

# Document Imaging Report

Business Trends on Converting Paper Processes to Electronic Format

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January 9, 2015

## THIS JUST IN!

### **KODAK ALARIS CONSOLIDATES SERVICE MARKET**

A year after acquiring one of **Kodak Alaris'** major competitors in the document scanner service market, **Eastman Park Micrographics (EPM)** has sold its service business to Kodak Alaris, ending a legal battle between the two companies. On Tuesday, it was announced that Kodak Alaris had acquired EPM's United States and Canada (US&C) service business, which primarily consisted of the former Imaging 411, which had been acquired by EPM in late 2013 [see [DIR 12/20/13](#)].

Founded in 2004, Imaging 411 had been making headway competing primarily against Kodak for aftermarket service contracts on scanners. It had some big government customers, and also won a contract with national service bureau **Databank** [see [DIR 4/6/12](#)]. Imaging 411 also offered service on micrographics equipment, and a few months after EPM acquired Imaging 411, it displaced Kodak Alaris, which had a contract to provide service on EPM's ImageLink products in the US&C [see [DIR 4/25/14](#)].

That's when trouble started brewing. A few days after selling its non-US&C service business to Kodak Alaris, EPM filed suit against Kodak Alaris to prevent it from soliciting EPM's US&C ImageLink customers for service business. It accused Kodak Alaris of utilizing confidential information, as well as disparaging EPM's service capabilities. EPM was seeking upward of \$1M in damages and even received a temporary restraining order against Kodak Alaris.

However, the restraining order was quickly overturned by the New York State Supreme Court and, from what we understand, Kodak Alaris was having considerable success winning contracts from EPM. "This is a fairly significant acquisition for us," noted Don Lofstrom, general

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## Expect More M&A as Market Maturity Drives Consolidation

As always, I like to start out the New Year with my annual *DIR* predictions for the market. Last year, I was admittedly gun shy after solidly hitting on only one out of six 2013 prognostications. As a result, my 2014 predictions were somewhat timid, which I blamed ahead of time on a maturing market that I thought was becoming more conservative [see [DIR 1/10/14](#)].

Well, 2014 showed us that although our market may be maturing, it's not yet turned boring. Over the past year, there were a slew of significant acquisitions, as well as new innovative technologies coming to the forefront, in what turned out to be a very exciting 12 months.

As always, I will preface my 2015 predictions with a review of my 2014 prognostications. Unfortunately, I qualified several of my 2014 predictions by saying they might take several years to play out, so some of the results are inconclusive. Here goes:

### **Rating my 2014 predictions**

**1. At least two acquisitions involving an MFP vendor and ECM and/or capture ISV (this year – meaning in 2014):** We had one big acquisition that fit under this umbrella, as **Lexmark** acquired **ReadSoft** [see [DIR 8/22/14](#)], but despite a slew of activity connecting the MFP and capture spaces, the closest thing to a second acquisition fitting this bill was **Nuance** buying **Notable Solutions**—it's main competitor in the MFP capture software space. I'll give myself **60/100** on this.

**2. A stabilization in the decline of paper use in business transactions (2014-2018):** This was kind of based on **IDC** numbers that came out in 2013 that showed the decline in paper use flattening out at least through 2017. I have no reason to dispute this projection—in fact I think improving and less expensive print technology, along with continued improvements in capture, have helped reduce the urgency of moving away from paper. Bottom line though is that there is **no conclusive evidence** either proving or disproving this prediction.

**3. Emergence of cloud repositories as the next SharePoint (two to three years):** This trend was listed as one of our biggest news stories of 2014 [see *DIR* 12/19/14]. Introduction of new workflow and improved document management capabilities by the likes of **Box** and **Dropbox** show they want to compete at least on the outskirts of the ECM market, while **Microsoft** has struggled with its strategy for transitioning more of SharePoint's capabilities to the cloud. **Correct (70 out of 100, so far, but still tracking).**

**4. Emergence of widespread driverless scanning (two to three years):** This didn't happen this year, but we did see definite forward movement in the TWAIN Working Group's SWORD (scanning without a required driver) initiative with the introduction of the TWAIN Direct Standard [see *DIR* 9/26/14]. **Captiva** also continued to make inroads with its EMC Cloud SDK, although not as quickly as the ISV had hoped. Perhaps as a pre-cursor to driverless scanning, I did see more use cases than ever of ISVs implementing Web-based scanning through SDKs that enable browser-based applications to connect to TWAIN drivers. **Inconclusive.**

**5. Kofax is acquired for more than \$1B (two to three years):** This prediction was looking pretty good when Kofax's market cap soared past \$850M in mid-June. However, a couple consecutive tough quarters have since cost Kofax more than a fourth of its valuation. That said, based on the multiple Kofax competitor ReadSoft received over its market capitalization (approximately a 200% premium albeit on a different market, the Stockholm Exchange vs. the Nasdaq), it's not unreasonable that Kofax could still get an offer of \$1B. The question, of course, is where would it come from? There is no question that Kofax sees itself as an enterprise software player, but that is a tough position to maintain for a \$300M per year ISV. I still expect Kofax to do something to become part of a larger organization, and being acquired is certainly not out of the question. **Inconclusive.**

So, you can see the problem, as three of my five predictions tracked "inconclusive" because I gave them more than a year to play out. That kind of takes the fun out of scoring them. For the two predictions that I did score, I got 130 out of 200 possible points, for 65%, which is not terrible, based on my historical results, but three inconclusives makes me feel somewhat incomplete.

### **What to expect in 2015**

So, for 2015 I am going back to my historical method of making predictions that I expect to be fulfilled in the next 12 months. Here we go (fingers crossed):

**1. Hyland Software makes a major move to increase its presence in Europe:** Obviously, this is what the Cleveland, OH-based ISV was trying to do when it attempted to acquire ReadSoft. This represented a public acknowledgement by Hyland that it needs help with its European strategy beyond the U.K. Hyland quickly followed up the failed ReadSoft bid by announcing a partnership with **Xerox**, part of the goal of which is to expand Hyland's

## **Document Imaging Report**

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

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**Pull-Out Section:**

# ***Document Imaging Report***

## **Annual Article Index For 2014**

The next four pages contain an index of the articles that *DIR* published in 2014. If there are any articles in this list that you are interested in reading, please contact Editor Ralph Gammon. He can be reached at [ralphg@documentimagingreport.com](mailto:ralphg@documentimagingreport.com) or (814) 866-2247.

**Key to index abbreviations:** A/P - accounts payable; AMR - Access My Records; APM - Application Performance Management; BI - business intelligence; BPM - business process management; BPO - Business Process Outsourcing; CEM - Customer Experience Management; DCT - Document Capture Technologies; DCS - Dynamic Computing Solutions; ECM - enterprise content management; EHR - electronic healthcare records; EPM - Eastman Park Micrographics; ESRA - Electronic Signature & Records Association; FCPA - Fujitsu Computer Products of America; HIMSS - Health Information Management Systems Society; HSA - Harvey Spencer Associates; IDR - intelligent document recognition; IDT - Integrated Document Technologies; IOFM - Institute of Finance and Management; IP - image processing; KMBS - Konica Minolta Business Solutions; KLake - KnowledgeLake; KPP - U.K. Kodak Pension Plan; M&A - mergers and acquisitions; MFPs - multi-functional peripherals; MPS - managed print services; MTC - Moyses Technology Consulting; NLP - Natural Language Processing; QAI - Quality Associates, Inc; SaaS - software as a service; SDK - software development kit; SPA - Smart Process Applications; TABS - Toshiba America Business Solutions; TIS - Top Image Systems; UBSI - United Bankshares, Inc.; VAD - Value-Added Distribution

<b>Issue Date</b>	<b>Pg.</b>	<b>Headline</b>	<b>Market Segments</b>	<b>Companies Featured</b>
Jan 10, 14	1	Maturing Market Calls for More Conservative Outlook	Cloud, Scanners, IDR, NLP, M&A	Kodak Alaris, Kofax, HSA, ReadSoft, EMC
Jan 10, 14	3	DIR Annual Article Index for 2013		
Jan 31, 14	1	A Look at FCPA's Innovative New 7000 Series	Scanners, IP	Fujitsu, Kofax, Adobe
Jan 31, 14	1	<i>DIR</i> Partners with M&A Firm Xamcor	M&A, ECM	<i>DIR</i> , Xamcor
Jan 31, 14	1	TIS, Xerox Brazil Win Large Mobile Capture Deal	Mobile, Capture, ECM, Channel	Top Image Systems, Xerox Brazil
Jan 31, 14	4	Bundling Dynamics Changing	IP, Channel	FCPA, Kofax, Adobe
Jan 31, 14	4	Dell Reselling Psigen Software & Services	Capture, Channel	Psigen, Dell, Microsoft
Jan 31, 14	5	Mobile Capture SDK Among EMC IIG Announcements	Capture, Mobile, SDKs, IDR, ECM	EMC
Jan 31, 14	6	Mobile Scanner Vendor Transitions to Software Focus	Scanners, Capture, Cloud, Mobile	DCT, Accusoft, D&H Distributing
Jan 31, 14	8	Recognition SDK News, Personnel Moves	OCR/ICR, Capture, Channel, Mobile	NovoDynamics, IBM, A2iA, Square 9, Cranel
Feb 7, 14	1	Kodak Alaris, Partner, Introduce Hosted EOB Processing Service	IDR, Scanners, Cloud, Healthcare	HTI Healthcare, Kodak Alaris, ImageScan
Feb 7, 14	1	Improved IP and Paper Handling	Scanners, IP	Panasonic
Feb 7, 14	3	ISVs See Opportunity in Evolving IP Space	IP, Scanners, Capture, MFPs	NovoDynamics, DCS, Cranel, Kofax, Fujitsu
Feb 7, 14	5	Parascript Broadens Marketing Focus	IDR, SDKs, Capture	Parascript, Anonto
Feb 7, 14	7	mindSHIFT Fleshes Out Ricoh Services Portfolio	M&A, Services	Ricoh, mindSHIFT
Feb 21, 14	1	Nuance Embraces Multi-Source Capture	Capture, MFPs	Nuance DI
Feb 21, 14	1	Ease of Use, Scalability Highlight FineReader 12	OCR/ICR, IDR	ABBYY
Feb 21, 14	3	AIIM Touts New Format For Service Provider Event	Events, Services	AIIM
Feb 21, 14	5	Yahoo! Licenses Accusoft HTML 5 Viewing Technology	Viewing, IP	Accusoft, Yahoo!, R.R. Donnelley
Feb 21, 14	5	Digitech Introduces New E-Forms, Upgrades Workflow	ECM, Cloud, Workflow, E-Forms	Digitech, Nucleus Research
Feb 21, 14	6	Kodak Alaris, Inofile Integrate Paper into Direct Exchange	Healthcare, EMR	Kodak Alaris, Inofile
Feb 21, 14	7	Visioneer Focuses on Growing Channel	Scanners, Events, Channel	Visioneer, Xerox, AIIM, Tech Data Europe

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Mar 7, 14	1	Ephesoft Promoting Web Services APIs	Capture, IDR	Ephesoft, Alfresco
Mar 7, 14	1	Nuance Announces Connector for Leading EHR System	Capture, MFPs, Healthcare	Nuance, NextGen
Mar 7, 14	3	Sharp Introduces Secure Collaborative Cloud	MFPs, Mobile, ECM, Cloud	Sharp USA
Mar 7, 14	4	A Deeper Dive into EMC's New Captiva and AX Releases	Capture, Mobile, IDR, ECM, Channel	EMC, Kofax, SAP, Celent, MetaSource
Mar 7, 14	6	FujiFilm RIS Adds Browser-based Scanning	Healthcare, SDKs	DynamSoft, FUJIFILM
Mar 7, 14	7	TIS Gaining Momentum with Mobile, SaaS Initiatives	Capture, Mobile	TIS, Xerox Brazil
Mar 7, 14	7	Operations Management System gets New Pricing	Service Bureaus	Be Productive Systems
Mar 28, 14	1	First Mile Marketing Strategy Gaining Steam	Capture, M&A, SPA, Cloud	Kofax, Strativity, Waterstone Mortgage
Mar 28, 14	1	Epson Showing Revamped Scanner Line	Scanners, Cloud	Epson, Microsoft, ITEX
Mar 28, 14	6	Datacap Founder to Retire	Capture, M&A	IBM, Datacap
Mar 28, 14	7	TIS Americas GM Says Cloud Prep will Pay Off	Capture, SaaS	TIS, ClickSoftware
Apr 11, 14	1	Next Generation ECM in Sight	Events, ECM	AIIM, FileBound, DCT
Apr 11, 14	1	New APIs Highlight Captricity Enterprise Offering	Capture, Cloud	Captricity, FDA
Apr 11, 14	6	Digitech Aims to Revolutionize Auto-Classification	Capture, IDR	Digitech
Apr 11, 14	7	Xerox Mobile App Targets Financial Services Workflows	Mobile, Capture, IP, Workflow, Channel	Xerox
Apr 11, 14	8	Nuance Updates Windows PDF Application	PDF, OCR/ICR	Nuance, Adobe
Apr 25, 14	1	Perceptive Doubles Down at Inspire Conference	ECM, Cloud, M&A	Perceptive, Lexmark
Apr 25, 14	1	Samsung Licenses ISIS for MFPs	MFPs, Capture, IP	Captiva, Samsung
Apr 25, 14	3	A Look at Open Text's Red Oxygen Initiative	ECM, BPM, Cloud	Open Text
Apr 25, 14	4	ABBYY Moves to Productize Linguistics for Capture	NLP, Semantics	ABBYY, Stratify
Apr 25, 14	5	Acquisition Helps Konica Minolta Build out ECM Practice	ECM, M&A, Channel, MFPs	KMBS, AMS Imaging, Hyland, Prism
Apr 25, 14	6	IOFM Preps for second Payments Summit	Events, A/R, A/P	IOFM, ibml, IBM, AIIM
Apr 25, 14	7	DCT Releases SimpleECM PaaS	Cloud, ECM	DCT, AIIM
Apr 25, 14	8	EPM to Service Own Equipment	Micrographics, M&A, Service	EPM, Imaging 411, Kodak Alaris
May 9, 14	1	Is Capture Market in Trouble?	M&A, Capture	Lexmark, ReadSoft
May 9, 14	1	docSTAR Acquires DocuLex	M&A, ECM, Cloud	docSTAR, DocuLex
May 9, 14	4	OPEX Introduces New Versatile Scanner	Scanners, Capture	OPEX, IOFM, Kofax
May 9, 14	6	AnyDoc Provides Boost for Hyland	M&A, Capture	Hyland Software
May 9, 14	6	HTML5 Viewing Gaining Momentum	Viewing, SDKs	Snowbound, Oracle
May 9, 14	7	Altec Expands Channel to Fuel Growth	A/P, Channel, ERP	Altec, Epicor, Sage
May 30, 14	1	ReadSoft Pushes Forward on Multiple Fronts	Capture, Events, Financials, A/P	ReadSoft, Lexmark, Perceptive, SAP
May 30, 14	1	TIS Partners with Taulia	Cloud, A/P	TIS, Taulia, EPM
May 30, 14	5	InoTec Introduces Innovative HV Scanner	Scanners, Channel	InoTec, Crowley
May 30, 14	6	Upland Targets Enterprise Cloud Customers with FileBound 7	ECM, Cloud, Workflow, Analytics	FileBound, Upland Software
May 30, 14	8	DocuLex Acquisition Part of DocStar Growth Strategy	M&A, ECM, Cloud	docSTAR, DocuLex

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Jun 13, 14	1	Automated EOB Capture Embraced in Healthcare Market	Events, Payments, Healthcare, IDR	IOFM, Orbograph, SourceHOV, BancTec
Jun 13, 14	1	Conference Reflects Notable Success	Events, Capture	Notable Solutions, Inc.
Jun 13, 14	5	OPEX, ibml Continue Battle for Payments Market Share	Scanners, Payments, Events	ibml, OPEX, IOFM, SourceHOV
Jun 13, 14	7	Kodak Focuses on Transactional Capture	Scanners, Capture	Kodak Alaris, Captiva
Jun 27, 14	1	Top Image, K2 Team up to Address SPA Market	Capture, Workflow	TIS, K2, Kofax
Jun 27, 14	1	Office Gemini Rebrands Capture	Capture, Channel	Office Gemini
Jun 27, 14	4	Hyland Takes a Shot but Lexmark Deal Still on	M&A, Capture	ReadSoft, Lexmark
Jun 27, 14	5	Event Gives Glimpse into Bright Future for Notable Solutions	Capture, MFPs, Channel, Output	Notable Solutions, Ricoh, Konica Minolta
Jun 27, 14	7	Details on Kodak Alaris' EMC Cloud SDK Bundle	SDKs, Cloud	Kodak Alaris, Captiva
Jun 27, 14	7	Briefly	Capture, Channel	Ephesoft, KLake
Jul 18, 14	1	eGistics Key Ingredient for TIS' North American Strategy	M&A, Cloud, Capture, Payments	TIS, eGistics, Trident Capital, K2, Ephesoft
Jul 18, 14	1	Financial Dealings Heat Up	M&A, Financials	Lexmark, ReadSoft
Jul 18, 14	3	HSA Capture Has Come a Long Way in 10 Years	Events, Capture	HSA, Merlion, HP
Jul 18, 14	5	On-Board Acuity Addresses Current & Future Scanning	Scanners, IP, Mobile, Cloud	Visioneer, Xerox, Kodak Alaris, Captiva
Aug 1, 14	1	Fujitsu Makes Investment in Ephesoft	Capture, M&A	Ephesoft, KLake, PFU
Aug 1, 14	1	Subscription Pricing Latest Reveille Innovation	ECM, Capture, APM, Cloud, SaaS	Reveille Software, EMC, IBM, Kofax
Aug 1, 14	3	Captricity to Invest in Expanding Capture Platform	Cloud, Capture, Crowdsourcing	Captricity, Atlas Venture, FDA
Aug 1, 14	5	Money Trail Leads to Cloud	Capture, Financials	Captricity, Ephesoft
Aug 1, 14	5	Parascript Targeting SharePoint Users	Capture, ECM	Parascript, Microsoft
Aug 1, 14	7	Kodak Upgrades Network Scanner	Scanners, MFPs	Kodak Alaris
Aug 1, 14	8	Briefly	MFPs, SDKs	KMBS, Dynamsoft
Aug 22, 14	1	Acquisition Helps Broaden BancTec's Focus	M&A, BPO, CEM	BancTec. HandsOn <sup>3</sup>
Aug 22, 14	1	Mitek's Market Cap Takes Hit in Wake of Revelations	Capture, Mobile	Mitek Systems, USAA
Aug 22, 14	3	Forms Technology Expands ISV's PDF Portfolio	M&A, PDF, Capture	Foxit, Dataintro
Aug 22, 14	4	Lexmark Slams Door on Hyland	M&A, Capture	Lexmark, ReadSoft, Hyland, Perceptive
Aug 22, 14	4	CEM Goals Increasingly Hinge on SPAs	Capture, SPA	AIIM
Aug 22, 14	5	DIR Editor Keynotes EPM Service Event	Service, Scanners	EPM, Kodak Alaris
Aug 22, 14	6	Mobile Bill Payment ISV Licenses TIS Capture Tools	Mobile, Payments	Allied, TIS
Aug 22, 14	7	Cranel Continues to Adjust to Changing Landscape	VAD, Channel, Scanners, Service	Cranel, Nuance, Kodak Alaris, Burroughs
Sep 12, 14	1	10 Years and Still Going Strong	Events, Capture	HSA, Cigna, Xamcor
Sep 12, 14	1	Upland Positions Itself for IPO	ECM, Cloud	Upland, FileBound
Sep 12, 14	5	E-Signatures Next Piece of Kofax SPA Strategy	M&A, Capture, E-Signatures, SPA	Kofax, Softpro, Parascript
Sep 12, 14	6	TransCentra Introduces Remote Capture for Wholesale Lockbox	Payments, Capture, BPO	TransCentra, IOFM, TCF National Bank
Sep 12, 14	7	SimpleECM Driving Browser-Based Scanning	Capture, Cloud	DCT
Sep 12, 14	7	Moyses, infoSource Launching Service for Americas	Scanners	infoSorce, MTC

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Sep 26, 14	1	ibml's Software and Solutions Business Accelerating	Scanners, Capture, Channel, IDR	ibml, Ephesoft, Fairfax, UBSI, IOFM, HSA
Sep 26, 14	1	Snowbound Partners with Alfresco	Viewing, ECM	Snowbound, Alfresco
Sep 26, 14	4	TWAIN Working Group Teams up with Google Print	Scanners, Standards, Cloud	TWAIN Working Group, Google, Kodak Alaris
Sep 26, 14	5	Evolving Technology Drives E-Process Adoption	E-Signatures, E-Forms, ECM	ESRA, Adobe, IMM, KeyMark, Kofax, AIIM
Oct 10, 14	1	Desktop Focus Drives Ambir's Success	Scanners, Channel	Ambir, NewWave, DCT
Oct 10, 14	1	Plustek Re-Designs Auto-Feeder	Scanners	Plustek
Oct 10, 14	3	Latest Version of Capture Pro Addresss Multiple Needs	Capture, Scanners, Service Bureus	Kodak Alaris
Oct 10, 14	4	Vertically Focused Rules Make Capture Smarter	Capture, IDR	Digitech, AIIM, Artsyl
Oct 10, 14	5	Kofax Still Stuggling With Larger Deals	Capture, Financials	Kofax, HSA
Oct 10, 14	6	Artsyl Enjoys Growth, Expands Channel	IDR, Channel, A/P	Artsyl, NewWave
Oct 10, 14	7	Canon Introduces Capture App for MFDs	Capture, MFPs	Canon USA, I.R.I.S.
Oct 10, 14	8	TABS Introduces Cloud Management Platform	MFPs, MPS	TABS, Psigen
Oct 24, 14	1	Kodak Alaris DI Gaining Momentum	Scanners, Capture, IDR, Service	Kodak Alaris, Eastman Kodak, ITyX, KPP
Oct 24, 14	1	Fujitsu Scanner Offers Wireless Mobile Capture	Scanners, Mobile	Fujitsu, Crowley
Oct 24, 14	7	Objectif Lune Potential Crossover Partner for Cranel	Channel, MFPs	Cranel, Objectif Lune
Nov 7, 14	1	Perceptive Begins Integration of ReadSoft	M&A, Capture, IDR, ECM, Personnel	Perceptive, ReadSoft, Lexmark, Hyland
Nov 7, 14	1	ABBYY Embraces the Future of Capture	Events, Capture, OCR/ICR, SDKs	ABBYY USA, FCPA, HSA, Kofax, Nuance
Nov 7, 14	3	VAR Bullish on ECM Cloud Adoption	Cloud, ECM, Channel, Capture	IDT, FileBound, Hyland
Nov 7, 14	5	PDF Days Aim to Unlock Power of Format	Events, PDF, IP	PDF Association
Nov 21, 14	1	Xerox Latest MFP Vendor to Team up with Hyland	Channel, MFPs, ECM, Capture	Hyland, Xerox, Datawatch, KMBS
Nov 21, 14	1	TIS Tops \$10M in Q3	Financials, Capture	TIS, eGistics, Kofax
Nov 21, 14	5	nextScan Expedites Fiche Digitization Process	Micrographics	nextScan, ARMA
Nov 21, 14	6	Strong Valuations, Active Buyers Make 2014 a Banner Year for M&A	M&A, ECM, Capture	Xamcor
Nov 21, 14	8	Snowbound Introduces SVG Conversion into SDK	SDKs, IP, PDF	Snowbound Software
Dec 5, 14	1	Cloud Fax Market Exploding	Fax, Healthcare, Cloud, OCR/ICR	Concord Fax, j2 Global, ABBYY
Dec 5, 14	1	AIIM Conference 3 1/2 months away	Events, Scanners	AIIM, TWAIN WG
Dec 5, 14	3	Direct Messaging an Emerging Fax Replacement	Healthcare, Cloud	Infofile, AMR, K. Alaris
Dec 5, 14	5	Parascript Latest to Jump into Auto-Classification Market	IDR, OCR/ICR, Semantics, ECM	Parascript, ARMA
Dec 5, 14	7	A Look at the New German E-Invoicing Standard:	A/P, PDF, XML	BITKOM, DocuWare
Dec 19, 14	1	What Went Down in 2014	Capture, CEM	HSA, Kofax, Laserfiche
Dec 19, 14	1	Dates Set for HSA 2015	Events, BPO	HSA, InfoTrends
Dec 19, 14	4	IBM Beefs Up Datacap's Enterprise Capabilities	Capture, ECM	IBM
Dec 19, 14	6	SVG Plays Big Role in Latest LEADTOOLS Release	Viewing, SDKs	LEADTOOLS
Dec 19, 14	7	infoSource Live with Americas Scanner Data	Scanners, MFPs	infoSource

international presence [see [DIR 11/21/14](#)].

However, I don't think the Xerox relationship will be enough to bring widespread success for Hyland in Europe. After all, Lexmark, which competes with Xerox, already had Perceptive Software (Hyland's most direct competitor) and Brainware (a capture ISV) and still felt the need to acquire ReadSoft. I expect Hyland to move aggressively to either acquire a European ISV or maybe even merge with an ISV like **Kofax** that has a strong European presence. After all, Hyland's equity investor, **Thoma Bravo**, has held its stake since 2007 and last year was rumored to be looking to sell the ISV before settling for a dividend. Expect some big news out of Hyland in 2014.

**2. Major ECM/capture acquisition by an MFP vendor:** This is just too hot of an area of consolidation to slow down now. Lexmark has been leading the way, but I expect someone like **Toshiba, Sharp, or Ricoh** to make the next move. For the past couple years, I expected **Canon USA** to make a major play here, but it seems Canon has decided to leverage the **I.R.I.S.** acquisition made by Canon Europe a few years ago to attack the North American market [see [DIR 10/10/14](#)].

The bottom line is that hardware vendors have squeezed all they can out of printing and are now seriously expanding their ECM strategies. That second-generation of MPS that we all talked about once print optimization was completed—it's arriving and, as predicted, it includes capture and ECM.

**3. Fujitsu ramps up third-party scanner service business:** From what I understand this had already been occurring throughout last year. Now that **Kodak Alaris** has taken out its main competitor for scanner service (EPM/Imaging 411) through an acquisition, there is clearly an opportunity for someone to step up and compete with the market leader. From most accounts, even as scanner service opportunities decline as a result of more distributed scanner sales, the service market is still an area where a healthy profit can be made.

As Fujitsu continues to diversify its business and, like most hardware vendors, move more toward a solutions approach, ramped up service is a natural extension. Plus, Fujitsu is one of the few scanner service organizations that has a large enough footprint to handle national accounts—like the ones previously targeted by Imaging 411.

**4. Cloud, semantic/natural language understanding come together to create ECM 2.0:** This was an idea we first discussed at AIIM 2014 [see [DIR 4/11/14](#)]. Basically it involves

leveraging the ease of accessibility of ubiquitous cloud platforms like **Box, Dropbox, and Google Drive**, and adding some teeth on the back-end to create business applications. The cloud ISVs themselves have taken some steps in this direction, but, much like it did with **Microsoft SharePoint**, I think it is going to be third-party software that really makes these platforms hum in business applications.

One key software element is going to be auto-classification accomplished through emerging technology in areas like natural language processing (NLP). NLP attempts to understand text similar to the way a human does and thus should require minimal set-up and user intervention. This is key because one reason people like cloud content platforms is that they are so easy to use. Unlike traditional ECM systems, with these newer cloud platforms, there is almost no effort required to "capture" documents. NLP seemingly offers a way to introduce all the benefits of traditional capture while maintaining the ease of use that millions of cloud platform users love.

**5. A document scanner vendor gets acquired:** In the higher volume production segments of the market, scanner sales have slowed to low single-digit growth at best. And, in the lower-volume, distributed segments, where there still is some significant growth, the number of vendors also continues to grow. When you throw in improving scanning functionality on MFPs, it appears as if something has to give.

Compared to other hardware markets, there still seems to be some healthy margins in document scanners, which is why it is so attractive. And lately, we've seen signs of some large printer vendors like **Brother** and **Samsung** sniffing around. With MFP vendors in general increasing their document capture capabilities, adding a line of dedicated document scanners would not be completely counter-intuitive. And with hardware vendors seeking to get deeper into software, why couldn't we see a software vendor like Nuance Document Imaging, for example, merge with a scanner vendor to create a solutions-focused organization?

The last major scanner acquisition we had was Kodak acquiring Bell + Howell back in 2009 (although we did see **BancTec** acquired by **HandsOn**<sup>3</sup> this year, and Kodak DI sold to the Kodak UK Pension Plan in 2013, but that was more of a spin-off), and I think the market is due for some consolidation.

That's it for my 2015 predictions. Here's hoping it's another exciting year in the document imaging industry and wishing you all very much success.

## KODAK ALARIS, EPM, FROM PAGE 1

manager of Kodak Alaris Service. "It's evidence that we are continuing to invest in our service business, which is a financially important part of DI."

According to a press release, the acquisition adds 7,000 customers to Kodak Alaris' Service business. "This includes a combination of contract and time and materials relationships," said Lofstrom. "It's a mix of about 50% micrographics and 50% scanner customers. There is some overlap with our current customer base, but we are sorting through details."

Lofstrom estimated that Kodak Alaris already had about 60,000 customers around the world. "We currently have about 500 service employees, and while we will be taking advantage of our internal capacities to address the new customers, we do plan on adding some staff," he said.

It's unclear how many EPM employees, many of whom are former Kodak service technicians, would be offered jobs with Kodak Alaris. Imaging 411's co-founders, Gary Armstrong and Joe Paradiso, had their contracts terminated as a result of the deal.

Lofstrom called the deal a win-win for EPM and Kodak Alaris. "Running a service business, especially on a large multi-national scale, is a complex undertaking," he said. "EPM purchased Imaging 411 to provide service directly, but I think they found it to be more challenging than they had contemplated. EPM has a very good business in media and preservation services. That is where they want to focus their time and energy.

"Service is very important to us, and having a good

scale like we do is an advantage. As part of the deal, we also purchased a fairly extensive parts inventory. Instead of competing with EPM, we are now working with them, which should ensure better availability of parts and manuals."

For more information:

<http://bit.ly/DIRTalkBlogEPMService>

## KOFAX ROLLS OUT SIGNDOC FAMILY

Building on its acquisition of SoftPro last September [see *DIR* 9/12/14], **Kofax** recently announced its new SignDoc family of products. There are Standard and Enterprise versions of the e-signature offering. The Standard version is aimed at creating standalone, ad hoc e-signature processes. The Enterprise version is designed to be integrated into workflows, like new account opening processes.

SignDoc Enterprise is integrated tightly with Kofax's KTA Smart Process Application platform. "Even before the acquisition, we could have taken the SignDoc components and made them work with KTA," said Russ Gould, senior director of product marketing for Kofax. "But, with this release we've integrated SignDoc with the KTA design tool. If you are building a process in KTA, dialogue boxes will appear in the native interface to enable you to add an e-signature component."

The Standard version is a new spin for the SignDoc line. "Historically, SoftPro targeted ISVs or corporations with in-house development people who could integrate their technology with other apps," said Gould. "We are still primarily targeting the enterprise with Standard, but it can be used in applications like signing an HR document that might not be part of a larger process."

For more information: [bit.ly/KofaxSignDocFamilyPR](http://bit.ly/KofaxSignDocFamilyPR)

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