December 3, 2004

XEROX DRIVING CAPTURE FROM MOBILE PHONES

In the "what will they think of next?" category, **Xerox** announced it has developed technology to enable document capture from cell phones. Xerox recently began marketing the technology to cell phone manufacturers and expects it to begin showing up on the shelves by the summer of 2005. The technology was developed by the Xerox Research Centre Europe (XRCE) which is headquartered in Grenoble, France.

"It essentially turns a mobile phone into a portable document scanner," said Chris Dance, senior scientist and image processing manager for XRCE. "Our technology helps control some of the conditions people run into when trying to use mobile phones to capture document images. It cleans up defects associated with poor lighting, blurring, and distortion caused by perspective. It then compresses the image into a small size that can be efficiently e-mailed, faxed, or downloaded via a Bluetooth wireless connection."

The first implementation employs image cleanup techniques, applies grayscale thresholding, and compresses the image using G4 techniques. The process takes about 10 seconds. "The final image is less than 200 dpi, but it is clear enough that OCR can be applied to it," said Dance. "Currently, we are only outputting bi-tonal images, but we have technology in-house in the area of mixed raster content segmenting that will enable us to incorporate color into future generations."

Dance added that Xerox has envisioned this type of product for several years, but was only able to move forward with testing over the past half year. "We had to wait for one megapixel cameras to be incorporated into mobile phones before we could capture a usable document image."

For more information: Mathieu Chuat, XRCE, PH +33-4-7661-5187; licensing@xrce.xerox.com DIR

Panasonic Turns Up Heat In The LVP Space

New camera configuration brings color to proven platform.

Panasonic is playing a pretty fair game of follow-the-leader in the low-volume production (LVP) document scanner space. This summer, we touted segment-leader **Fujitsu's** fi-5650C as featuring a "game-changing price point," with a list of $5,995 [*see DIR 8/20/04*]. Well, Panasonic recently introduced an LVP model that carries the same list price and is actually rated slightly faster than the 5650. Panasonic is also touting differentiating features like auto-color detect, multi-color dropout, a replaceable lens, extra long (up to 183.3 feet) document capabilities, and an optional pre-scan imprinter.

The new KV-S3065C is the sheetfed-only version of the KV-S7065C that Panasonic introduced at **AIIM 2004**. It's probably worth noting that the 7065 was introduced at the same time as Fujitsu's fi-5750C— another LVP model with a flatbed [*see DIR 3/26/04*].

The body and feeder of Panasonic's 3065 is similar to that of its KV-S2065 series, which the 3065 is designed to replace. Inside the new scanner is the innovative technology that debuted on the 7065. This involves a CCD (charged coupled device) camera configuration packaged in a CIS (contact image sensor) arrangement.

"In the document scanner industry, CIS configurations have traditionally used CMOS (complementary metal oxide semiconductor) cameras with LED lighting, all packaged in a unit covered by a lens," said Gary Bailer, product manager for Panasonic. "To capture an image with this configuration, a document is passed directly against the lens. This is in contrast to traditional CCD configurations, where mirrors are used to reflect fluorescent light off a lens, and the paper does not come directly into contact with the lens.

"For the camera system in the KV-SX065C series, we

are using a traditional CIS configuration, but with CCD components. We have the CCD camera, fluorescent lamps, and the lens all housed in one unit. The paper passes directly over the lens, and there are no mirrors; so, technically, it's a CIS configuration."

New Hybrid CIS Unit

Exchangeable Lens Cover
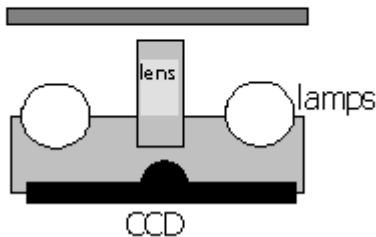
According to product manager Gary Bailer, Panasonic's new camera design makes old CCD vs. CIS comparisons obsolete. The system used in the KV-SX065C series of scanners utilize traditional CCD components in a CIS design.

According to Bailer, this provides the best of both worlds. "We've achieved the smaller footprint, lower power consumption, and lower warm-up time traditionally associated with CIS scanners, while achieving the brighter lighting and better image quality associated with CCD configurations."

As a result, Panasonic has been able to leverage the design of its CIS models, such as the 2065, in more powerful newer models like the 3065. Basically, Panasonic has been able to introduce color capabilities into proven designs. The 3065 is rated at 65ppm/120ipm at 200 dpi in both color and bi-tonal modes. The 2065 was a bi-tonal only scanner with slightly slower speeds.

To complement the color capability of the 3065, Panasonic has incorporated the auto-color detect and multi-color dropout capabilities first introduced in the 7065. It has also been able to continue several of the differentiating features of the 2065. These include the extra-long document capabilities, a c-shaped paper path with an elevator transport, a changeable black or white background, and a straight paper-feeding mode.

Like the 2065, the 3065 is available in both legal and ledger models, with the ledger designed to handle wider documents. At $6,995, the ledger version, the KV-S3065CW, lists for $1,000 more than the KV-S3065CL. According to Bailer, the majority of 2065s sold were legal sized models.

Panasonic Touts Post-Scan Imprinter, Replaceable Lens

New for the 3065, Panasonic has introduced an optional pre-scan imprinter. "Most of our competition offers post-scan imprinters," said Bailer. "A pre-scan imprinter is important in government applications where you need a way to show that archived copies represent the originals. Obviously, a post-scan imprint does not show up on a scanned image. It's my belief that pre-scan imprinter requirements are going to show up in some applications involving homeland security."

Bailer added that the replaceable lens could also be a differentiator. "This is designed as protection against staple scratches that occur over time because document preparation is often far from perfect," said Bailer. "Eventually, when you scan enough documents with staples in the same place, as they go over the same spot on the lens, a scratch will develop. We've made it inexpensive and fairly simple to replace that lens."

Panasonic has also made an effort to save its customers maintenance costs by including a one-year Express Exchange warranty package with the 3065.

In addition to the aforementioned color capabilities (which are performed in software in a post-scan process), the 3065 includes Panasonic's PIE image processing application, which features grayscale thresholding. For users who want to utilize **Kofax's** popular VRS image processing, it is available for a list price of around $1,600. Like Panasonic, Kodak bundles its own image processing technology in its LVP line, while Fujitsu bundles VRS—which may give Fujitsu a competitive advantage in environments where VRS has been standardized on.

However, in non-VRS environments, the 3065 seems to stack up very nicely against Fujitsu's 5650. And both the Fujitsu and Panasonic sheetfed-only models have a distinct price advantage over Kodak's latest entry in the LVP segment—the i280.

Panasonic might not have the largest share of the scanner market, but its recent product introductions, at least show it intends to be competitive. And according to Bailer, more new products leveraging the new CCD/CIS system are on the way. "We are still determining what sort of throughput speed we can achieve using the new camera configuration," he told *DIR*.

The 3065 is scheduled to ship this month with the 2065 remaining available for approximately another year. The KV-2065L will continue to list for $6,749.

For more information:
http://www.panasonic.com/business/office/cat_scanners.asp DIR

NSi Establishing Itself In Capture Space

HP software partner expanding vendor and reseller relationships.

It's no secret that **eCopy** has leveraged a tight relationship with **Canon** to unprecedented success

enabling scanning from digital copiers. **Notable Solutions, Inc**. (**NSi**), another scanning software developer, is hoping to ride **HP's** renewed focus on the digital copier market to similar success. In addition, NSi has hedged its bets by forming partnerships with several other leading digital copier players. Most recently, digital copier super dealer **IKON** officially announced a strategic relationship with NSi.

"One of the things IKON liked about us was our ability to integrate with a number of vendors' copiers," said Ali Tehranchi, president and CEO of NSi. "In many enterprise deals, hardware from multiple vendors is a fact of life. For example, we recently responded to a proposal involving thousands of MFPs. We were asked to write a paragraph on how our software worked with five different brands. In this type of deal, eCopy is disqualified."

NSi boasts integration on different levels with copiers from several vendors. It offers direct interface integration with models from HP, **Kyocera Mita**, **Xerox**, **Ricoh**, and **Sharp**. It offers watched folder type integration with copiers from **Toshiba**, Canon, and **Konica Minolta**. In fact, Tehranchi took exception to an article we recently published in *DIR*, which characterized all NSi's integration as being of the watched folder variety similar to Kofax's *Ascent Capture*.

"Our primary focus is embedding our applications directly through the interface of digital copiers," said Tehranchi. "No, we have not yet achieved this type of integration with Canon, but we do have it with several other vendors. Also, contrary to what appeared in *DIR*, we do offer direct replication of the interface of content management systems—if users request it. The fact is, the interfaces on digital copiers are not really designed to display these types of complex interfaces with their folder hierarchies. Most of our customers just want a simple interface to capture their documents. Then they will work with them on the server."

HP Looks To Revolutionize Digital Copiers

Since 1998, NSi's primary hardware partner has been HP, which until the end of last year had an exclusive agreement to market NSi's technology. "We are very excited about HP's new initiatives in the digital copier space," said Tehranchi. "I believe HP is going to be responsible for a major shakeup in the market. They could make the traditional digital copier break/fix model, [based on leases], obsolete."

This potential shakeup began last week with HP's introduction of its LaserJet 4345, a 45 ppm MFP with a list price of $2,599. "HP understands IT

departments better than the other vendors," said Tehranchi. "They are modeling the installation and maintenance of their new MFPs on their printer models. IT departments are very familiar with HP printers and typically maintain them themselves.

"As more digital copiers are being deployed for network printing and scanning, IT is becoming more responsible for their purchase. If an IT department has a choice between HP and another vendor, there is a good chance they are going to choose the vendor they are more familiar with."

> **"HP is going to be responsible for a major shakeup in the market. They could make the traditional digital copier break/fix model obsolete."**
>
> **- Ali Tehranchi, NSi**

In addition to maintaining its OEM relationship with HP, earlier this year NSi announced an OEM deal with Kyocera Mita. NSi also has reseller arrangements with Xerox, Ricoh, Toshiba, and Sharp. "We are starting to see increased interest in additional OEM arrangements," Tehranchi told *DIR*. "In many cases, these vendors already have their own scanning products, but their customers are demanding the advanced features we offer. This includes options like forms recognition, OCR, and integration with third-party applications."

NSi currently lists connections to 18 different software locations on its Web site, including ECM products from **Documentum** (both *D5* and *AX*), **Interwoven** (iManage's legacy product), **Hummingbird**, **Open Text** (both *LiveLink* and the IXOS legacy line), **Hyland**, **Tower**, **IBM/Lotus**, and **Microsoft**. NSi's software can also be connected with ODBC-compliant databases. Further, it can be connected to third-party applications through IBM's *WebSphere* and Microsoft's *BizTalk* applications. Finally, NSi makes a toolkit available to facilitate third-party integration.

"In addition to connecting to back-end applications, we can connect to other document processing applications," said Tehranchi. "For example, there are software vendors that specialize in electronic Bates stamping. They apply their technology between the capture and the archiving stages. We expect a couple of significant announcements on this level in the upcoming months."

Relationships Fueling Remarkable Growth

In addition to growing through multiple vendor partnerships, Tehranchi said the IKON relationship has already netted 60 sales for NSi, including a few significant ones. "I have been very impressed with IKON's commitment," he told *DIR*. "Three months ago they made the decision to go with our product. Since then, they have sent more than 180 salespeople and analysts for training with us. We now have a training facility dedicated solely to IKON."

According to Tehranchi, NSi's new partnerships have helped it average 200-300% year-over-year quarterly growth in 2004. "For the next year to two, I expect the majority of our revenue to continue to come from HP," he told *DIR*. "This will be helped by HP's expanded efforts in the digital copier market space. We also think the adoption of distributed capture will continue to fuel our overall growth. When it comes time to implement document imaging, a lot of IT departments are saying, 'I've already purchased digital copiers that can do scanning, can't I just leverage them?' And that is where our software is so attractive."

For more information: http://www.nsius.com **DIR**

CDIA+ Continues To Evolve

Kyocera Mita latest to join rapidly growing program's advisory board.

Because they are one of **NSi's** OEM customers, Ali Tehranchi has known for awhile that **Kyocera Mita** is taking the document capture market seriously. Now the rest of the world should know as well. Kyocera Mita was recently named the 29th member of the CDIA+ advisory committee. CDIA+, which stands for Certified Document Image Architech, is a training and testing program administered by IT-focused trade association **CompTIA**. The CDIA+ program is designed to certify a baseline of knowledge for document imaging and management professionals.

"I was very impressed that Kyocera put in a one-year plan to educate its salespeople, channel, and technical personnel not on our product, but on the imaging market," Tehranchi told *DIR*. "They made it very important for their employees to get their CDIA+ certification. They will work with NSi to learn technical details related to scanning, but their work with CDIA+ helped them build a fundamental understanding of the market. That really makes them dangerous."

Kyocera joins other advisory board members like

Canon, **Ricoh**, **Hyland**, **Cranel**, and **Fujitsu** that
have undertaken widespread CDIA initiatives. As
part of the advisory committee, Kyocera will have
input into the future direction of the CDIA+ exam.
The CDIA program was launched in 1995, and the
most recent version of the exam, which was written
in 2001, went to implementation in 2002 [*see DIR
8/17/01*].

"Although the foundation of the test is still very
strong, it is about due for an overhaul," said Ayana
Nickerson, CompTIA's program manager for
CDIA+. "Originally, we planned a new version for
2006. However, we have moved that up because of
the regulatory compliance and security issues that
have become prevalent in the industry. For example,
we are starting to see a lot of interest in certification
from records management professionals that we
didn't see before. We've started preliminary
discussions about how we want to shape the next
version of the exam."

Close to 5,000 individuals have earned their
CDIA+ certification. In 1998, when we first began
covering the program, only 826 had been certified
[*see DIR 11/20/98*]. "We have been growing at about
63% annually over the past couple years," said
Nickerson.

The exam features 85 multiple choice questions
and lasts 90 minutes. Training materials are available
through several organizations. Several advisory
board members have developed their own courses.
The cost to take the exam is $209 for non-CompTIA
members, with at least a 20% discount for members.
Companies like Kyocera, that have corporate
CompTIA memberships, are eligible for larger
volume discounts.

More information on training and testing can be
found on the CompTIA Web site at
http://www.comptia.org.

Nickerson concluded our conversation by sharing
with us two pieces of CDIA+ news. The first is that
the CDIA+ program was recently launched in
Japan. "We worked with CDIA+ advisory board
members like Fujitsu and **Xerox** to ensure the
Japanese version of the test was in sync with the
way they do business in Japan," said Nickerson.
"Including Portuguese and English, the test is now
available in three languages."

The second piece of news is that CDIA+ will
sponsor another awards ceremony at **AIIM 2005** in
Philadelphia. The ceremony has been scheduled for
the **National Constitution Center**. We'll have
more details as AIIM approaches. ▄

Visioneer Ready To Go Toe-To-Toe With Fujitsu

Visioneer smells blood and the gloves are off.
Decidedly unimpressed with **Fujitsu's** recent
upgrade to its workgroup segment leading fi-4120C,
Visioneer recently released its second duplex
workgroup scanner under the **Xerox** brand. With a
rated bi-tonal speed of 33 ppm/66 ipm at 200 dpi,
the new Xerox DocuMate 262 is the fastest
document scanner available for less than $2,000.

Murray Dennis, president and CEO of Visioneer,
admitted the 262 was originally conceived as a
response to last month's introduction by Fujitsu of its
fi-4X20C2 series [*see DIR 11/19/04*]. "When we heard
Fujitsu was releasing a new workgroup scanner, we
figured it might be something in the sub-$1,000
range that was faster than 25 ppm," Dennis told
DIR. "After seeing Fujitsu's specs and price, it turns
out the DocuMate 262 was not as necessary as we
first thought it would be. The DocuMate 252 still
stands up very well against the fi-4120C2."

Shown at March's **AIIM** show, Visioneer's Xerox
DocuMate 252 began shipping in May. At a list price
of $999 and rated at 50 ipm, it offered double the
duplex speed of the original fi-4120C for a list price
of close to $200 less. The 252 was also the first
workgroup scanner to bundle **Kofax's** popular VRS
image processing application. (VRS is available for
the fi-4120C, but at a list price north of $500.)
Predictably, the 252 met with favorable reviews.

Fujitsu acknowledged that market pressure was at
least partially behind last month's launch of its C2
models. With those models, Fujitsu addressed
duplex performance issues by matching the output
speed of the DocuMate 252. Fujitsu also added VRS
to its software bundle. One thing Fujitsu did not
address was the pricing difference. In fact, at $1,395,
the fi-4120C2 actually lists for $200 more than its
predecessor.

"If that's the best Fujitsu can up with, I think they
are in trouble in the distributed desktop capture
segment of the market," said Dennis. "We now have
two viable competitors to the fi-4120C2. The
DocuMate 252 is rated at the same speed and lists
for $400 less, while the 262 is 30% faster and lists for
$100 less."

The DocuMate 262, which has a list price of
$1,299, utilizes essentially the same body as the 252.
However, it offers more than a 30% increase in bi-
tonal rated speeds. In color, at 150 dpi, the 262 is
rated at 33 ppm/42 ipm—a 50% improvement in
simplex and a 5% improvement in duplex over the

252. "The hardware is pretty much the same," acknowledged Dennis. "We've made some adjustments to the firmware and lower-level drivers to increase the speed."

The software bundle on the 262 is essentially the same as the 252—except that it will ship with the latest version of VRS, 3.5, which is also shipping with Fujitsu's C2s. The DocuMate 252 currently ships with a previous version of VRS but will be upgraded to 3.5 early next year.

> **"It turns out the DocuMate 262 was not as necessary as we first thought it would be. The DocuMate 252 still stands up very well against the fi-4120C2."**
>
> **Murray Dennis, Visioneer**

The DocuMate software bundle includes **ScanSoft's** *Omni Page 12* and *PaperPort Pro Office 10* for OCR capabilities and PDF creation, as well as desktop document management. The Fujitsu fi-4120C2 includes **Adobe** *Acrobat* and **Kofax** *Capio*, which provide similar functionality—minus general purpose OCR.

"Why would educated document imaging users be willing to pay a 40% premium for a Fujitsu scanner with the same capabilities as a Xerox-branded scanner?" asked Dennis.

Fujitsu, of course, can argue that *Acrobat* is the de facto standard for creating PDFs, so it is a more valuable application than the ScanSoft package. The Fujitsu scanner also has some intriguing card-scanning capabilities, long document capabilities, a selectable black-or-white background, an optional imprinter, and infra-red double-feed detection—none of which are included with the DocuMate. Visioneer can counter with its unique One Touch technology that enables users to preprogram workflow tasks specific to certain types of documents. (i.e. document type 1 is a contract - scan it at 200 dpi in black-and-white, save as full-text searchable PDF; document type 2 is a draft of an advertisement - scan at 300 dpi in color and attach to an outgoing e-mail file, etc.) Fujitsu can counter by saying the C2s don't slow down at all at 150 dpi in color, while the 252 and 262 do… you can see where this is going. And let's not forget, Kodak also introduced a workgroup scanner earlier this year.

The bottom line is that Visioneer has created a compelling case for buyers to look a little deeper than the market leader in the fast growing workgroup scanner segment. When you throw in recent initiatives by Visioneer to improve both its support and channel program, its case becomes a little stronger. However, let's not forget that vendors like Kodak and Fujitsu have invested quite a bit in the document scanning space over the years. As a result, they have built up brand loyalty and established their own service and VAR programs that are nothing to sneeze at. Further, the fact that each offers a wider breadth of scanners than Visioneer, and that those scanners can be used to flesh out installations that involve workgroup scanners, is also an advantage.

Visioneer has come a long way from its roots in the consumer and mobile document scanning space. Are they going to beat Fujitsu and Kodak on every workgroup deal, like we get the impression they'd like to? No. However, they deserve kudos for a bold strategy that has enabled them, in less than a year, to get to the point where they are competitive with these two document scanning titans. Visioneer has definitely shaken up the workgroup segment, and we expect them to initiate a similar rousting in the departmental segment next year.

For more information: http://www.visioneer.com **DIR**

Softheon Lands Deal With Large Mortgage Lender

High-volume document imaging and workflow software specialist **Softheon** recently landed a deal with a major player in the financial services market. The contract, which initially calls for an installation in the AP department at one of the 15 largest mortgage lenders in the United States, is an impressive entrée into a new market for Softheon. Eventually, the deal is expected to be expanded to include mortgage document processing. It also marks Softheon's first sale with a powerful new reseller partner—Long Island-based **Digital Storage Solutions** (**DSS**).

According to Tom Doyle, president of DSS, the deal is with the largest mortgage company on Long Island. "It is a national company with some 250 remote offices," he told *DIR*. "The first phase will involve only the corporate office in Long Island. Eventually, the plan is to encompass the entire enterprise."

Doyle characterized DSS as "capture specialists." "**Kofax** *Ascent Capture* is our core product," he said.

"We install it for customers, and we also have an in-house service bureau that leverages it. Over the years, we've integrated with a number of back-end repositories including those from **FileNET**, **IBM**, **Documentum**, and **Mobius**. Historically, the back end systems we've resold have been smaller, less complex applications from vendors like **Digitech** and **IMR**."

Founded in 1994, Softheon specializes in high-end, image-centric workflow solutions. Over the past couple years, Softheon has refined its focus to the insurance market, which according to executive VP Chuck Strahlendorff now accounts for 80-90% of the company's business. "We focus on areas like underwriting and claims," Strahlendorff told *DIR*. "Those are financial services-type processes. So mortgage loans were a natural progression for us."

DSS' need for a partner like Softheon was driven by the evolution of the company and the market. "Historically, we focused on departmental solutions with clear ROIs," he told *DIR*. "This includes applications like scanning group medical forms and, in manufacturing operations, proof-of-delivery documents. However, as our experience has grown, we've found our way into some larger companies that have been asking us about enterprise-wide applications. As a result, we are doing more consulting than ever before. I think our consulting practice grew 250% over the past year. Consulting engagements have led to our proposing much larger solutions than our legacy back-end software products are suited for.

"We found we needed functionality like enterprise-level workflow, audit capabilities, electronic signatures, and records management," he added. "We always knew about Softheon—like us, they are based in Long Island. But historically, because we didn't compete on the high-end of the market, we didn't have much interest in them."

According to Strahlendorff, DSS was considering a partnership with Softheon as well as another leading document imaging software vendor. "We offered DSS a more flexible financial arrangement," Strahlendorff told *DIR*. "We didn't ask for as much money up front. We encouraged DSS to land a customer first and said we would ramp up from there."

Ironically, it seems the aforementioned other vendor ended up competing with Softheon's for the mortgage loan deal. "This customer had no experience with imaging," said Doyle. "Initially, we sold them a Kofax application, which they were going to use regardless of the back end. For a back-end system, they were at first leaning toward this

other vendor's product. However, based on our relationship, we had earned enough trust that they let us introduce an alternative. We were then able to show them some of the superior features and functionality of the Softheon system. This includes a business process framework that allows the customer to address diverse areas of the business such as HR, AP, and the more complex mortgage origination, without the need for any hard core coding."

Initially, the mortgage loan company will roll out the Softheon application to improve its approval process for invoices. "They have about 300 vendors, which account for several thousand paper invoices per week," Strahlendorff told *DIR*. "They will use that application as a launching pad for automated loan processing."

Strahlendorff expects the AP system to be up and running by the end of this month. "The volume associated with the loan processing application will be much greater, and the workflow processes will be more complicated," he told *DIR*. "One loan can have a folder with 100-200 pieces of paper. Also, we specialize in designing our workflow to take into account the value of subject matter experts, which is important in this case. This company has different approvers for different types of loans."

Strahlendorff added that eventually the mortgage lender could leverage Softheon's technology to make loan documents viewable through its Web site. "This would set the stage for some interesting collaboration between our customer and their customers," said Strahlendorff.

Strahlendorff expects the relationship with DSS to open the door on a new market for Softheon. "DSS has 10-15 customers in mortgage loan space and has carved out a nice niche for itself," Strahlendorff told *DIR*. "This vertical expertise is important in high-volume workflow applications. Everyone today expects vendors to have document imaging and workflow capabilities. To differentiate yourself, you have to be able to explain your strategy for improving vertical-specific processes."

For more information: http://www.softheon.com; http://www.digitalstorageinc.com/ *DIR*

Optika Visionary Reflects On Retail

Last week's article on **Captiva's** installation with **Wal-Mart** brought back some memories of past conversations we had with former Optika CEO Mark Ruport. Way back in 1998, when we first took over

DIR, Ruport made the bold move of basically staking his company on the management of electronic transactions in the retail market. And when the e-commerce/Web boom hit a year later, it seemed like Ruport had Optika exactly in the right spot. We all know what happened next…

Ruport is now an executive VP with **Stellent**, an ECM vendor which acquired imaging and workflow centric Optika earlier this year [*see DIR 1/23/04*]. We caught up with Ruport and asked him if the Wal-Mart story, which discussed retailers' increasing desire to automate invoice processing, caused him to feel that maybe he was just a bit ahead of his time.

"Retail AP departments have always been a very strong market for imaging," Ruport told *DIR*. "**Home Depot**, **Costco**, **Best Buy**, and **Petco** are all using our workflow software to process invoices. It was through working with some of them that we came up with the vision for developing an application targeted at the better management of exceptions regardless of their source."

Ruport's vision had to do with combining electronic transactions such as EDI into a single workflow with imaged paper invoices, and then applying advanced approval and exception resolution techniques. These techniques included instant messaging and chat room features where questionable invoices could be viewed and discussed by both the vendor and supplier. "Unfortunately, we are not yet seeing that part of the vision come to fruition," acknowledged Ruport. "We are beginning to see some vendors route their workflows outside their organizations. However, most are still constrained by their internal networks and the lack of a capable partner extranet."

Ruport is encouraged by the increasing adoption of advanced automated capture technology. "Reducing manual data entry helps with cost justification and provides some sizzle to really get people's attention," he said. "The overall value proposition of resolving exceptions faster and taking advantage of things like prompt payment discounts has not changed. However, the bar has come down a bit as capture software becomes more intelligent."

Stellent has a partnership with **SER** and has recently installed the *SERdistiller* capture application on the front end of a couple large invoice deals. "I think all the top retailers now have some sort of invoice imaging application in place," Ruport told *DIR*. "They are starting to add efficiencies like automated capture to the front end. After that, I think they will look at improvements to the back end, such as enabling extranets for exception resolution."

Ruport concluded by saying that the adoption of advanced invoice processing technology was delayed by the ERP craze in the late 1990s. "Now that all the big companies have finally stabilized their ERP applications, they have their transaction management centerpieces in place," he said. "They are beginning to look for ways to attack the edges. Imaging and workflow are an effective way to do that."

For more information: http://www.stellent.com **DIR**