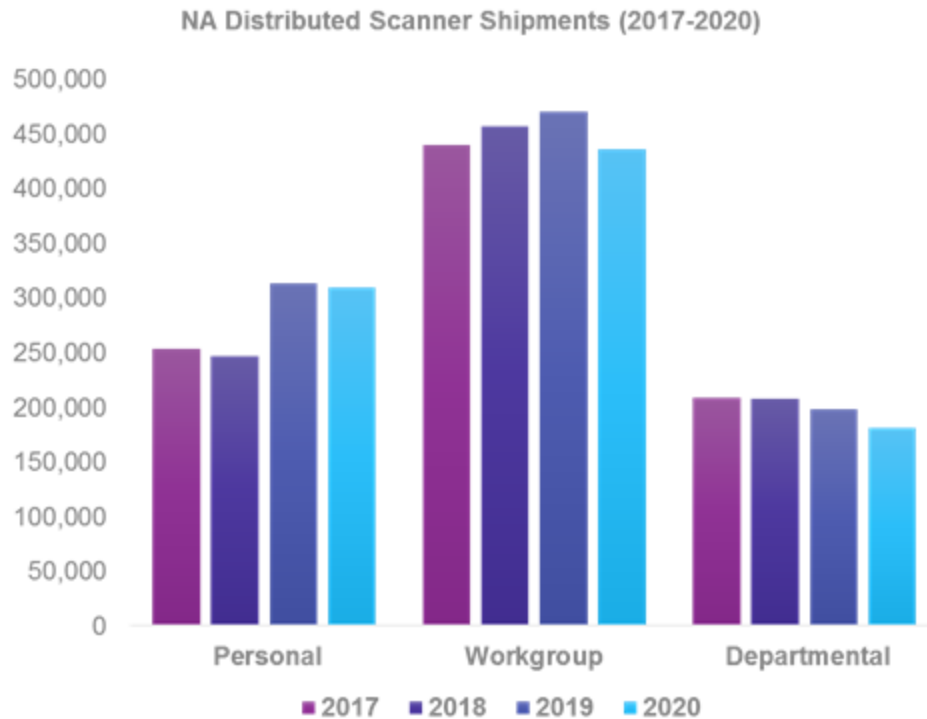
In terms of production scanners, unit shipments in this category fell 11% year-over-year. The majority of the decline was in the high-volume and low-volume production scanner segments. The mid-volume production segment actually rose 2.7% year-over-year as **Fujitsu**, **OPEX**, and **Panasonic** grew their market share. Fujitsu's fi-7900 and fi-7800 series were top sellers along with OPEX's Falcon DS 2200 and Panasonic's KVS-8147 scanner. While there was some growth in production scanner shipments in 2020, the overall the market was heavily impacted by Covid-19 from restrictions to on-site sales visits to technical support and equipment show cancellations and delays. In addition, these products tend to have a longer sales cycle then distributed scanners and, with fewer business sales interactions, many deals did not happen.

NA Production Scanner Shipments (2017-2020)
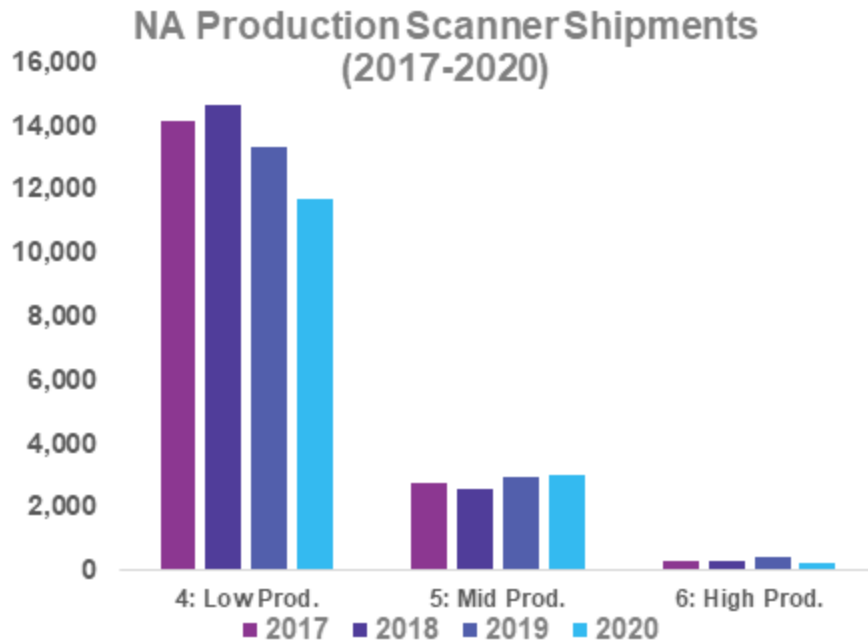
Summary

2020 was a year of firsts for many in the office automation industry. Hardware scanners purchases in North America declined due to reduced demand and supply chain disruptions. Sales shifted to low-end devices caused by demand from the SOHO sector and business models shifted to digital input with the potential to accelerate this trend for many years. Looking beyond 2020 and into the first half of 2021, we are cautiously optimistic about the North America scanner market as the vaccination and distribution program continues to grow and many businesses have begun the first steps to in-person work.

Submitted by Barbara Richards, Senior Analyst of the Infosource Hardware Division. Contact her at br@info-source.com.

Semantik Workflow From Ephesoft Continues Trend Towards Capture "Apps"

These are my words, but it looks like the days of buying an invoice processing solution like an app are here with **Ephesoft's** Semantik Workflow infrastructure-as-a-service (iPaas) announcement.

The new iPaaS solution, Semantik Workflow powered by **Workato**, provides instant integrations into hundreds of leading business systems and enables fully automated, end-to-end workflows that can be set-up quickly with no coding required, delivering ROI from day one.

This allows the Semantik Invoice cloud invoice processing solution to be connected to over a thousand integrations to ERP, CRM, and more systems. And this is the full product, not a stripped down version of it. There is more detail on the Semantik Invoice solution in *DIR 5-29-20 (Ephesoft Releases Semantik Invoice, the First in a Series of Cloud-Based Applications)*.

With Workato's connections, someone in an accounting department wanting to create an approval workflow can point and click their way without needing to bring in IT.

In a conversation with Ike Kavas, CEO, Founder, and Chief Productivity Officer, pointed out the simplicity of the solution so I asked if I'm a 10 person accounting department, how do I roll this out? Kavas said, "They go to the website and sign up for the invoicing solution. The user then identifies where the invoices are coming from and any workflows or ERP (for example) connections. This is all point and click. The Workato connections are in the background. All the user sees is Ephesoft."

More Coming

The obvious next question for Kavas was "you're doing this with the rest of your products, right?"

"We are definitely going to integrate with other platforms as well as our other products," Kavas replied. He pointed out that this might enable companies, in certain applications, to skip the need for RPA or workflow. Digital transformation and automation projects generally have RPA, capture, and a workflow component today. Based on feedback from system integration partners like PwC and Deloitte, Kavas says that with easier connections, like those enabled by Workato, Ephesoft can "connect the dots without the other two platforms if you just have the easy connectors for after Ephesoft intelligent document processing. That's why we're going to implement the solution to Transact as well so that we can have our customers automate the full thing with just Ephesoft tools."

Kavas did stress that this doesn't mean they're trying to go solo, and that their partnerships with RPA and process automation companies remain strong. In an unintentional Jerry Maguire moment, Kavas noted, "we complete each other" in many projects, but some customers have said they don't actually need another tool with the right connector.

The timeline isn't exact, but Ephesoft expects to have Transact connect to Workato in a few quarters.

Kavas also mentioned that the invoice solution is the first of what he hopes is quite a few "fully automated apps" in the future. While they aren't sure of what the next one will be yet, they've spoken to their partners and have a list they're whittling down to find the right one.

There's an Invoicing App for That

When I mentioned this almost feels like an app for smaller companies, Kavas said that hits the nail on the head except it's for departments within larger companies so that they can implement with ease.

Says Kavas, "We believe that the future of automation is building specific apps that can be implemented within minutes" and combined for tremendous productivity boosts.

While Ephesoft remains focused on the mid- to large-sized enterprise, Kavas does think that the product is designed in a way that partners could take Semantik Workflow and target small businesses. While the product can scale up, the hesitancy of scaling down is that the margins aren't there so he's leaving that to partners.

Is This Unique?

While the industry is rapidly moving in this containerization direction, I don't think anyone else has such large-scale connections to a specific product [Editor's note: If I'm wrong, please let me know at bdu@info-source.com].

Kavas is obviously very excited about the announcement, "We think we are unique. There is no invoice solution out there that can be implemented within minutes. I think it's going to drive a lot of our growth."

Growth in Southeast Asian Market

The company also announced via press release a new customer in April International. Since we don't see customer announcements in the same volume as a decade ago, I asked why this one merited the digital press.

First off, he said he thinks some companies are scared of competitors stealing customers so you don't see as many announcements today. Plus, he said, it's nice to advertise a success and they aren't worried about a customer being stolen.

The reason for this release is to emphasize the company's growth in southeast Asia. While still a small portion of their business overall (the United States and Europe remain their main markets), it's their fastest growing market. They have their eyes open for other opportunities, of course, but he expects those three to be their focal points for at least the next few years.

Says Kavas, "April International is a big milestone for us because we have large accounts in Southeast Asia and adding another one strengthens our position in the region." With the company's strength in financial services, it makes sense for them to have a presence in Singapore, another financial capital of the world -- it's the same financial institutions and "the downtown buildings are even similar to New York." Beyond that, says Kavas, "once we got there [Singapore] we realized that there was more to that market than Singapore. Malaysia and the other nearby countries all have the same needs. That's why we went there."

Capture Conference -- Early Bird Discount Ends Tuesday!

Will we see you in Chicago for this year's event, September 8-9!

As the COVID clouds begin to clear, it's time to begin travel planning. Be sure to include us in your plans, especially as our early bird discount ends at midnight of March 31.

Register now and get the best rate available for this invaluable event.

https://www.info-source.com/home-capture/capture-register/

"Small" ibml Scanner and New Cloud Option

We discussed two recent announcements from **ibml** with Susheel John, Vice President, Marketing and Strategy:

- Ibml Cloud Capture (which is a piece of the strategic partnership announced with KnowledgeLake on March 3, 2021)
- The FUSiON 7200 scanner

Why Cloud Capture

While ibml does sell capture software, their calling card is their extremely high-volume scanners. I ask John why get into the cloud software market and with a partner?

Regarding partnering, John said that they could have created their own product from scratch, but it would have been two to the three years before it got to market and there are already companies, like **KnowledgeLake**, who have what they would have had to invest in creating anyway. As for why, the short answer is to add more value on top of their existing software for specific applications and verticals and to also allow themselves new opportunities. [Note: We spoke with KnowledgeLake in our *DIR 2-1-21 issue, KnowledgeLake Updates Its End-to-End Cloud Platform*]

The longer answer is that while software accounted for roughly a third of their revenue in the last FY (about $17 million), much of that expertise is devoted to improving capture functionality and maximizing the hardware capabilities of their scanners. So they could have but it would have taken too much time and effort.

They originally developed the ibml Capture Suite to keep up with the speed of the scanners. As John said, while their software can do "normal" capture operations, "it also scans for information on the document and based on that information makes decisions based on what you need to do with the image; such as imprinting or sorting the document into the appropriate pocket. The purpose of these capabilities is reduce overhead, especially in the pre- and post-process areas. The fastest of their scanners can process 730 pages per minute, which is really processing 4500 images per minute - front and back, black and white, color, and grayscale. Our software is written to optimize the milliseconds in which decisions about the document need to be made." Anything they can do to reduce those costs, such as sorting before and after scanning is extra margin for their BPO customers.

John mentioned these speed requirements to make the point that the software is client/server. In the tight timeframes -- 10 milliseconds for some decisions -- the Capture Suite needs to work, it can't be cloud-based as even the slight lag of a thin client connection throws off the timing of their scanning.

It also doesn't have the ability to process unstructured documents, so the new Cloud Capture allows ibml to expand their capabilities to solve a broader set of customer problems. And as paper documents slowly fall off, 30 to 50% of documents entering an organization are digital -- ibml can now help their customers solve that capture challenge.

John said when they made the decision to look for a partner, they quickly decided they wanted a cloud-native partner, not just software that could be hosted in the cloud. The flexibility and scalability of the cloud allows them to not force customers into an implementation based on maximum volumes. For example, a mortgage application that would only run at maximum capacity for a half the year during peak home buying times while still paying for that capacity when unused. The subscription model of the cloud appealed to ibml as a way to provide a more cost-effective solution to their customers, buy what they need and pay-as-you-go. He also mentioned the speed of implementation of the cloud.

Because the company also wanted to expand beyond capture into process automation and content services, the ability of KnowledgeLake to have all of those elements in a single product was attractive.

In the end, the reason to add cloud capabilities boiled down to ibml's goal of solving their customers most difficult problems,John explained, "We still want to solve for the highest volumes and those types of mission-critical applications, but we were also beginning to see mission-critical applications but without the volume we've traditionally focused on."

Paper - Going Away . . . Someday

Even though ibml wants to play more in digitally born documents, they don't see the need for their core business, giant honking scanners (that'd be my words), going away. While paper has declined, we've been talking about the end of paper for 40 years now. As John said, "I don't see it happening next year."

One application that they are strong in is payment processing, where there's an increasing amount of non-paper documents involved. As an aside, John mentioned that about 80% of the US' lock boxes for payment processing is done by ibml scanners. You have to identify the checks, capture the coupons, and pass that information to the backend system for payment processing. In this process, there's a sub-process of accounts receivable, which receive plenty of digital only documents. Now with ibml Cloud Capture they can handle those additional sources of input while also offering RPA and content services to store that information.

As of now, John pointed out that they aren't interested in replacing legacy capture solutions where ibml scanners are used in conjunction with other software products. The goal is to solve for the smaller problems that they couldn't before or for problems that pop up within customers that their legacy systems aren't currently addressing. The cloud option gives them an offering for customers that is quick to get off the ground and can deliver a fast ROI and also offers the possibility of non-hardware engagements. Basically, their customers can now choose a cloud solution rather than investing in a whole bunch of new software that could take a while to implement.

The New Small Scanner

All things are relative and ibml's FUSiON 7200 runs 285 ppm. It's geared toward the BPO market as well as mailrooms (see below for more on centralized scanning). John mentioned that they do have a smaller desktop scanner, but it runs at 200 ppm.

The 7200 has the same features and functionality as the company's other high-volume scanners, the difference is that it's not expandable. What this scanner does is allow ibml to offer a lower cost scanner than their 7300/7500/7700 line with the same reliability and many of the features of those scanners.

Says John, "for somebody who doesn't have to do too much intelligence in the scanning process and needs a straightforward digitization device that competes from a marketing perspective with a Kodak 5850 or the Innotek 800 scanners at the top end of their products. The list price is $89,000; with software it can reach about $100,000. So there's a lower price point for our customers."

While still more expensive than a single other high-volume scanner from the competition, John says that centralized operations can process more documents on a single ibml device than two or three others. This leads to fewer staff and can be more efficient to operate in the long run. This will allow them to go down-market to smaller BPOs and will be a new opportunity for them.

I jokingly asked if they were ever interested in going further downmarket. John was quick to say no, they are set up to sell and service high-volume, mission-critical scanners to a smaller client base and are happy in that spot.

Scanner Lay-A-Way

John also briefly talked about scanner as a service. Rather than only available to purchase, the entire line of high-volume production scanners is available on a quarterly payment basis. It's a managed service, but not based on a consumption model of per scan.

Back to the Future - A Return to Centralized Scanning

I developed blinders over the past year speaking to companies who had enabled employers to disperse their workers for remote work, whether on the software side like DocuWare or the hardware side like Epson and Kodak Alaris. So I was a little surprised to read this in the 7200 announcement:

"Prior to the coronavirus pandemic, organizations commonly used desktop or departmental scanners to digitize in-coming mail or other documentation. With many office workers now asked to work from home, there is renewed interest in providing a centralized scanning approach for mailrooms – irrespective of the industry sector – to streamline and speed up the paper handling process, as well as progressing other digital transformation projects."

John made a few points about privacy and the need for centralized scanning. There are traditional mailroom operations that will be needed. Mail for employees will be received in the office. If employees continue to work from home, those documents will need to be sent out rather than sending company mail to an employee's home.

Secondly, for documents with privacy requirements, like customer onboarding, you really don't want those documents going to peoples' homes to be scanned. The privacy risk is too great, whereas centralized document processing has procedures in place for those documents. This was a good reminder that the focus on privacy is too often only focused on digital information and forgets about the paper.

The Impact of COVID

John echoes Barbara Richards' analysis earlier in the issue, sales were down but ibml thinks COVID will be a blip to their business, but won't have long-term effects. They ended last fiscal year on a hockey stick curve (almost exactly a year ago). However, given that their sales process involves a lot of face-to-face meetings at their facility in Birmingham, AL, people just weren't able to make decisions. Plus, companies rapidly shifted focus from back-end processes to just trying to get front-end processes to work.

He isn't concerned because they have a strong pipeline in place and is looking forward to the future.

ABBYY Reimagined?

ABBYY held their annual conference, now called ABBYY Reimagine, virtually on March 23 and 24. This isn't a comprehensive overview of the news from the event, but rather a quick update. Schedules permitting, we'll be back next issue with more updates on the product announcements, especially around Timeline.

The most interesting takeaway (I think): ABBYY is moving to a subscription model. To use Ulf Persson's, CEO, words, they are "all in."

Now for the other quick thoughts on the event.

Branded

The first thing I noticed (well, after Gina Ray, ABBYY's PR Director extraordinaire pointed it out to me) was the rebranding -- I did know SOMETHING looked different. Gone is the RED EVERYTHING that reminded me of the 1990s. The new look is more open, friendly, and breezier -- also found the materials a little easier to read. Branding is often overlooked, so a shout out to the folks responsible -- nice job.

Leading With Process

While the opening intro focused on the need to get the most from "content and documents", there was an even larger focus on process -- particularly process mining and task automation. This is just another step by everyone in this space as we move away from a focus on ingesting documents/data (always important of course) to a focus on automating business processes and extracting intelligence from documents.

Related to the importance of process, and from an angle I've not thought of before, ABBYY conducted a survey, the COVID-19 Technology and Business Processes Survey, that showed to stats about employee aggravation with business processes:

48% blamed bad processes for making their job more challenging

25% would like to quit their jobs because of poor business processes

Streamlined business processes are, of course, a necessity for a great customer experience, but it's an interesting idea that there's a double benefit of boosting employee morale by making their lives easier. (https://www.abbyy.com/company/news/the-true-impact-of-covid-on-employees-one-in-four-want-to-quit-their-jobs-because-of-poor-business-processes/)

Persson continued the emphasis on process, pointing out that understanding your as-is situation is critical for a "detailed understanding of the business process." The interesting element of ABBYY is the layer of understanding documents that a process mining vendor like Celonis doesn't have.

Persson commented on the year-long pandemic, noting that he had spoken with companies who had implemented 5-year digital transformation plans in 5 months and pointing out the "the recovery will be digital."

As in every crisis, there are winners and losers, COVID is no exception. Persson said ABBYY experienced record profitability and plans to hire 200 staff in 2021 after adding 300 last year.

He also commented about commitments to customers and growing together as well as saying a "company needs to have a soul." I always agree with these sentiments. It's always been my perception ABBYY doesn't just give lip service to these sentiments as well.

Glad to Be Here

The keynote from John "Gucci" Foley, a former Blue Angel pilot and who currently works with companies to create cultures of excellence, was fantastic. I rarely do this, but I bought his book immediately afterwards. The cultivation of mindfulness, trust, and commitment to excellence that teams and individuals can do together to create an environment where excellence is the norm, not the exception, were spiced with examples from his time with the Blue Angels.

It all starts with gratitude. And "glad to be here" takes on a different meaning when said by Blue Angel pilots during a debrief meeting who were flying 18 inches apart hours before.

He was also the guy taxiing off of the flight deck of the USS Enterprise in the opening scenes of Top Gun, so that was cool. www.johnfoleyinc.com.

Vantage 2, the ABBYY Marketplace, and Timeline for FlexiCapture

These were the main announcements from the first day.

Vantage 2 is built on ABBYY's OCR and is a no/low code way to create, train, and deploy skills to extract data from documents. The quick demo was for a data extraction skill and looked simple and quick.

The Marketplace looks like something you'd see in a WordPress or HubSpot marketplace. ABBYY customers can "discover, try, and purchase reusable AI skills for all types of content-centric purposes."

FlexiCapture using Timeline is interesting in that an organization can get beyond work items in a business process into the operational effectiveness of documents -- how many require manual intervention, how high-value are they, etc. It's a way to use process mining to both improve accuracy as well as identify bottlenecks specific to documents or even documents from a single company, like invoices.

Process Mining and Task Mining

One final announcement was the ability of Timeline 5 to get into the desktop for task mining. User desktops have been black boxes of activity in workflows. This will allow companies to identify how tasks are actually being completed using real data rather than guesswork.

I reached out to ABBYY with a few questions about Timeline and process mining. Here are the responses from Bruce Orcutt, Vice President of Product Marketing.

How does it compare to a process mining tool like Celonis? Is it entirely document-focused or can it pull in workflow events data like a Celonis-type product can?

Orcutt: Timeline is positioned a leader in process mining and discovery leader by Nelson Hall a leading analyst firm (https://www.abbyy.com/company/news/nelsonhall-names-abbyy-a-leader-in-process-discovery-and-mining-neat-assessment-2020/?itm_source=abbyy-internal-search-all).

While ABBYY Timeline addresses structured business processes that Celonis focuses on, such as P2P, O2C, and supply chain applications, ABBYY Timeline is uniquely positioned to provide the following key differentiated capabilities unmatched by our peer group of competitors:

- ABBYY Timeline can handle any process type, particularly unstructured case management processes such as claims processing, customer on-boarding where there are many handoffs and variability of process execution; https://www.abbyy.com/timeline/
- The most comprehensive set of 25 pre-built and pre-populated process visualization and analysis tools of any product in the market.
- End-to-end visualization of the flow of work from task miming of desktop interactions connected to end-to-end analysis of process stages and see the delays, and bottlenecks.
- Integrated ELT (Extract-Load-Transform) tool that allows users to manage their data 100% within Timeline, eliminating the need to pre-process data using complex ETL and data blending tools that often require assistance from IT personnel including connectors to SAP, SFDC. Moreover, our partnership with Alteryx enables our customers to access and analyze process execution across a wide range of systems of record as well as integrate data analytics and content.

ABBYY Timeline is a process intelligence platform that allows businesses to use the information contained within their systems to create a visual model of their processes, analyze them to identify opportunities for process improvement, real-time operational monitoring, and the ability to predict future outcomes to facilitate decision-making.

Regarding task mining, while I don't think this is totally unique, you are one of the first companies to be able to do this, right?

Orcutt: Task Mining is an integral functionality of our new release Timeline 5.0 (https://www.abbyy.com/company/news/abbyy-timeline-5-adds-task-mining-capabilities-to-connect-people-processes-content/). The unique differentiation of ABBYY Timeline 5.0 is as follows:

- it is the only end-to-end process intelligence platform to connect people, processes and content that enable organizations to analyze desktop interactions and seamlessly link them to end-to-end process details
- Automatically identify patterns of user interactions by sampling multiple task operations and task execution paths.
- Point-and-click interface that surfaces opportunities for automation, and how task automation affects the overall process

So not quite a 100% answer, but we'll be following up. Regardless, the ability to gain insight into tasks combined with process mining should give organizations a huge amount of insight into their business processes.

DOCUMENT IMAGING REPORT

Business Trends on Converting Paper Processes to Electronic Format

DIR is the leading executive report on managing documents for e-business. Areas we cover include:

1. Document Capture

2. OCR/ICR, AI, and Machine Learning

3. RPA

4. ECM

5. Records Management

6. Document Output

7. BPM

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Managing Editor: Ralph Gammon

Email: rg@info-source.com

Editor-in-Chief: Bryant Duhon

Email: bdu@info-source.com

Phone: +1 (301) 275-7496

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